



A Value Proposition

2003-2004 Annual Report
American National Standards Institute

A Value Proposition

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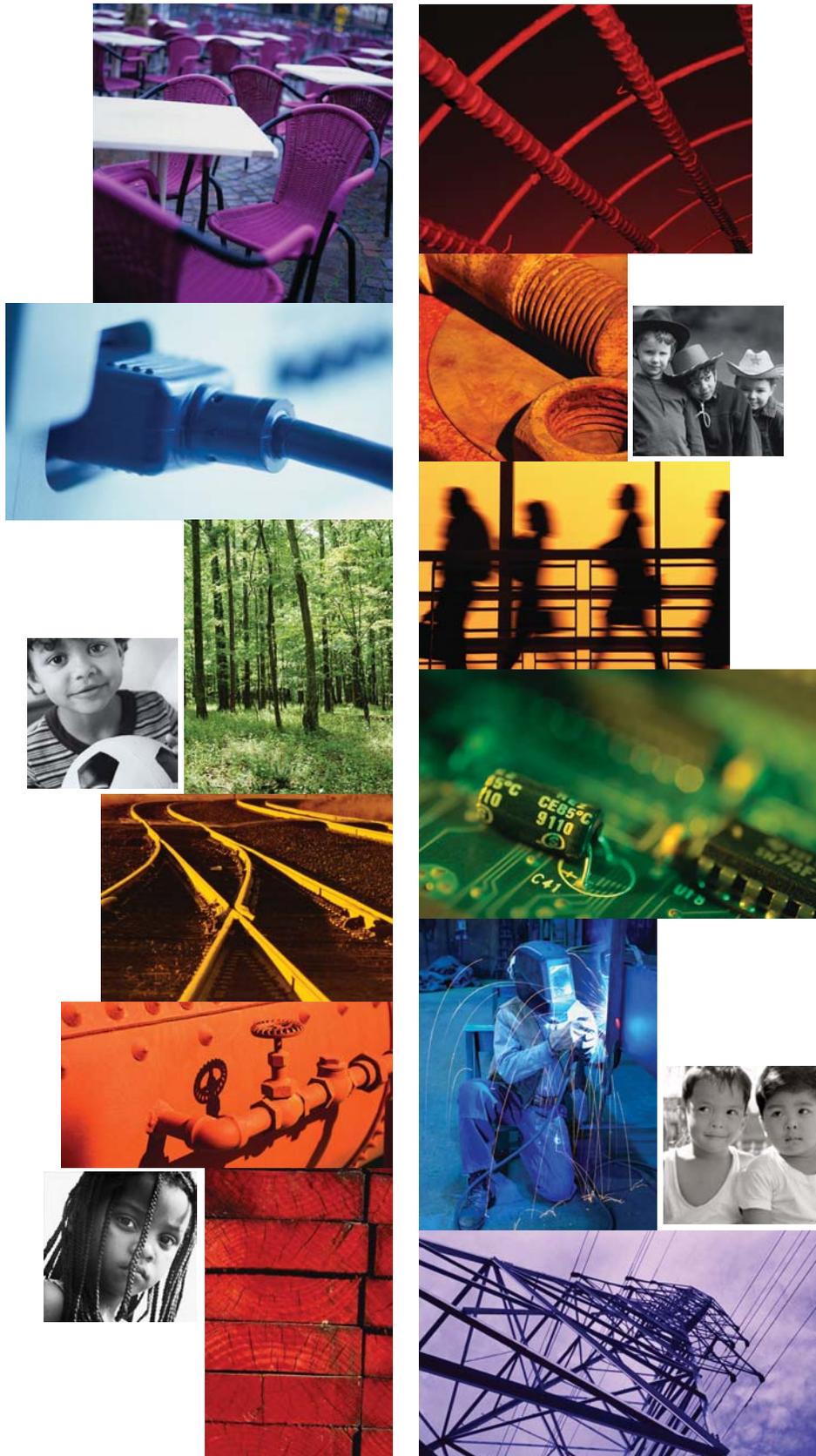


ANSI Mission

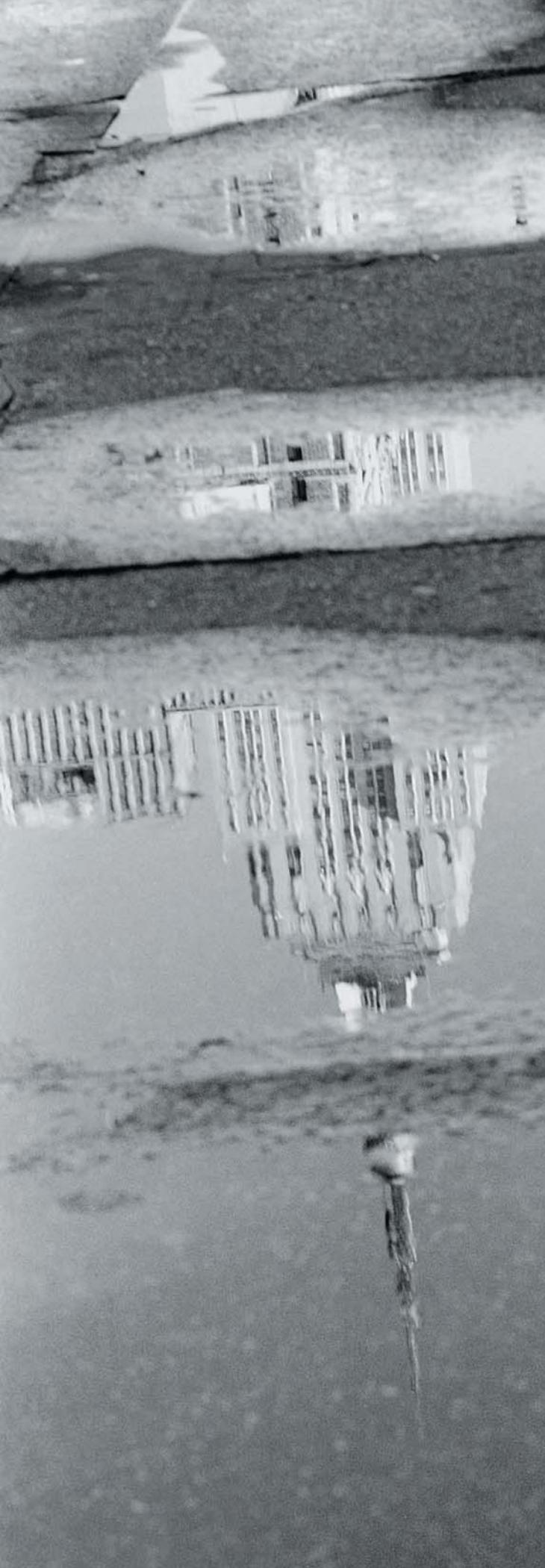
To enhance both the global competitiveness of U.S. business and the U.S. quality of life by promoting and facilitating voluntary consensus standards and conformity assessment systems, and safeguarding their integrity.

