

A Newton's cradle with five silver spheres hanging from thin wires against a dark, blurred background. The central sphere is in sharp focus, while the others are out of focus.

# MAKING AN IMPACT

2006  
ANNUAL REPORT

ASTM  
INTERNATIONAL





# 2006 HIGHLIGHTS

## January

- ASTM International meets with government and industry leaders in India
- ASTM International signs MOU with Honduras

## February

- Passport to Steel online database launched
- Subcommittee E55.03 on General Pharmaceutical Standards is formed

## March

- Committee A05 on Metallic-Coated Iron and Steel Products celebrates centennial anniversary
- ASTM International joins National Coalition for Fire-Safe Cigarettes

## April

- Updates to E 1528 environmental site assessment standard released
- Committee F15 creates new child safety subcommittees

## May

- Jim Thomas speaks at Hanyang University and Global Standards Management Conference in South Korea
- New online Spanish-language *Standardization News* debuts
- High security fences and perimeter barriers are focus of new ASTM subcommittee

## June

- Committee D10 on Packaging creates subcommittee on University Liaison
- New standard on water slides is approved

## July

- Committee F40 on Declarable Substances in Materials issues first standard
- ASTM International donates standards for Iraq reconstruction efforts
- New Committee E57 on 3D Imaging Systems is launched

## August

- Inaugural Mather Scholarship awarded to Raissa Douglas Ferron
- New training course on crude oil announced

## September

- 2006 Officers Training Workshop
- New standards on maintenance manuals for unmanned light sport aircraft are released
- ASTM electrical load standard accepted by FAA

## October

- Board of Directors meeting in Beijing
- Akira Aoki receives 2006 Cavanaugh Award

## November

- ASTM Digital Library is launched
- Committee E56 on Nanotechnology approves first standard

## December

- Foreign language websites launched at astm.org
- New subcommittee on pervious concrete formed

*This list of highlights is only a partial sample of ASTM International's major developments in 2006.*

## CONTENTS

- 4 MESSAGE FROM THE CHAIRMAN AND PRESIDENT
- 6 MAKING AN IMPACT ON YOUR WORLD
- 10 MAKING AN IMPACT ON INDUSTRY VITALITY
- 14 MAKING AN IMPACT ON GLOBAL COLLABORATION
- 18 MAKING AN IMPACT ON BEST-PRACTICE STANDARDS DEVELOPMENT
- 21 2006 RECOGNITION
- 22 FINANCIAL STATEMENT AND OTHER FINANCIAL INFORMATION
- 26 ASTM INTERNATIONAL BOARD OF DIRECTORS

## MAKING AN IMPACT

*The photo on the cover of this year's annual report is of Newton's Cradle, a popular tool used in science demonstrations as an example of energy and momentum – themes that embody the activities and results of ASTM International in 2006. Throughout the year, ASTM's 32,000 global members continued to bring energy and purpose to creating standards that advance science and discovery, support global trade, and improve the lives of people everywhere.*

## MESSAGE FROM the Chairman of the Board and the President

As a growing and prosperous organization, ASTM International looks forward to annually reviewing and reporting on our accomplishments to our constituencies around the world. This annual report is no exception. 2006 was a highly successful year for ASTM by all measures.

Led by the expertise and dedication of our members, we responded to the needs of consumers, industries, and governments everywhere for new high quality, market-relevant standards. We also remained active and engaged in all parts of the world, building bridges of cooperation that continue to lead to greater global participation in the development and use of ASTM International standards. Furthermore, we continued to invest in and enhance the infrastructure that supports the activities of our members and helps make ASTM a world-class standards developing organization. The successes of 2006 described in this report leave ASTM International in outstanding financial health, with renewed energy for pursuing both the opportunities and challenges that lie ahead.

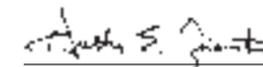
Indeed, the achievements of the past year make all of us proud to be part of ASTM International. However, our progress is not just measured by our tangible accomplishments and financial results. Even more important is the impact our efforts have in improving society, advancing innovation, supporting the needs of consumers and industry, and empowering global trade. Here we find the true measure of our success.

In 2006, ASTM continued to have an impact in making our world safer and healthier for all. New ASTM standards touched the lives of many, from serious athletes to young children. Our commitment toward protecting the environment was evidenced through the ongoing contribution of ASTM standards in important Environmental Protection Agency sustainability initiatives, as well as new and enhanced standards in the areas of oil spill response and environmental site assessment.

ASTM International's enduring partnership with industry was also evident in myriad activities in 2006. As has been the case in recent years, dynamic new stakeholder groups continue to turn to ASTM's open consensus process to engage in the standards activities that will spark industry growth. The past year brought the formation of a new technical committee in the innovative field of 3D imaging. Formed just one year ago, two other technical committees in the areas of nanotechnology and hazardous substance regulation wasted little time impacting their respective stakeholders, releasing their first standards in 2006. And across major industries such as aviation, petroleum, metals, pharmaceutical and others, numerous other ASTM committees also worked diligently to respond to the needs of their respective marketplaces.

