

**BUILDING FOR STRENGTH**

2005-2006 ANNUAL REPORT





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A silhouette of a construction worker wearing a hard hat and a tool belt, standing on a horizontal steel beam. The worker is holding a square level against a vertical steel column. The background is a warm, orange-hued sky, suggesting a sunset or sunrise. The overall scene is industrial and focused on precision and strength.

## building for strength

Voluntary standards  
and conformity assessment  
systems are the building blocks  
of the distinctive U.S. infrastructure.

As the voice of the U.S. standards and conformity assessment system, the American National Standards Institute (ANSI) empowers its members and constituents to strengthen the U.S. marketplace position in the global economy while helping to assure the safety and health of consumers and the protection of the environment. The Institute is building upon past accomplishments, leveraging strategic partnerships, and capitalizing upon emerging opportunities to become a better, stronger, and more nimble organization.

A stronger ANSI is in the best interest of its members.



## building for strength

In 2006, the American National Standards Institute turned its attention to the future . . .

A clear vision and strategic direction is helping to advance ANSI's mission.

A set of core initiatives is guiding the organization, its members and its staff.

A disciplined, bottom-line approach to business is enhancing the Institute's financial and structural integrity.

An enhanced outreach initiative is opening doors for participation by a broader range of stakeholders in the ANSI federation.

Creative and efficient approaches to standards development are speeding time to market while maintaining the integrity of the consensus-based processes for which ANSI is recognized.

Increasing reliance on ANSI's accreditation programs—by regulatory bodies and others—is leading to significant cost savings, improved efficiency, and enhanced consumer protection.

Partnerships and interface with organizations around the globe are advancing national interests by providing trading partners with information and access to U.S. innovations, technology, standards, and solutions.







## actions on top priorities

As coordinator of the U.S. voluntary consensus standards and conformity assessment system, ANSI is called upon to support a broad range of stakeholder needs and priorities. Input from ANSI members has helped to define a set of ten initiatives that have long-range strategic benefit for the Institute. A summary of initiatives underway during 2006, along with a synopsis of actions taken to date, is shown below:

### b revenue growth and diversification

ANSI is strengthening its financial integrity by building its reserves and diversifying its revenue streams. The Institute is maximizing its potential for revenue growth by leveraging new partnerships, associations, and other joint ventures.

### b outreach to broader constituencies

ANSI is enhancing its position as a focal point for the U.S. standards and conformity assessment community by representing a broader and more diverse business, industrial and consumer base. ANSI is also reaching out to new stakeholder groups, including the service economy and consumers in the growing aging population, to anticipate and meet their needs.

### b membership growth

ANSI is growing its membership by articulating firm value proposition statements and the reasons for active and ongoing engagement. Membership growth will continue to increase as new industry- and service sector-specific needs are identified and met.

### b interface with consortia and others

ANSI is embracing the activities of non-traditional standards developing groups such as consortia and other forums that are either now outside the Institute's usual network or that are minimally engaged. An Ad Hoc Advisory Group on Expanded Outreach, reporting to the ANSI Board of Directors, is spearheading this effort.

### b exploration of alternative recognition

ANSI is identifying and supporting the business needs of non-traditional standards developers. This is an opportunity to consider alternative recognition of processes and/or work products in new ways. Any actions taken will be orchestrated so as to avoid compromising the integrity of the ANSI brand or the American National Standard designation.

### b enhance conformity assessment portfolio

ANSI's Accreditation Services business line is expanding to include new markets in areas such as inspection, auditing and laboratory accreditation. Growth opportunities will include strategic partnerships with other organizations as well as the enhancement of services that ANSI currently offers.

### b education and training

ANSI is building the appreciation for standardization in the corner offices of America, on Capitol Hill, and in colleges and universities across the nation. For professional training, ANSI will expand training programs to meet professional needs up and down the value chain.

### b enhanced presence in Washington

ANSI is proactive in keeping policymakers apprised of key issues related to the standards community. The Institute continues to promote more government agency involvement in standards and conformity assessment activities.