PHOTOS: Getty Images (www.gettyone.com)

A Value Proposition



The American National Standards Institute has been responding to the diverse standardization and conformity assessment needs of consumers, government and industry for more than 85 years.



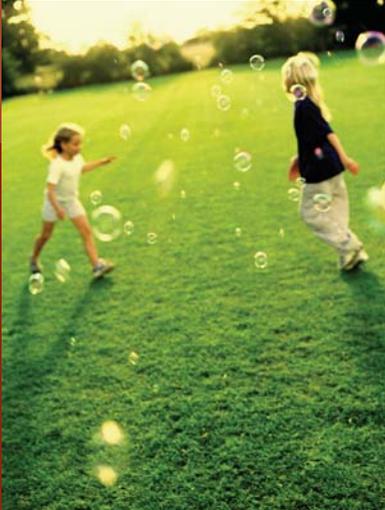
A Value Proposition

Since its founding in New York City on October 19, 1918, the American National Standards Institute has been relentless in its efforts to respond to the critical needs of the United States, its people, and the citizens of the world.

The Institute is helping to enhance the quality of life and improve the safety and health of humankind through groundbreaking efforts in emergency preparedness and response, biometrics and security, healthcare systems and medical devices, and in countless other areas. As an advocate for the acceptance and adoption of standards, conformance assessment programs, and marking systems that are free of local, national or regional bias, the Institute is helping to eliminate technical barriers to trade and promoting the competitiveness of businesses operating in a global marketplace.

ANSI's successes are made possible through the ongoing support and commitment to voluntary standardization demonstrated by its diverse membership. Representing more than 120,000 entities and well over 3.5 million professionals, the Federation is comprised of standards-setting organizations, trade associations, professional societies, labor unions, industry, government agencies, consumers and more.

Each participant comes to the ANSI table with unique interests and needs; the Institute responds with a distinctive value proposition.



**If something cannot be touched
does that mean it is not real?**

Value — like beauty — is often in the eye of the beholder. Yet, active participation in ANSI and its programs is always recognized for its strategic value, and for both the tangible and intangible assets derived by every entity that comes to the Institute's table. Identifying and understanding this value requires both context and perspective.

- ANSI is facilitating the development of relationships that empowers partners with a voice and influence over the critical decisions affecting them. The decentralization of the U.S. standards system and the natural partitioning of industrial sectors lends this system its strength, but it also necessitates the strong private-sector led and public-sector supported infrastructure that ANSI provides.
- ANSI and its network of accredited standards developing organizations is leading the charge for new and innovative projects in areas such as nanotechnology, homeland security, social responsibility and consumer complaint systems. Initiatives are underway for standards supporting the services sector and accreditation programs to advance the certification of personnel. ANSI is a staunch advocate for the essential requirements of voluntary standardization and promotes principles such as openness, balance, due process, consensus and transparency in all its endeavors.
- ANSI is advancing free and fair trade in the global marketplace through representation and active leadership in key international and regional standardization bodies.
- ANSI is successfully leveraging the online environment as a communications tool that is integral to the flow of timely, relevant and actionable information and business intelligence. The Institute serves as a purveyor of value-added data and offers a delivery mechanism for real-time access to standards, technical documents and related educational resources.

Value
TANGIBLE — INTANGIBLE — STRATEGIC



Dr. George W. Arnold
Chairman
ANSI Board of Directors

Letter

Letter from the Chairman

DURING THE LAST TWO YEARS, our society has witnessed a tidal wave of change. The ANSI Federation has remained at the forefront in recognizing and meeting the challenges of our changed world head-on. We have become architects of change, not victims of it.

ANSI has proven its ability to adapt and evolve to meet the dynamic needs of its members, the broader standardization and conformity assessment system, and the constituents we collectively serve. Historically, the Institute has responded to needs of the government, and of the private sector, when coordination challenges have arisen. We continue to focus special attention on national priorities such as homeland security and have assisted the 9-11 Commission with a recommendation on private-sector emergency preparedness and business continuity. Recently, in direct response to a request from the President's Office of Science and Technology Policy, ANSI launched a coordination effort in support of the burgeoning nanotechnology industry.