This year ASTM International's impact in advancing global cooperation in standards development reached new heights. In October, we built upon several years of progress in our partnership with China by holding a historic, first-time Board of Directors meeting in Beijing, followed by a weeklong series of briefings and visits across the Chinese capital. Our focus on global cooperation also brought us to India, Japan, Peru, Panama, Colombia, Bolivia, Thailand, Mexico, Morocco, and South Korea for training sessions and meetings with important standards stakeholders in these countries. To further support the standards needs of developing nations, we also signed a series of new cooperative agreements. Wherever there is an opportunity to increase international participation in the standards development process, ASTM International will be there, creating equal access and equal participation for all.

Back home at ASTM headquarters, our professional staff responded to the needs of our members with new tools and technologies that make the standards writing process even more efficient. We were also proactive in providing our customers with a variety of new products and publications, creating a new level of accessibility to our standards and vast technical information resources.



Anthony E. Fiorato  
2006 Chairman of the Board



James A. Thomas  
President



Anthony Fiorato  
2006 Chairman of the ASTM Board



James Thomas  
President of ASTM International

## MAKING AN IMPACT on Your World

The impact of ASTM International standards on our everyday lives is far reaching. The positive outcomes of standardization can be felt in countless ways, from improved public health and safety, a cleaner environment, reliable consumer products, and many other important benefits. For over 100 years, ASTM standards have served as advocates for the needs of people everywhere. This proud legacy continued in earnest in 2006 through numerous new standards activities and initiatives.

### Making a Difference in Public Health Issues

ASTM International was active and engaged in a number of notable public health and safety-related causes in 2006. During the year, ASTM joined the Coalition for Fire-Safe Cigarettes (CFSC), a group of fire service members, consumer and disabled rights advocates, medical and public health practitioners and other related organizations. The aim of the CFSC is to save lives and prevent injuries that results from cigarette-ignited fires. These efforts received a boost during the year when New Hampshire and Illinois enacted legislation requiring

that all cigarettes sold in those states be self-extinguishing in accordance with ASTM standard E 2187, Test Method for Measuring the Ignition Strength of Cigarettes. These states joined California, Massachusetts, New York, and Vermont, as well as Canada, in passing similar legislation citing the ASTM standard.

As New Orleans moves toward recovering from the devastating effects of Hurricane Katrina, ASTM International continued to offer the aid of its standards to support the needs of the city's and the Gulf Coast region's residents. Early in 2006, the New Orleans Health Department and the Morehouse School of Medicine hosted a full service health fair for the city's residents. In addition to free medical care, participants were given the opportunity to create their own personal health record based on ASTM E 2369, Specification for Continuity of Care Record (CCR). With thousands of medical records and files in doctor's offices destroyed during Katrina, the CCR provides valuable assistance in helping residents create a new electronic personal health record that is private and portable.

### Answering the Call for a Cleaner Environment

Since its inception, ASTM International has had an enduring role in facilitating a cleaner global environment. The release of several important new standards in 2006 further underscored the Society's ongoing commitment to environmental concerns. Highlighting these efforts was the work of ASTM Committee F20 on Hazardous Substances and Oil Spill Response, which released F 2534, Guide for

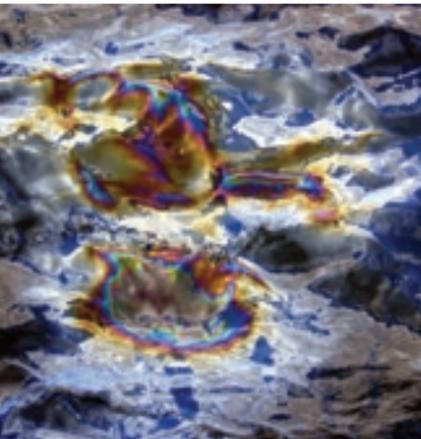
Visually Estimating Oil Spill Thickness on Water. This new standard will benefit U.S. Coast Guard personnel and oil spill workers in determining the amount of discharges at sea, ultimately aiding countermeasures and cleanup.

Standards developed by ASTM Committee F26 on Food Service Equipment continue to play an important part in the Environmental Protection Agency's Energy Star Program, which helps businesses and individuals protect the environment and save money through superior

energy efficiency. Among the F26 standards adopted by the Energy Star Program to promote higher energy efficient equipment in the industry are F 1361, Test Method for Performance of Open Deep Fat Fryers, and F 1484, Test Methods for Performance of Steam Cookers. In 2006, F26 also made progress in its relationship with the North American Association of Food Equipment Manufacturers (NAFEM). An F26 task group composed of a NAFEM committee is developing a standardized template for estimating equipment life cycle costs.