### b balancing international participation

The Institute is advocating the principles of the *United States Standards Strategy* and the views of U.S. stakeholders in all its international and regional activities. As the nation's official member body, ANSI provide ongoing access to the standards development processes of the International Organization for Standardization (ISO) and, through the U.S. National Committee, to the International Electrotechnical Commission (IEC).

### b standards panels

ANSI's four standards panels are meeting the critical standardization needs of the nation, embracing emerging technologies and protecting consumer interests. The Institute is continuing to look for areas where panels can provide standards-based solutions to critical national priorities.



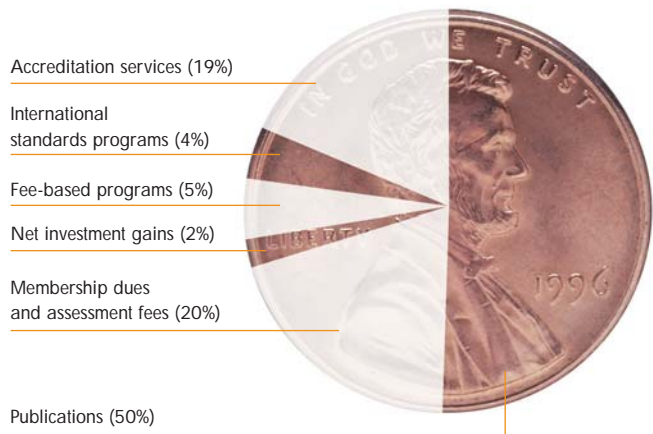


## description of organization

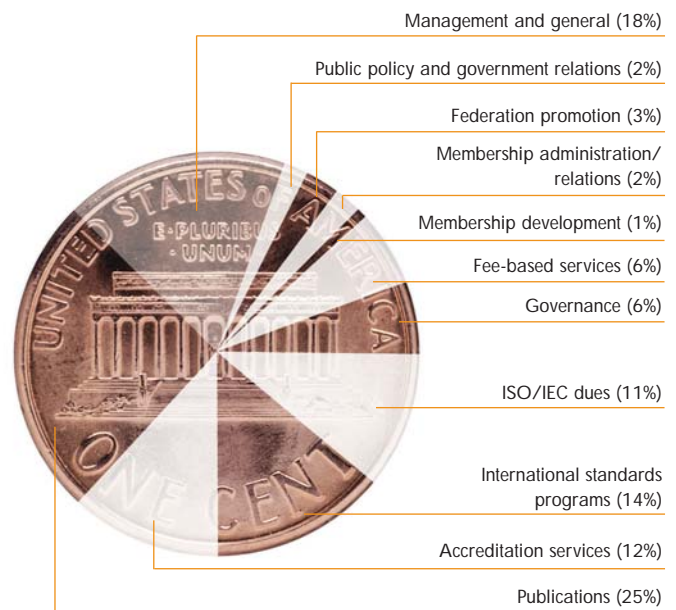
The American National Standards Institute (ANSI) is a 501(c)3, not-for-profit organization that coordinates the development of U.S. voluntary consensus standards and standards policy. In fulfilling its mission, ANSI:

- b 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.
- b 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.
- b 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.
- b Provides a means for assessing the need for new standards activities and conformity assessment programs and promotes the resolution of identified needs.
- b Accredits standards developers, U.S. Technical Advisory Groups (TAGs) to ISO and conformity assessment programs.
- b Serves as an interface with U.S. and other governments on standards and conformity assessment issues.
- b 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.
- b 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 12.