The Institute's core competency is its ability to bring to bear the expertise of the standards community in an efficient, effective, and expeditious manner for the development of standards-based solutions to critical needs. ANSI continues to reassess and redefine the standards and conformity assessment system. We are working to meet changing market needs for speed and flexibility, and are expanding the scope of our coordination role beyond the traditionally active organizations. We are developing relationships with fora and consortia and identifying opportunities to serve the needs of standards developers presently outside the ANSI system. Our goal is to improve collaboration for ANSI and its members, and to improve the national and international standards infrastructure overall. In short, ANSI is broadening its role as a coordinator of standards to meet market and societal needs.

We are leading efforts to support the development and acceptance of globally relevant standards that will promote economic prosperity and trade for businesses around the world. Through our leadership, ANSI has spearheaded changes in ISO and IEC processes to ensure the standards they develop are truly globally relevant — which includes meeting U.S. needs. Global relevancy will not occur without significant educational efforts and dialogue throughout the international standards system. In cooperation with its members, ANSI is reaching out and engaging other national and regional standards organizations to foster mutual understanding and alignment of views.

Earlier this year, when Secretary of Commerce Don Evans released his report on the Department's eight-point standards initiative, he stated that "Standards are the international language of commerce." ANSI has committed its resources to supporting the Commerce Department in its execution of a long-range plan that is aimed at boosting U.S. exports by reducing technical barriers to global trade. This plan addresses a host of issues important to standards developers and standards users, and the Institute will be an active partner in its implementation.

The increasing strength of the standardization community's relationships with many federal, state and local government agencies is essential to creating a united front in the international arena. Equally important are the benefits arising from the education and rising awareness of business leaders about the strategic importance of standards and the need to invest in them. Like never before, we have stepped up to our responsibility to educate the public, the academic community, and leaders in business and government about our wonderful profession. In the past we have shied away from that responsibility, but not today.

As I said earlier, ANSI intends to be the architect of change, not a victim of it. The best time for any organization to embark on change in preparation for the future is before change is needed. Change is easier to effect when an organization is strong and healthy. Our past has been strong, and our future will be even stronger.

I look forward to your continued support and our ongoing partnership.



Dr. Mark W. Hurwitz
President and Chief Executive Officer
American National Standards Institute

THE AMERICAN NATIONAL STANDARDS INSTITUTE is dedicated to effective cost management and operates under a budgeting mechanism that is tied directly to our strategic planning process. The *National Standards Strategy for the United States* (NSS), the *National Conformity Assessment Principles* document (NCAP), and the *ANSI Framework for Action* guide the Institute's long-range strategic initiatives.

We are also committed to planning for a stronger financial future. ANSI concluded fiscal year 2003 in a sound position with more than \$9 million in net assets. As you will see in the summary of financial statements included with this report, the percentage of ANSI's total revenue derived from membership dollars has remained relatively constant over the past few years. During 2003 and 2004, we have devoted additional time and resource to our membership development efforts so that the ANSI Federation becomes even stronger and represents a true cross-section of interests.

In conjunction with the membership development efforts, the ANSI Board of Directors approved a revised dues structure that is now in effect for new corporate, government and educational members; existing members will transition to the revised model by 2006. Under this system, the Institute will utilize a market-based structure that ties investment directly to the level of service and involvement dictated by the specific needs of each member. Several significant changes to the Institute's Bylaws provide opportunities for greater member participation in policy-making and related activities. These changes were approved by the ANSI membership during 2002 and took effect on January 1, 2003. We believe that this flexible model will make it much easier for members to recognize the value proposition of ANSI membership and the positive return on their membership dollars investment.

In no arena has the value of the ANSI-led voluntary consensus standardization process been more readily accepted and recognized than in our relationships with the U.S. federal government.

In June 2004, President George W. Bush signed into law the Standards Developing Organizations Advancement Act of 2003 (H.R. 1086), which aims to provide limited relief to standards development organizations under the antitrust laws. The new bill amends the National Cooperative Research and Production Act of 1993, which addresses the antitrust treatment of certain joint ventures (such as standards development). Approval of H.R. 1086 is clear recognition of the assistance that standards developing organizations provide to government agencies in developing standards for regulatory and procurement functions.

Preceding this, in March 2003, the U.S. Department of Commerce announced a new initiative aimed at boosting U.S. exports by reducing technical barriers to trade. Included in the program is an eight-point plan intended to augment current DoC activities. Its goal is to create a more level playing field around the world. ANSI was solicited and relied upon for input during the development of the project. Chairman Arnold and I were invited to participate with Secretary Evans when he announced his project report earlier this year, and as noted by Dr. Arnold, we not only welcomed the DoC initiative but we are also proud to be involved in its implementation. This welcome new project will help to strengthen a widespread understanding of the important role that developing and using voluntary standards and conformity assessment systems play in the support of U.S. citizens and the competitiveness of our nation's industry in international trade.

ANSI sponsored a number of workshops on emergency preparedness and business continuity earlier this year when our Homeland Security Standards Panel (ANSI-HSSP) responded to a request from the 9-11 Commission to deliver a recommendation on emergency preparedness for the private sector. ANSI convened safety, security, and business continuity experts from a wide range of industries and associations, as well as from federal, state, and local government stakeholders, to develop the recommendation, which was then endorsed in the Commission's final report to Congress and the President.



Expanded government use of private voluntary standards helps small and mid-sized businesses expand their role as suppliers to government agencies and large companies throughout the world. When these standards are globally harmonized, consumers around the world gain broader options and increased confidence in products, services, systems and personnel — regardless of the source.



ANSI, via its HSSP, has also entered into a partnership with the U.S. Department of Homeland Security to develop an Internet-based search engine and a taxonomy for homeland security-related standards. We are engaged in a similar project with the U.S. Department of Energy (DOE), the National Renewable Energy Laboratory (NREL), and members of the U.S. codes and standards community to roll-out a comprehensive online hydrogen fuel cell portal. A beta-test of this project is already underway with participation from the relevant codes officials in several states.