ASTM subcommittee E50.02 on Real Estate Assessment and Management also had a busy year, addressing important new environment-related issues. Efforts included the

revision of a major environmental assessment standard to reflect relevant changes in U.S. federal law. Standard E 1528, Practice for Limited Environmental Due Diligence: Transaction Screen Process, has been redesigned as a tool to better assist property owners in qualifying for protections covered by the Brownfield Revitalization Act. In addition, E50.02 developed a new standard, E 2418, Guide for Readily Observable Mold and Conditions Conducive to Mold in Commercial Buildings: Baseline Survey Process. The guide provides a consistent and reproducible vocabulary pertaining to mold and mold-related risks, improving communications during all phases of commercial real estate transactions.



## Furthering ASTM's Role in Child Safety

Through its long-standing leadership in child safety standards, ASTM Committee F15 on Consumer Products has helped parents keep their children safe. In 2006, Committee F15 laid the foundation for a safer future with the formation of several new subcommittees. Responding to a request from the Consumer Product Safety Commission (CPSC), F15 has formed Subcommittee F15.59 on Children's Folding Chairs. The impetus for this standards activity is CPSC data that reports numerous injuries, including finger lacerations, finger tip amputations, fractures, and broken and pinched fingers, resulting from the more than six million children's folding chairs on the market. F15.59 standards will focus on testing requirements for structural integrity and performance requirements for children's folding chairs, as well as provide requirements for labeling.

Related child safety activities can be found in two other new F15 subcommittees: F15.60 on Portable Pools, which will develop standards to address issues related to portable pool use, including drowning and pool access, electrocution, sanitation/bacteria, liner bursting, and hair and clothing entrapment; and F15.61 on Constant Air Inflatable Play Devices for Home Use, which will develop safety specifications for various types of constant air inflatable devices, such as portable trampolines and bounce slide units.

## As Health and Safety Needs Arise, ASTM Responds

In 2006, a wide range of new ASTM standards and activities underscored the Society's responsiveness to consumer health and safety. Notable among them are two important new standards released by ASTM Committee F08 on Sports Equipment and Facilities that will play an important part in protecting athletes from future head injuries. Responding to studies showing that minor head injuries among soccer players were more common than previously recognized, a newly formed F08 task group issued F 2439 Specification for Headgear Used in Soccer. The new standard will help ensure that soccer headgear products, when tested in laboratory simulations of actual on-field play, will perform to the desired levels of quality and reliability.

Preventing athletes from head injury was also the focus of another F08 standard published in 2006. After several U.S. state high school athletic federations passed rules requiring athletes to wear helmets in the sport of pole vaulting, ASTM Subcommittee F08.53 on Headgear and Helmets developed F 2400, Specification for Helmets Used in Pole Vaulting. With the help of this important new safety-related standard, states mandating helmet use during pole vaulting will be better able to define what helmets are most appropriate to better protect athletes. *(See sidebar for more on the positive impact of these and other ASTM headgear standards)*

Another new standard pertaining to recreational safety was released by ASTM Committee F24 on Amusement Rides and Devices. The rapid growth and variety of rides within the water park industry was the impetus behind the development of F 2376, Practice for Classification, Design, Manufacture, Construction, and Operation of Water Slide Systems. The new standard helps define the basic requirements for the construction and installation of water slides.

Health and security issues were also the focus of other committee developments and new standards during the past year. Among these is ASTM Committee F14 on Fences, which formed subcommittee F14.50 on High Security Fences and Perimeter Barriers in 2006. Standards developed as part of this new initiative will address new fence types that are designed to improve security, deter entry, and delay penetration time. Users who will benefit from the new standards include utilities, refineries, ports, airports, government facilities, water treatment plants, and other plants that could be subject to a terrorism threat or security breach. In addition, ASTM Committee F23 on Personal Protective Clothing and Equipment issued a new standard that will serve the safety interests of doctors and other healthcare personnel. F 2407, Specification for Surgical Gowns Intended for Use in Healthcare Facilities, focuses on the ability of gowns to protect healthcare workers from exposure to blood, body fluids, and other potentially infectious materials during medical procedures.



## ASTM Headgear Standards

### Making a Difference in Athlete Safety

From serious athletes to young children just enjoying their favorite sporting activity, the prevention of head injuries is serious business. Research by The Centers for Disease Control estimates that more than 20% of the nearly 1.5 million head injuries that occur in the United States each year are sports-related concussions. Making the stakes even higher are additional studies by the National Institutes of Health that estimate that 90% of sports-related concussions are not recognized or diagnosed.

For over 30 years, ASTM Subcommittee F08.53 on Headgear and Helmets has been responding to issues of sports-related head injuries, ultimately making a valuable impact on the safety of athletes everywhere. As one of the most active subcommittees within ASTM Committee F08 on Sports Equipment and Facilities, F08.53 currently has published 19 active headgear standards for sports ranging from football, bicycling, roller skating, ice hockey, horseback riding, skateboarding, snow sports, and others. In recent years, the committee has delivered new headgear standards for sports and activities where no standard previously existed, including martial arts, personal mobility devices (Segways), and even bull riding.