Year Ended December 31, 2005

	Unrestricted	Temporarily Restricted	TOTAL	
			2005	Summarized Information 2004
<b>Assets</b>				
Cash and cash equivalents	\$ 3,381,218	\$ 1,317	\$ 3,382,535	\$ 4,716,945
Receivables				
Publications and royalties	1,309,169		1,309,169	1,153,815
Dues (net of allowance for doubtful accounts of \$242,000 for 2005 and 2004)	4,820,893		4,820,893	2,890,729
Other				5,831
Investments — marketable securities	6,144,179	217,378	6,361,557	6,484,453
Investments in ANAB	1,050,866		1,050,866	
Prepaid expenses and other assets	191,809		191,809	163,082
Property and equipment, net	1,601,959		1,601,959	1,383,279
<b>Total assets</b>	<b>\$ 18,500,093</b>	<b>\$ 218,695</b>	<b>\$ 18,718,788</b>	<b>\$ 16,798,134</b>
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 2,286,695		\$ 2,286,695	\$ 2,010,22
Deferred dues and fee income	5,431,509		5,431,509	4,919,948
Deferred rent	594,413		594,413	539,736
<b>Total liabilities</b>	<b>\$ 8,312,617</b>		<b>\$ 8,312,617</b>	<b>\$ 7,469,906</b>
<b>Net assets</b>				
Unrestricted net assets:				
Operating fund	\$ 3,740,239	\$	\$ 3,740,239	\$ 2,721,673
Board-designated permanent reserve	5,600,832		5,600,832	5,600,832
Specific-purpose funds	846,405		846,405	794,437
Temporarily restricted net assets		218,695	218,695	211,286
<b>Total net assets</b>	<b>\$ 10,187,476</b>	<b>\$ 218,695</b>	<b>\$ 10,406,171</b>	<b>\$ 9,328,228</b>
<b>Total liabilities and net assets</b>	<b>\$ 18,500,093</b>	<b>\$ 218,695</b>	<b>\$ 18,718,788</b>	<b>\$ 16,798,134</b>

## statement of activities

year ended December 31, 2005

			TOTALS			
	Unrestricted	Temporarily Restricted	2005	%	Summarized Information 2004	%
<b>Support and revenue</b>						
Membership dues and assessment fees	\$ 4,145,187	\$	\$ 4,145,187	20%	\$ 4,050,166	25%
Publications	10,657,828		10,657,828	50%	10,516,442	55%
Accreditation services	3,966,595		3,966,595	19%	2,758,808	11%
International standards programs	764,313		764,313	4%	652,206	3%
Fee-based programs	1,070,471		1,070,471	5%	855,128	4%
Net investment gains	316,687	7,409	324,096	2%	331,628	2%
<b>Total support and revenue</b>	<b>\$ 20,921,081</b>	<b>\$ 7,409</b>	<b>\$ 20,928,490</b>	<b>100%</b>	<b>\$ 19,191,378</b>	<b>100%</b>
<b>Expenses</b>						
Program expenses:						
Publications	\$ 5,160,155		\$ 5,160,155	25%	4,316,703	23%
Accreditation services	2,415,125		2,415,125	12%	2,559,867	9%
International standards programs	2,705,385		2,705,385	14%	2,648,949	14%
ISO/IEC dues	2,091,877		2,091,877	11%	1,882,182	10%
Governance	1,241,763		1,241,763	6%	1,102,767	6%
Fee-based services	1,103,072		1,103,072	6%	1,032,605	5%
<b>Total program expenses</b>	<b>14,717,377</b>		<b>14,717,377</b>		<b>13,543,073</b>	
Management and general:						
Membership development	152,411		152,411	1%	312,817	2%
Membership administration/relations	484,113		484,113	2%	630,945	3%
Federation promotion	504,468		504,468	3%	493,544	3%
Public policy and government affairs	468,136		468,136	2%	389,649	2%
Other management and general	3,524,042		3,524,042	18%	3,506,704	18%
<b>Total management and general</b>	<b>5,133,170</b>		<b>5,133,170</b>		<b>5,333,659</b>	
<b>Total expenses</b>	<b>\$ 19,850,547</b>		<b>\$ 19,850,547</b>	<b>100%</b>	<b>\$ 18,876,732</b>	<b>100%</b>
<b>Increase in net assets</b>	<b>\$ 1,070,534</b>	<b>\$ 7,409</b>	<b>\$ 1,077,943</b>		<b>\$ 314,646</b>	
Net assets, beginning of year	9,116,942	211,286	9,328,228		9,013,582	
<b>Net assets, end of year</b>	<b>\$ 10,187,476</b>	<b>\$ 218,695</b>	<b>\$ 10,406,171</b>		<b>\$ 9,328,228</b>	

### 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' national standards system. The Institute does not develop standards. 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 by the Board of Directors. 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.