We are pleased with the very strong and positive relationships that are developing with the Standards Liaison for the International Trade Administration of the Department of Commerce, the officers of the Foreign Commercial Service, and the staff of the Office of the U.S. Trade Representative. We all share an understanding that continuing pressures in the global marketplace preclude redundant and costly barriers to trade and drive the need for acknowledgement of equivalency across boundaries. Accordingly, ANSI is partnering with these and other relevant private and public sector interests — domestically, regionally and internationally — to achieve consistency in standards and conformity assessment programs, and to promote the widespread acceptance of the assessment results. The linkage between standardization and conformity assessment programs has never been more apparent.

Several exciting programs have been launched through the conformity assessment arm of ANSI. Our new accreditation program for organizations that certify personnel is helping to protect the integrity of individual certification programs and promote consumer and public confidence in the competence of the people who provide specialized services.

Meanwhile, our accreditation program for product certifiers continues to receive worldwide recognition for its credibility, its knowledgeable and professional staff, and its consistently excellent performance. In a first-ever occurrence for ANSI, earlier this year we were selected by the U.S. Department of Agriculture to conduct a peer assessment of its national accreditation system for organic foods. The National Institute of Standards and Technology (NIST) has also renewed its recognition of ANSI's conformity assessment program as an accreditor of telecommunication certification bodies.

Whether in the standards-setting or conformity assessment arena, ANSI is committed to fostering positive relationships with our global partners. Our ultimate goal is to achieve a level playing field in the international standardization arena and an assurance that the needs of all nations are taken into account in standards development and implementation.

A new, permanent Committee on Education is playing a crucial role in helping to communicate the benefits of standards and conformity assessment to consumers, business, government and the academic community. In addition to our ongoing training programs, whether traditional classroom training or web-based training, we have launched a major university outreach initiative to help educate the future workforce about the importance of standardization activities. As illustrated by the Chairman's remarks, education and outreach remain key priorities for ANSI.

These are but a few of ANSI's many ongoing initiatives. A comprehensive review of ANSI's various accomplishments can be found on the following pages. From this overview, however, you can see that the American National Standards Institute is immersed in an exciting tide of change.

I am convinced that the timing couldn't be better for us to become a stronger and even more effective organization, and I look forward to working with each of you as we continue together on our path for success.



Accomplishments

Selected Accomplishments

Program areas identified in the *ANSI Framework for Action*



GOVERNANCE

- To facilitate the most efficient, cohesive and inclusive governance processes possible, the ANSI Board of Directors has created a guidelines document that is designed to ensure balance and diversity within the Institute's membership and enhance ANSI's relationships and networks. A key element of this document is an identification of target sectors that may currently be underrepresented within the Federation.
- In line with the governance restructuring project completed in 2002 and with consideration of the above referenced guidelines, ANSI actively solicits, via a new annual call for nominations, qualified candidates to serve on the Institute's Board of Directors and for voting membership on the Institute's six Policy Committees. This solicitation is geared toward improving member participation in the development of ANSI policy positions and has already seen a substantive increase in the number of new individuals who are helping to shape the future direction of the Institute.
- In early 2004, the new National Standards Strategy Committee (NSSC) was formed to review and consider revisions for the *National Standards Strategy for the United States (NSS)*. More than 100 representatives of the standards and conformity assessment community were engaged through an open, balanced and participatory process and are now actively involved as members of the NSSC or one or more of its four subgroups.

The first-ever NSS was approved in August 2000, and called for a regular review to determine whether new situations dictate revisions and offer new opportunities. The revised NSS is expected to contain an updated set of strategic and tactical initiatives within a framework that can be used by diverse interests to meet their own national and individual organizational objectives.



INTERNATIONAL / REGIONAL

- ANSI and its members are advancing standardization policies that help to meet societal needs and responsibilities, foster trade, and enhance the global competitiveness of business. With strong support from ANSI and the U.S., both IEC and ISO are moving forward with implementation plans for their respective global relevance policies.

The principles of global relevancy emphasize the value of a single international standard that can be used and implemented as broadly as possible by affected industries in countries around the world without distorting the market or creating barriers to trade.

- In a clear demonstration of the U.S. commitment to global standardization programs, ANSI and its members have supported the advancement of several Americans to leadership positions in key international and regional organizations. U.S. leadership in these groups allows the Institute to pursue the advancement and implementation of its core principles and strategic visions on a global scale. U.S. officers include:
 - Oliver R. Smoot, vice president for external voluntary standards relations of the Information Technology Industry Council, who serves as president of the International Organization for Standardization; his two-year term concludes on December 31, 2004.
 - Frank Kitzantides, vice president of the U.S. National Committee of the IEC (USNC/IEC), and vice president of engineering at the National Electrical Manufacturers Association, who was elected in 2003 as vice president of the IEC and chair of its Standardization Management Board; his three-year term began on January 1, 2004.
 - Dr. George W. Arnold, chairman of the ANSI Board of Directors, who now serves as chairman of the ISO Technical Management Board's Ad Hoc Group on Security.
 - Several representatives of ANSI's management team who now serve as chair of the ISO Finance Committee; chair of the ISO Information Technologies Strategies Implementation Group (ITSIG), and the chair of the Pacific Area Standards Congress (PASC) Standing Committee.