In 2006, F08.53 broke new ground again with the release of headgear standards for soccer and pole vaulting. In the popular sport of soccer, both amateur and professional players can now use the ASTM standard to help select the headgear product that is right for their needs. Other beneficiaries of ASTM's efforts include manufacturers who will be able to reference the standard when designing products, as well as the medical arm of the soccer industry, which will have a valuable tool to help establish a baseline for recommending headgear.

## MAKING AN IMPACT on Industry Vitality

ASTM International has long been the standards development forum where industry stakeholders come together to achieve common goals and pursue new opportunities for growth. This can be seen through the numerous ASTM technical committees across varied industries that proactively respond to the needs of the marketplace, continually delivering high quality, market-relevant standards. When diverse stakeholder groups are ready to begin new standards activities that will advance innovative technologies and propel their industry forward, ASTM International is also where progress is born. Many events of 2006 and their impact on consumers and users everywhere brought ASTM's partnership with industry to the forefront.

### Keeping Pace with the Changing World

As new technologies continue to emerge in state-of-the-art areas, the makeup

of ASTM technical committees has been equally dynamic. In recent years, many cutting-edge industries have come together under the ASTM umbrella to do their standards development work in a collaborative and efficient manner. Another example occurred in 2006 with the entry of ASTM Committee E57 on 3D Imaging Systems as a new ASTM standards-writing committee.

Driven by the cooperative efforts of the National Institute of Standards and Technology (NIST) and stakeholders within the 3D imaging systems sector, Committee E57 will focus on the development of new performance specifications and test methods for 3D imaging systems. The impetus for this exciting new standards initiative is to promote wider market acceptance of this dynamic technology. *(See sidebar below for more information on new ASTM Committee E57.)*

### New ASTM Committee Underscores the Society's Progressive Focus

While ASTM International continues to be the enduring standards development home of traditional industries such as steel, petroleum, building materials, and countless others, technological and business change is drawing a dynamic new range of industries to the Society. In recent years, groups of stakeholders have chosen ASTM International to help create the standards that will propel their industry forward. ASTM continues to pursue and embrace these progressive new standards initiatives and 2006 was no exception. The most recent new entrant in the growing group of ASTM technical committees is Committee E57 on 3D Imaging Systems.

Used to rapidly capture three-dimensional information of a scene or object, 3D imaging systems are important measuring tools used across a wide range of industrial sectors including construction, manufacturing, medical, mining, transportation, surveying, forensics, and others. Applications range from

capturing information of large capital projects such as construction sites, manufacturing plants, buildings and bridges, to vehicle-based 3D imaging systems that provide navigation-related information.

Although these systems have become more established during the last decade, there are presently no standards for evaluating the performance of 3D imaging systems or the related end projects derived from the data they generate. ASTM International standards will play a critical role as catalysts for the growth of the 3D imaging systems industry.

Standard test methods to evaluate the performance of 3D imaging systems will greatly increase market confidence, acceptance, and use of this advanced technology. Ultimately the impact of this new ASTM standards initiative will be felt by both industry and consumers alike as 3D imaging systems deliver benefits such as increased worker safety, improved product quality, and shorter delivery schedules on major capital projects.

Also in the world of science and discovery, ASTM Committee E56 on Nanotechnology, formed in 2005, moved quickly to accomplish its first goal: a globally relevant nanotechnology terminology standard. Helping make the new standard – E 2456, Terminology for Nanotechnology – a reality was the cooperation of several important stakeholder organizations. ASTM signed unique partnership agreements with the Institute of Electrical and Electronic Engineers, the American Society of Mechanical Engineers, NSF International, Japan's National Institute of Advanced Industrial Science and Technology, Semiconductor and Materials International, and the American Institute of Chemical Engineering. This broad stakeholder participation helped eliminate redundant resource allocation across numerous standards organizations and provided for a pooling of interests among leading technical experts. The outcome was a comprehensive global terminology standard in the field of nanotechnology.

Similar to the efforts of Committee E56, another new technical committee that utilized the ASTM collaborative process to quickly release its first standard was ASTM Committee F40 on Declarable Substances in Materials. F40, which also became part of the ASTM family of technical committees just last year, wasted little time issuing F 2576, Terminology Relating to Declarable Substances in Materials. The standard will serve as the committee's lexicon of terms, abbreviations, and units.