#### accrual basis of accounting

The financial statements of the Institute have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America, as applicable to not-for-profit entities.

#### use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets, liabilities, revenues and expenses, as well as the disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

#### 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. Net 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 three to ten years. Likewise, depreciation of leased assets is computed using the straight-line method over the life of the assets. Leasehold improvements are amortized over the lesser of the estimated useful life of the specific asset or the term of the applicable lease.

#### 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. Recognition of revenue from membership dues and fee-based programs relating to a future year is deferred until that year.

#### deferred rent liability

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 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 Board's finance committee. In 1973, the Board of Directors established a special-purpose, *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.

The Peralta Charitable Remainder Unitrust was established in 1993. Upon the death of the Unitrust beneficiaries, the principal and income of the trust will be distributed to the Institute to be used for educational purposes.

The USNC/IEC Fund was established in 1981, upon receipt of assets from the members of the United States National Committee ("USNC"). Expenditures from the fund must be authorized by the executive committee of the USNC of the International Electrotechnical Commission ("IEC"), and the Institute's finance committee.

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Deere & Company*



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National Institute  
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Corning Incorporated*

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*Nina I. McClelland, LLC*

**Mr. Alexander McMillan**  
*Director, Global Standards  
and Trade, Rockwell Automation*

**Dr. Celia Merzbacher**  
*Office of Science and Technology  
Policy, Executive Office of the  
President of the United States*

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*President and CEO,  
Alliance for Telecommunications  
Industry Solutions*

**Ms. Mary J. Mitchell**  
*Deputy Associate Administrator  
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Governmentwide Policy, General  
Services Administration*

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SAE International*

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Commission on Graduates of  
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*Vice President, Industry and  
Government Relations,  
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Business Policy, National  
Association of Manufacturers*

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Standards and Technology*

**Ms. Sharon K. Stanford**  
*Director, Standards  
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Intertek Testing Services  
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Air-Conditioning and  
Refrigeration Institute*

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*President, ASTM International*

**Ms. Kathleen A. Thuner**  
*National Association of  
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**Mr. Andrew Updegrove**  
*Partner, Gesmer Updegrove LLP*

**Mr. Richard H. Weinstein**  
*Office of the Chief Engineer,  
NASA Headquarters*

## staff and facilities

### senior management team

**Mr. S. Joe Bhatia**  
*President and CEO*

**Ms. Frances E. Schrotter**  
*Senior Vice President and  
Chief Operating Officer*

**Mr. Bob Feghali**  
*Vice President, Business Development  
and Chief Information Officer*

**Ms. Patricia A. Griffin**  
*Vice President and General Counsel*

**Mr. Lane Hallenbeck**  
*Vice President, Accreditation Services*

**Ms. Margaret Jensen**  
*Vice President, Finance and Administration  
and Chief Financial Officer*

**vacant**  
*Vice President, Public Policy and Government Affairs*

**Mr. Gary W. Kushnier**  
*Vice President, International Policy*

### facilities

**Headquarters**  
1819 L Street, NW,  
Sixth Floor  
Washington, DC 20036  
202.293.8020

*Primary Functions in this office include:*  
Office of the President and CEO;  
Accreditation Services for Product and Personnel Certification Bodies;  
International and Regional Policy Programs, including the China Program;  
and Public Policy and Government Affairs Programs

**Operations**  
25 West 43rd Street  
Fourth Floor  
New York, NY 10036  
212.642.4900

*Primary Functions in this office include:*  
Administrative Operations; Domestic Standards Facilitation Programs;  
International Standards Facilitation Programs; Membership Services;  
Publication Sales





**headquarters**

1819 L Street, NW  
Sixth Floor  
Washington, DC 20036  
Tel: 202.293.8020  
Fax: 202.293.9287

**operations**

25 West 43rd Street  
Fourth Floor  
New York, NY 10036  
Tel: 212.642.4900  
Fax: 212.398.0023  
Web: [www.ansi.org](http://www.ansi.org)