INTERNATIONAL / REGIONAL (continued)



DOMESTIC

- ANSI is helping to shape the long-range future direction and planning of the ISO and IEC by:

- reaching broadly into the ANSI community for input and then responding with a comprehensive U.S. contribution on the development of an ISO long-range strategy for 2005 through 2010. ANSI's input on behalf of the U.S. encouraged an industry-led, government-accepted approach characterized by cross-sector cooperation and support of developing nations. Following submittal of the contribution, ANSI remained actively engaged during the development of the draft plan; approval was obtained at the ISO General Assembly in September 2004.
- contributing to implementation and maintenance of the IEC Masterplan 2000, which set the agenda for 21 new programs across all IEC activities. With the support of the USNC/IEC, the plan focuses on three key areas: operations, services and promotions. A central feature of the Masterplan calls for IEC's early involvement in the development of new fast moving technologies; other elements include the exploration of alternative deliverables when time is critical to bring new products to market.

- A key component of ANSI's regional participation is educational outreach and relationship building that leads to the understanding of the benefits of a decentralized, market-driven, sector-based standards systems and the global endorsement of a "one standard, one test, accepted everywhere" concept.

In support of these efforts, during 2003 and 2004, ANSI delegations traveled around the world to pursue strategic partnerships and bilateral agreements with other nations and standards-setting organizations. Members of ANSI's regional standing committees attended meetings of the Pacific Area Standards Congress (PASC) and the Pan American Standards Commission (COPANT). ANSI representatives also once again convened with members of the European Standardization Organizations — the 18th in a series of ongoing dialogues among the organizations.

- Streamlining and increasing the flexibility of the ANS development process, the Institute implemented the *ANSI Essential Requirements: Due Process Requirements for American National Standards*. Approved by the ANSI National Policy Committee (NPC) at the close of 2002, the *Essential Requirements* centralizes all the principles followed by the more than 270 ANSI-accredited standards developers currently working to develop voluntary, consensus-based American National Standards (ANS).
- ANSI demonstrated vitality in several new areas of work, stepping to the forefront as a coordinator of standards-related solutions to key national priorities. Bold steps were taken in meeting the critical needs of the nation in areas such as homeland security (via the ANSI Homeland Security Standards Panel) and nanotechnology (via the ANSI Nanotechnology Standards Panel).

The ANSI-HSSP was the nucleus for a response to the 9-11 Commission, the group that investigated the circumstances surrounding the events of September 11, 2001. In January 2004, the Commission approached ANSI to develop a consensus on a "National Standard for Emergency Preparedness" for the private sector; the ANSI-HSSP responded immediately by holding a series of workshops to provide counsel for the commission. The final recommendation of an American National Standard (ANSI/NFPA 1600-1994) was included in the Commission's final report to Congress.

- ANSI's goal is to identify current needs and to facilitate standards solutions; in certain cases, these solutions will originate in groups that have not traditionally participated in the voluntary standards system. Recognizing this, in 2003 an ad hoc group was established to focus on ANSI's relationship with fora and consortia. In early 2004, the group initiated a survey to identify ways in which ANSI and consortia can work together for the benefit of standards developers and the stakeholders they wish to serve, and provide a better understanding of the needs of the varied organizations involved in standardization; a final report will be available by year-end 2004.

Selected Accomplishments

Program areas identified in the *ANSI Framework for Action*



CONFORMANCE ASSESSMENT

- ANSI's accreditation program for telecommunications product certifiers was expanded to include the recognition of telecommunications equipment that is compliant with requirements issued by Industry Canada, proving that ANSI procedures are respected and relied upon across national borders.
- The U.S. Department of Agriculture selected ANSI to conduct a peer assessment of the procedures and practices of its National Organic Program.
- ANSI introduced a new accreditation program for organizations that certify personnel to a new International Standard, ISO/IEC 17024, *General Requirements for Bodies Operating Certification Systems of Persons*. ANSI, on behalf of the United States, was the first national body to launch an accreditation program based upon the standard. Within its first year, thirteen requests for accreditation under the new program were received; interest has continued to grow during 2004.
- In partnership with the Conference for Food Protection (CFP), a pilot program was launched to accredit agencies that certify the personnel responsible for ensuring food safety in all establishments serving or providing food to the public, thereby increasing the value and impact of food protection management services within the industry.
- A survey conducted by the International Accreditation Forum (IAF) identified the ANSI-Registrar Accreditation Board-National Accreditation Program (ANSI-RAB-NAP) for the accreditation of management systems certification bodies as being the most respected of all the national accreditation programs. ANSI and RAB are also negotiating a new and improved partnership agreement that will strengthen the current U.S. National Accreditation Program and that will provide a basis for U.S. leadership in the international arena.



PUBLIC POLICY AND GOVERNMENT AFFAIRS

- Prompted by the lack of preparedness standards in the public and private sector identified in a January 2, 2003 report for Congress titled *Homeland Security: Standards for State and Local Preparedness*, ANSI immediately established its Homeland Security Standards Panel to provide a forum in which industry and government can work together to identify existing standards and, where needed, help to accelerate the timely development of new standards. The ANSI-HSSP is addressing the critical need for a wide range of standards to support the protection of the homeland and better prepare for potential emergencies or disasters; it is providing direct support to the standards needs of the U.S. Department of Homeland Security and many other related groups.
[See related text on page 09 — Domestic.]
- In direct response to a June 15, 2004, request from the director of the Office of Science and Technology in the Executive Office of the President, ANSI began a coordination effort for the development of standards in the area of nanotechnology, and nomenclature and terminology in particular. Further possible areas of work may include materials properties and procedures for testing, measurement, and characterization.
- Spearheading the need for legislation that would provide a degree of shelter for certain standards developers from the treble damages liability in current antitrust laws were ANSI members and accredited standards developers the American Society of Mechanical Engineers, ASTM International, and the National Fire Protection Association. Through the efforts of these organizations, ANSI and other members of the standards community, the Standards Developing Organizations Advancement Act of 2004 (H.R. 1086) was signed into law on June 22, 2004. H.R. 1086 amends the National Cooperative Research and Production Act of 1993 which addresses the antitrust treatment of certain joint ventures (such as standards development). Passage of the law provides clear recognition of the assistance that standards developing organizations (SDOs) provide to government agencies in developing standards for regulatory and procurement functions.