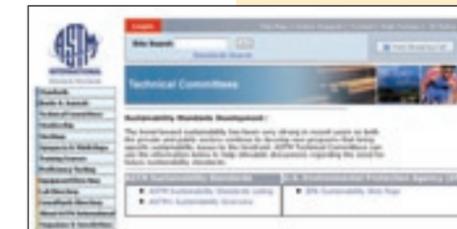
### Supporting Sustainable Growth Through ASTM Standards

As issues of sustainability and environmental protection continue to rise in importance, many industries are stepping up the roll-out of new technologies that support sustainable growth. The concrete industry is playing a prominent role through the introduction of pervious concrete, an environmentally-friendly technology that provides communities with a better solution for storm water management. Pervious concrete captures storm water and allows it to seep into the ground, reducing runoff and helping to meet U.S. Environmental Protection Agency storm water regulations. ASTM standards will help to further the growth of this new technology through the efforts of newly formed Subcommittee C09.49 on Pervious Concrete. Working under the jurisdiction of ASTM Committee C09 on Concrete and Concrete Aggregates, technical experts participating in the new subcommittee will create standards related to permeability and density tests for pervious concrete, as well as pervious concrete cylinders for strength. *(See sidebar at right for more information on ASTM sustainability standards.)*

## ASTM Sustainability Standards

### Bridging the Gap Between Economic Growth and Environmental Protection

The trend toward sustainability – achieving economic prosperity while protecting the natural systems of the planet – is an important issue driving new levels of cooperation between the public and private sectors. The Environmental Protection Agency (EPA), for example, has myriad programs and incentives that implement and encourage sustainability. Two notable EPA sustainability programs in which ASTM standards play an integral role are brownfield cleanup and redevelopment, which center on the reuse of previously contaminated properties and sites; and Energy Star, which helps businesses and individuals protect the environment through superior energy efficiency.



Now, to better support and stimulate discussion among its technical committees in developing future sustainability standards, ASTM International has published an expansive database of approximately

500 standards that address various issues of sustainability. The database is easily accessible at the ASTM website and covers ASTM sustainability standards for:

- **Built Environment** – where ASTM standards address issues such as site characterization, soil sampling and testing, environmental cleanup and brownfield redevelopment, building life cycles, and other topics;
- **Water Ecosystems and Agriculture** – an area where many notable ASTM standards address sustainability topics such as preventing drinking water contamination, aquatic and terrestrial assessment and toxicology, and biodegradability of chemicals in the environment;
- **Energy and the Environment** – sustainability issues in this category where ASTM standards play a role are those dealing with alternative energy sources, such as biodiesel and solar and wind energy; and
- **Products, Materials and Toxics** – issues such as waste minimization and management, pollution prevention, pesticides, and recycling are among the topics addressed by ASTM standards.



The standards activities of ASTM Committee A05 on Metallic-Coated Iron and Steel

Products have also long contributed to a clean environment by helping reduce corrosion damage to key components in our nation's infrastructure. In 2006, Committee A05 celebrated its centennial anniversary, culminating 100 years of developing standards that help mitigate iron and steel corrosion. Related efforts can be found in the work of ASTM Committee G01 on Corrosion of Metals. G01 standards have played a vital role in supporting industries impacted by atmospheric corrosion, environmentally assisted cracking, and corrosion in natural waters and soils. Two new practices released by Committee G01 in 2006 will further aid the oilfield and refinery industries in the selection of corrosion inhibitors, helping to protect pipelines and infrastructure.

### Aviation Industry Gets Boost from New ASTM Standards

ASTM International continued to break new ground in public/private sector cooperation as evidenced by a number of standards-related activities in the aviation industry in 2006. Notable among these developments was the

acceptance by the Federal Aviation Administration (FAA) of a new electrical load standard: F 2490, Guide for Aircraft Electrical Load and Power Source Capacity Analysis. Released in 2005, F 2490 is the first standard developed by ASTM Committee F39 on Normal and Utility Category Airplane Electrical Wiring Systems. The FAA's acceptance of this standard follows a similar action in 2005, when it adopted 15 ASTM standards developed by ASTM Committee F37 on Light Sport Aircraft.

Aviation safety was the focus of two other new standards released in 2006. Committee F37 continued its track record of rapid standards development with a new guide covering aircraft kit assembly instructions. F 2563, Practice for Kit Assembly Instructions of Aircraft Intended Primarily for Recreation, covers the instructions a kit producer must provide to a consumer on how to assemble and safety-flight test a recreational aircraft. The standard was developed in response to an FAA ruling for the production of aircraft intended to be flown under a new airworthiness certificate referred to as "experimental light sport aircraft – kit built."

The progress made by Committee F37 in working with the FAA also served as a model for the new standards activity of ASTM Committee F38 on Unmanned Aircraft Systems. Specifically, F37 standards aided the development and 2006 release of F 2584, Practice for Maintenance and Development of Maintenance Manuals for Light Unmanned Aircraft System. Just as F37 standards had to be approved before the FAA would certify the first light sport aircraft as airworthy, F 2584 and other F38 standards will be part of a similar process to gain FAA certification for the first light unmanned aircraft system.

### Responding to the Needs of the Marketplace

Industry vitality and its impact on people everywhere was also evident in the new activities and standards from several other ASTM technical committees. One new subcommittee formed in 2006 that has the potential of improving product quality and ultimately the lives of millions is E55.03 on General Pharmaceutical Standards. The entire pharmaceutical industry, including developers, manufacturers, testing laboratories, and regulatory bodies will be able to reference newly-developed standards to better manage the drug manufacturing process and the delivery of high quality products to consumers.

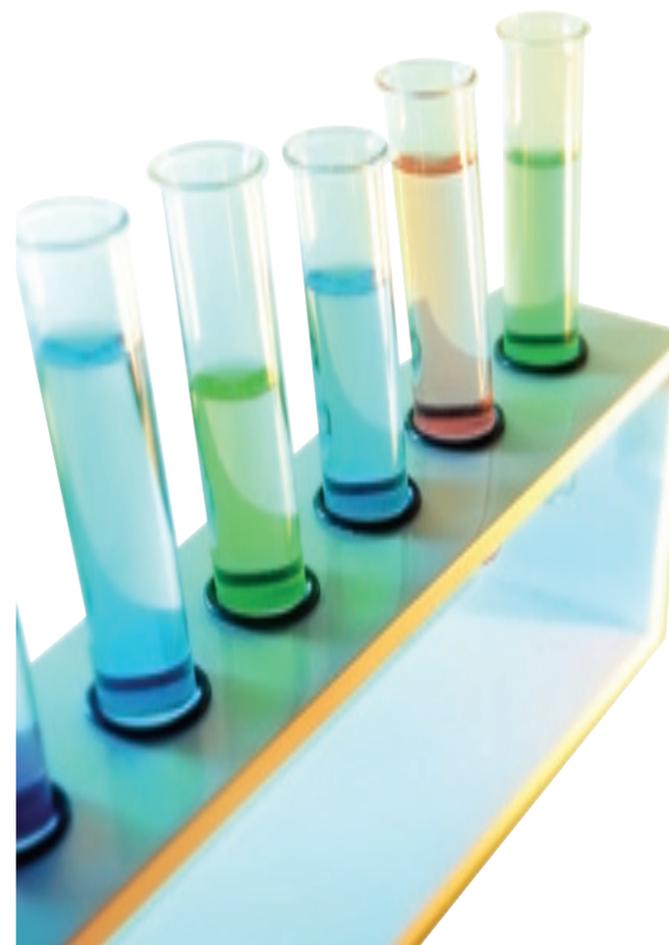
ASTM Committee E01 on Analytical Chemistry for Metals, Ores, and Related Materials filled a key gap in the nickel alloy industry with the release



of a major new X-ray fluorescence standard. E 2465, Test Method for Analysis of Ni-Base Alloys by X-ray Fluorescence Spectrometry, is the first such standard for the nickel alloy industry, and will provide a valuable technique for companies involved in the analysis of these alloys.

Also filling an industry need was ASTM Committee E53 on Property Management Systems. Property and asset management professionals, as well as anyone working in fields where shipments and packages need to be tracked, will benefit from the release of E 2499, Practice for Classification of Equipment Physical Location Information. The practice is a basic building block for the property management profession, documenting and standardizing an approach to the terminology and organization of location information.

Responding to the needs of petroleum industry personnel, ASTM also launched a new training course in 2006, titled "Crude Oil: Sampling, Testing and Evaluation." The course provides industry professionals such as laboratory technicians, chemists, and field personnel with the knowledge they need to obtain data on the crude oils with which they work. With the price of crude oil at record levels, it is critical that professionals responsible for the purchasing, selling, transportation, storage, and refining of oil be better able to understand its quality to assess handling and processing characteristics.



## MAKING AN IMPACT on Global Collaboration

ASTM International's role as the world's partner in international standards development is evidenced by its ongoing commitment to global outreach. Through business agreements, global communications efforts, and partnerships with nations around the world, ASTM facilitates open participation in the standardization process and reduces barriers to the use of ASTM standards. The impact of these efforts can be felt in the arena of global commerce, where ASTM standards help open new markets and create new trading partners for companies everywhere. In 2006, ASTM International continued its dedication to building cooperation around the world.

### Historic Board of Directors Meeting in China

ASTM International's growing partnership with China reached a new level of cooperation in 2006, highlighted by the fall meeting of the ASTM Board of Directors in Beijing. The decision by ASTM's board to meet for the first time in the Chinese capital underscores the importance of the Society's relationship with China and its critical role in the international standardization process. Over the past several years, ASTM has deepened its connection with several strategic Chinese standards organizations via cooperative agreements, opened an office in Beijing, and engaged in numerous other relationship-building initiatives. The meeting of ASTM's Board of Directors served as both a culmination of these activities, as well as the foundation for ongoing information exchange and future cooperation. The board meeting was the centerpiece of a weeklong series of outreach efforts by ASTM in Beijing that included visits with key Chinese officials in government, industry, and academia. (See sidebar on page 15 for more information on ASTM's Beijing Board of Directors meeting and related events.)