Summary of Accomplishments: 2003-2004



MEMBERSHIP



CONSUMER RELATIONS

- The commitment of ANSI's leadership to growing membership and retaining those members who have long supported the Institute was demonstrated in December 2002, when the Institute's Board of Directors approved a revised membership structure and authorized its implementation for corporate, government and educational members who joined ANSI on or after January 1, 2003. The new model ties investment directly to the level of service and involvement dictated by the specific needs of each member.

Implementation of the plan has been very successful; ANSI's total membership increased by eight percent (8%) in 2003, the first increase in member volume since 1992.

- In 2004, following initial implementation reports and consideration of the positive response that was being received from new members, ANSI's leadership called for additional analysis and refinement of the market-based model and the transition plan for current ANSI members. An ad hoc group of the ANSI Board of Directors was formed to provide assistance to staff during this endeavor.

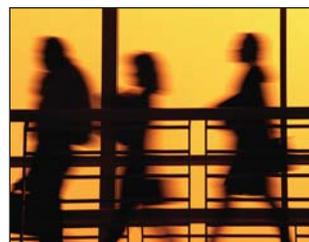
The intent of the review is to facilitate the smooth transition of all members who joined ANSI prior to January 1, 2003, to the new model. Ongoing member relations efforts are being pursued, as is the exploration and development of new programs, products and services that make clear the value of ANSI membership and help to demonstrate the positive return on membership dollars investment.

- During 2003 and 2004, consumers made their voices heard on matters before the standards community. As a result of ANSI's multi-year education and awareness campaign, consumer representation and participation has increased on the Institute's Consumer Interest Forum (CIF), the ANSI Board of Directors and the Institute's policy committees, the ANSI Homeland Security Standards Panel (ANSI-HSSP), as well as in various voluntary consensus standards and conformity assessment activities.

- ANSI staff and advocates for consumer participation in standardization have conducted outreach, spoken and/or submitted presentations to numerous forums — both groups who are a part of or familiar with the ANSI Federation, and those outside the traditional ANSI system — as a mechanism for engaging additional parties in discussions on the consumer's interest in standardization and trade.

In September 2004, ANSI sponsored a series of free, web-based training programs to explain and explore why consumers should become involved in standardization and conformity assessment programs.

- The CIF also actively contributed to the work of ISO's Consumer Policy Committee (COPOLCO) and its discussions relating to topics such as fire safety, second hand goods, and standardization in areas such as tourism and financial services.



Selected Accomplishments

Program areas identified in the *ANSI Framework for Action*



EDUCATION AND TRAINING

- Recognizing that the workforce of tomorrow is comprised of the students of today, the ANSI Board of Directors formed a permanent Committee on Education to spearhead all Institute initiatives related to standards and conformity assessment education and outreach and to fulfill the related objectives of the *U.S. National Standards Strategy*. Among the Committee's first priorities was the development and launch of a long-term, comprehensive university outreach program aimed at raising the awareness of standards and incorporating standards-related information into the curriculum of colleges and universities.
- ANSI's education team continues to serve as a valuable resource for those who are currently involved in standards-setting activities and who require on-the-job training. By focusing on the development of strong educational partnerships, ANSI began customizing many of its instructor-led courses for on-site delivery at the "location of choice" selected by members and customers.
- As an alternative to face-to-face training, web-based training and virtual seminars have been introduced as cost-effective options for valuable standards-related education. New course content is also being added to the Institute's online education portal, www.StandardsLearn.org.
- Delivering timely and value-added information to members and the public remains a primary focus of the Institute's conference services group. The ANSI Annual Conference has become the Institute's premiere event with its in-depth exploration of "from the headlines" issues discussed from the perspective of the standards and conformity assessment community. Specialty events tied to the conference offer additional professional development opportunities for ANSI members. As an example, the 2003 ANSI SDO Legal Issues Forum addressed a variety of legal issues of concern to standards developing organizations, including patents, intellectual property rights, and anti-trust matters.



COMMUNICATIONS

- As a means of "enhancing the user experience," ANSI debuted on January 1, 2003, a redesign of its website, ANSI Online (www.ansi.org). In conjunction with the relaunch, a significant portion of the site has been translated into Spanish. With its new look, navigational structure and functionality, the site was subsequently selected by the New York Society of Association Executives for first place honors in website design.
- With a renewed focus on the delivery of timely, relevant and actionable information to its members and constituents, ANSI redesigned and launched a new editorial format for its quarterly news magazine, the *ANSI Reporter*. The magazine is a hard-copy companion to the on-going electronic distribution of *What's New*, the Institute's biweekly eNewsletter, and the daily posting of news articles to ANSI Online.



PUBLICATIONS MANAGEMENT

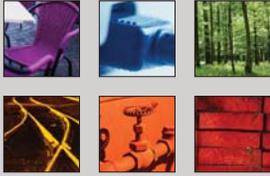
- The ANSI eStandards Store (webstore.ansi.org) was redesigned and updated in 2004. Enhancements include the debut of a first of its kind eSubscription service designed to ensure customers — especially small and medium-size enterprises — always have real time access to the latest versions of their customized collections of standards. The eStandards Store also launched pre-packaged sets of standards combining relevant and useful documents into single suites.
- Functioning as a one-stop resource for all standards users, ANSI regularly enters into new partnership arrangements with other standards organizations to improve and expand the information resources available to its members and constituents.
- The Institute is playing a leadership role both nationally and internationally in Digital Rights Management (DRM) and the protection of Intellectual Property Rights.