Further evidence of ASTM International's burgeoning relationship with China was visible through other notable activities in 2006. Earlier in the year, ASTM senior staff, led by President James A. Thomas, conducted a series of face-to-face meetings in Beijing with representatives of three Chinese standards organizations: the Standards Administration of China, the Research Institute for Standards and Norms (RISN), and the China National Institute for Standards. The meeting between ASTM and RISN, a non-profit component of the Ministry of Construction, was the first between the two organizations, and focused on national and industry standards for the construction sector.

ASTM Committee F40 on Declarable Substances in Materials held its fall 2006 meeting in Shanghai, China, at the offices of Thermo Electron Corporation. In conjunction with the F40 meeting, 74 delegates from the United States and China attended a workshop on China's restriction of hazardous substance regulations, presented by ASTM International and the Shanghai Institute of Standardization. The purpose of the workshop, conducted in cooperation with the U.S. Trade and Development Agency and the National Electrical Manufacturers Association, was to foster international cooperation in the development of declarable substances standards.

Closer to home, the Society welcomed three visiting scholars from Chinese standardization organizations as well as scholars from Zambia, Vietnam, and Indonesia to ASTM International headquarters in 2006. During their visits, each scholar learned more about the standards process in the United States, as well as the role of various stakeholder groups.

## Mutual Goals and Progress Bring ASTM International and China Closer Together

Having forged a productive and growing partnership over the last several years, ASTM International and China laid the foundation for an even brighter future of progress with a historic series of events this past fall. Meeting for the first time in the Chinese capital of Beijing, ASTM's Board of Directors set the tone for weeklong dialogue and productive information exchange between ASTM and Chinese stakeholders from government, industry, and academia.

At its board meeting, ASTM International welcomed two special guests who addressed the gathering of directors and other attendees: Mr. Shi Baoquan, Vice Administrator of the Standards Administration of the People's Republic of China (SAC); and David Sedney, Deputy Chief of Mission at the U.S. Embassy in China. Following the business of the board meeting, ASTM senior staff and Board members set out for meetings and visits with Chinese industry associations and ministries, as well as major universities.

### Beijing Day

Over 20 separate visits were conducted by ASTM Board members and staff with Chinese counterparts. The meetings took place with various Chinese ministries and government agencies, and corporations in which ASTM standards are influential. Among the many notable industry sector organizations where meetings were conducted were the Ministry of Construction, Research Institute of Standards and Norms; State Food and Drug Administration; China Petroleum and Chemical Corporation; National Institute of Metrology; and several others.

### University Visits

To support the Society's academic outreach efforts, ASTM Board members and staff also visited Tsinghua and Beihang universities in the Beijing vicinity. Presentations were made, providing overviews of ASTM, relevant technical committees, and U.S. and global trends in specific industry sectors.

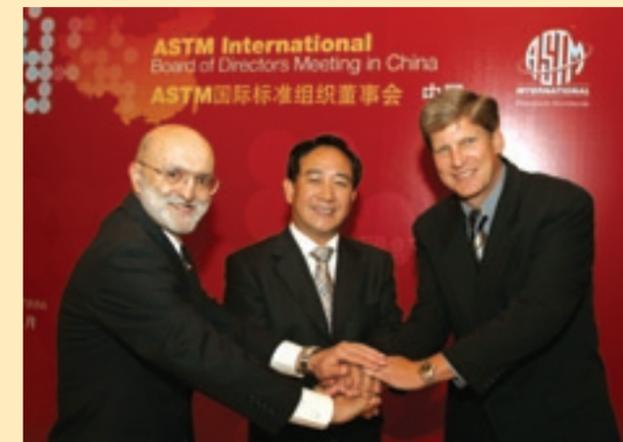
### Industry Roundtable

A roundtable discussion titled "The Relevance of Standards to Regulations, Trade, and Market Access" also was conducted in Beijing. Co-hosted by the AmCham-China Standards Forum and ASTM International, the event was attended by over 60 professionals representing primarily multinational corporations.



Industry Roundtable discussion led by Anthony Fiorato.

Anthony Fiorato, 2006 ASTM Board Chairman, summed up the impact of the historic series of meetings, "China is the world's third largest merchandise trader, and nearly 500 ASTM standards are used as the basis of national standards in China. The week's events underscore our strong belief that China must be vitally present at any table where international standardization takes place."



Mr. Shi Baoquan (center), vice administrator of the Standards Administration of the People's Republic of China (SAC), is greeted in Beijing by 2006 ASTM chairman of the board, Anthony Fiorato (left) and ASTM president, James Thomas (right).





Chang Wook Kang, Hanyang University, Ansan campus, professor, and ASTM President James A. Thomas pose with students after Thomas' presentation.