An Umbrella Organization

When ANSI's predecessor, the American Engineering Standards Committee, was founded more than 85 years ago, the idea that an *umbrella* organization could coordinate standardization activities for both industry and government was considered ambitious.

Today, the ANSI-administered voluntary consensus standardization and conformity assessment system welcomes government and industry representatives, consumers, and all interested parties, as equals.

This system, with its decentralized, sector-based and market-driven approach to standardization, is frequently viewed as a benchmark for other nations and is being considered as a model for standards-setting bodies around the globe.

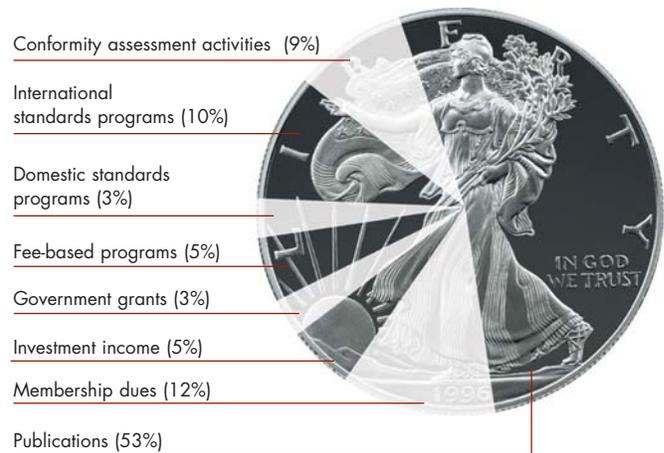


DESCRIPTION OF ORGANIZATION

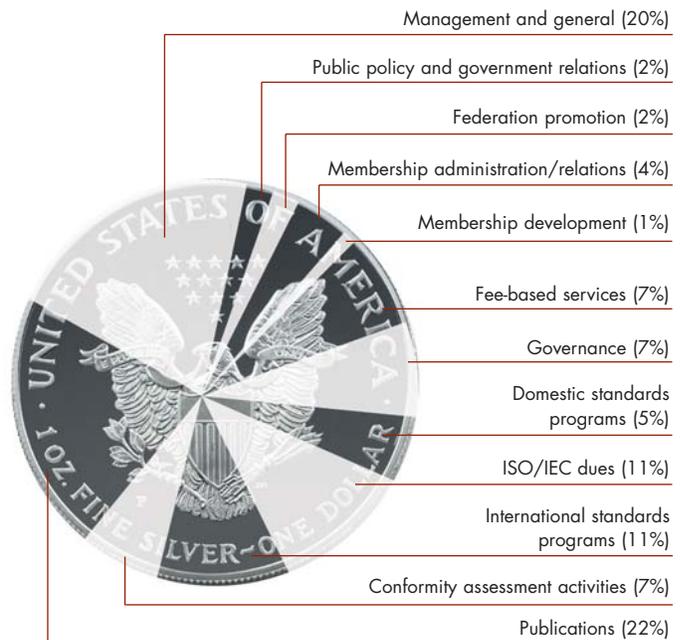
The American National Standards Institute (ANSI) is a 501(c)3, not-for-profit organization that coordinates the development of U.S. voluntary consensus standards and standards policy. In fulfilling its mission, ANSI:

- Serves as the policy forum for the U.S. standards and conformity assessment communities and is recognized by both the public and private sectors as such.
- Approves standards as American National Standards (ANS) and safeguards the integrity and value of the ANS designation by requiring openness, balance, due process, consensus and transparency to all directly and materially affected interests in the private and public sectors.
- Is the official U.S. representative to non-treaty, regional and international standards and conformity assessment organizations and, as such, facilitates access by U.S. interests to those organizations and promotes U.S. interests abroad.
- Provides a means for assessing the need for new standards activities and conformity assessment programs and promotes the resolution of identified needs.
- Accredits standards developers, U.S. Technical Advisory Groups (TAGs) to ISO and conformity assessment programs.
- Serves as an interface with U.S. and other governments on standards and conformity assessment issues.
- Provides a central resource, using the most modern means available, for timely, relevant and easily accessible information and education on standards, conformity assessment programs and related activities in the U.S. and abroad.
- Coordinates the efforts of companies and consumers to make products and systems safe, efficient and globally relevant.

Support and revenue



Expenses



For more information, please refer to the Statement of Activities shown on page 16.



STATEMENT OF FINANCIAL POSITION *Year Ended December 31, 2003*

	Unrestricted	Temporarily Restricted	TOTAL	
			2003	Summarized Information 2002
Assets				
Cash and cash equivalents	\$ 2,996,879	\$ 26,042	\$ 3,022,921	\$ 3,413,660
Receivables				
Publications and royalties (less allowance for doubtful accounts related to publication sales of \$0 for 2003 and \$0 for 2002)	1,415,362		1,415,362	1,728,326
Dues (less allowance for doubtful accounts of \$180,000 for 2003 and \$209,000 for 2002)	2,581,397		2,581,397	2,746,712
Accrued interest receivables	26,328	-	26,328	7,124
Investments — market	7,087,510	174,905	7,262,415	5,068,355
Prepaid expenses	77,630		77,630	127,951
Property, plant and equipment, net	1,579,800		1,579,800	1,568,857
Total assets	\$ 15,764,906	\$ 200,947	\$ 15,965,853	\$ 14,660,985
Liabilities				
Accounts payable and accrued liabilities	\$ 2,147,019		\$ 2,147,019	\$ 1,870,208
Deferred income	4,332,520		4,332,520	4,544,752
Deferred rent credit	472,732		472,732	383,558
Total liabilities	\$ 6,952,271		\$ 6,952,271	\$ 6,798,518
Net assets				
Unrestricted net assets:				
Operating fund	\$ 2,681,509	\$	\$ 2,681,509	\$ 1,578,402
Board-designated permanent reserve	5,600,832		5,600,832	5,600,832
International fund	530,294		530,294	501,738
Temporarily restricted net assets		200,947	200,947	181,494
Total net assets	\$ 8,812,635	\$ 200,947	\$ 9,013,582	\$ 7,862,466
Total liabilities and net assets	\$ 15,764,906	\$ 200,947	\$ 15,965,853	\$ 14,660,985



STATEMENT OF ACTIVITIES Year Ended December 31, 2003

			TOTALS			
	Unrestricted	Temporarily Restricted	2003	%	Summarized Information 2002	%
Support and revenue						
Membership dues	\$ 2,268,706	\$	\$ 2,268,706	12%	\$ 2,178,654	13%
Publications	9,779,470		9,779,471	53%	10,005,129	58%
Conformity assessment	1,666,055		1,666,055	9%	1,452,856	8%
International standards programs	1,839,186		1,839,185	10%	2,082,795	12%
Domestic standards programs	618,915		618,914	3%	511,576	3%
Fee-based programs	900,875		900,875	5%	937,384	5%
Government grants	550,000		550,000	3%	559,066	3%
Rental and other income	(31,335)		(31,335)	0%	166,000	1%
Investment income	881,365	19,453	900,818	5%	(590,099)	-3%
Total support and revenue	\$ 18,473,237	\$ 19,453	\$ 18,492,690	100%	\$ 17,303,361	100%
Expenses						
Publications	\$ 3,771,898		\$ 3,771,898	22%	3,958,821	23%
Conformity assessment activities	1,246,237		1,246,237	7%	1,132,417	7%
International standards programs	1,923,785		1,923,785	11%	2,107,922	12%
ISO/IEC dues	1,891,288		1,891,288	11%	1,592,504	9%
Domestic standards programs	947,499		947,499	5%	823,794	5%
Governance	1,235,319		1,235,319	7%	1,209,579	7%
Fee-based services	1,164,002		1,164,002	7%	901,008	5%
Membership development	253,371		253,371	1%	245,560	1%
Membership administration/relations	729,203		729,203	4%	605,109	4%
Federation promotion	430,799		430,799	2%	506,559	3%
Public policy and government relations	337,239		337,239	2%	429,761	3%
Management and general	3,410,934		3,410,934	20%	3,632,783	21%
Total expenses	\$ 17,341,574		\$ 17,341,574	100%	\$ 17,145,818	100%
Change in net assets	\$ 1,131,663	\$ 19,453	\$ 1,151,116		\$ 157,543	
Net assets, beginning of year (as restated)	7,680,972	181,494	7,862,466		7,704,923	
Net assets, end of year	\$ 8,812,635	\$ 200,947	\$ 9,013,582		\$ 7,862,466	



NOTES TO FINANCIAL STATEMENTS *Accounting Policies*

Basis of Financial Statement Presentation

The American National Standards Institute, Incorporated (the "Institute") is a not-for-profit service organization, founded in 1918. It is the coordinating organization for the United States' voluntary standards system. The Institute does not develop standards; rather, it provides the means for determining the need for standards and ensures that organizations competent to fill these needs undertake the standards development work.

The programs of the Institute are carried out through the Board of Directors, six policy committees and twelve program oversight committees. The Institute is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code, and from state and local taxes under comparable laws.

Cash and Cash Equivalents

The Institute considers all highly liquid investments with original maturities of less than three months to be cash equivalents, except for such amounts held in the Institute's investment portfolio, which are considered to be held for long-term purposes. The carrying amount approximates the fair value because of the short maturity of these investments. Sometimes deposits have been pledged as collateral for a letter of credit and for foreign exchange transactions.

Investments

Investments in equity securities with readily determinable fair values and all debt securities are recorded at fair values, with realized and unrealized gains and losses included in the accompanying statements of activities. Investment income is recorded as unrestricted and restricted, in accordance with donor intent.

Property and Equipment

Property and equipment are stated at their costs at the dates of acquisition. Leasehold improvements are also capitalized, whereas costs of repairs and maintenance are expensed as incurred.

Depreciation of furniture and equipment is provided using the straight-line method, over the estimated useful lives of the respective assets, ranging from two to ten years. Depreciation of leased assets is computed using the straight-line method over the life of the asset.

Leasehold improvements are amortized over the lesser of the estimated useful life of the specific asset or the term of the applicable lease.

Deferred Rent

Rent expense is recognized using the straight-line method over the terms of the lease. The difference between rent expense incurred and the amount paid, which is attributable to scheduled rent increases, is reported as a deferred rent liability in the accompanying statements of financial position.

Net Assets

The net assets of the Institute and changes therein are classified and reported as follows:

Unrestricted net assets represent those resources that have no donor restrictions as to their use. In 1969, the Board of Directors designated a *permanent reserve fund* for the establishment of new standards programs and to fund future operating deficits. The *permanent reserve* is funded by the operating fund and invested subject to approval by the finance committee. In 1973, the Board of Directors established the *international fund* to assist the Institute in its international standardization and related activities. Expenditures from the income of the fund must be authorized by the Board of Trustees of the international fund.

Temporarily restricted net assets consist of resources the use of which has been restricted by donors to specific purposes. Net assets released from restrictions represent the satisfaction of the restricted purposes specified by the donor.

Revenue Recognition

Revenue from publication sales is recognized when the customer purchases an electronic copy of the publication through the Institute's E-commerce website or when the order was fulfilled by third party resellers. Membership dues and fee-based programs are credited to income over the period to which they apply. Membership dues and fee-based programs for future years are deferred until that year.



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