### Reaching Out to Nations Around the Globe

2006 was also a busy year for ASTM International's global cooperation efforts throughout other parts of the world, including South Korea, Japan, and India. Highlighting activities in Korea was a series of events earlier in the year, including two major speeches by ASTM President Jim Thomas. Hanyang University's Ansan campus in Seoul was the first stop on the trip as Thomas gave a lecture on the growing impact of standards on business and engineering to more than 550 engineering, architecture, and information technology students. Following the Hanyang presentation, Thomas gave the keynote address at the Global Standards Management

Conference sponsored by the Korea Management Association Registrations and Assessments and the Society of Korea Industrial and Systems Engineering. The event was attended by more than 200 senior executives and professionals from business, government, and academia, and focused on the importance of global standards management systems in developing corporate competitiveness.

Capping these outreach efforts in South Korea was the signing of a memorandum of understanding (MOU) between ASTM International and the Korean Agency for Technology and Standards (KATS). Earlier in the year, ASTM signed MOUs with Honduras and GSO, the Standardization Organization of the Cooperation Council for Arab States of the Gulf, bringing the total number of agreements signed to 47 since the program was initiated in 2001. The positive outcome of ASTM's MOU program is the development of national standards that will aid each country's health, safety, environmental, and economic conditions.



Jim Thomas and Dr. Jang-Sop Han prepare to sign the Memorandum of Understanding between ASTM International and the Korean Agency for Technology and Standards.

### Building Bridges in Japan and India

Other notable international outreach initiatives in 2006 brought ASTM International to Japan and India. In Japan, which is one of the largest purchasers of ASTM standards, Thomas addressed a large group of corporate executives at the International Standardization Forum hosted by the Japanese Standards Association (JSA). At the conference, Thomas presented the 2006 ASTM William T. Cavanaugh Memorial Award to Akira Aoki, executive advisor of the JSA. Outreach efforts in Japan built on similar activities at ASTM headquarters earlier in the year, when the Society welcomed JSA official Tomoko Nagata to its offices for discussions on international standardization and ASTM.



Mr. Akira Aoki is presented the 2006 William T. Cavanaugh Memorial Award in Japan.



R. A. Mashelkar, director general, Council of Scientific and Industrial Research (right) meets with Jim Thomas in India.

ASTM Committee E56 on Nanotechnology met in Japan last spring at the offices of the Institute for Advanced Industrial Science and Technology, the country's largest public research organization. The productive meeting helped lead to the ultimate release of E56's first standard on terminology, E 2456, Terminology Relating to Nanotechnology.

Also significant on ASTM's global outreach agenda was an official visit to India for meetings with top government and industry leaders at the Bureau of Indian Standards, the Confederation of Indian Industry, the Indian Ministry of Commerce and Industries, and other significant organizations. The impetus for the meetings was the steady growth in the involvement of Indian technical experts in ASTM International activities during the past few years. Since 2004, Indian membership in ASTM has tripled with individuals participating in one-third of all ASTM committees.

### Lending a Hand Around The World

One of the guiding principles of ASTM's global cooperation efforts is to offer assistance to countries that cannot easily take part in the development of international standards. The Society delivered on this in 2006 in numerous ways, such as in Iraq, where ASTM donated standards to aid in that country's reconstruction efforts. ASTM contributed CD-ROM and book collections of its construction standards to the Babil Provincial Reconstruction Team, as well as nine volumes of its *Annual Book of ASTM Standards* to the government of Iraq's Ministry of Environment.

Separately last spring, the U.S. Commerce Department presented ASTM International with a Certificate of Appreciation for Achievement in Trade with Vietnam, which is awarded to organizations that have partnered with the Department's Commercial Service to help promote trade and export opportunities for U.S. businesses. One hundred eleven ASTM standards have been adopted as Vietnamese National Standards as a result of an MOU between ASTM and the Directorate for Standards and Quality of Vietnam.

## New Communications Tools Help Reach Global Audiences

To help better spread the message of standardization to international audiences, ASTM International launched and enhanced several valuable communications vehicles in 2006. A new global cooperation section of the ASTM website made its debut during the year.

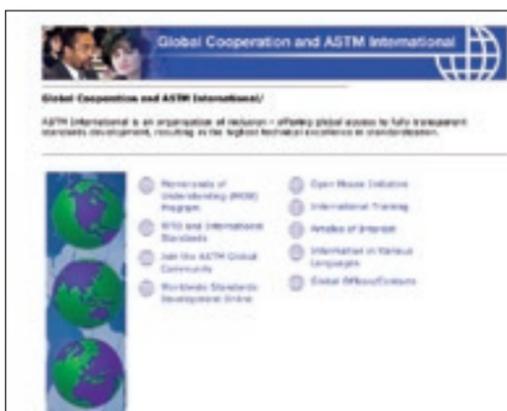
Visitors to the website can learn about global activities within ASTM and access information on international standardization from one single location on the site. Included in the section is a complete listing of the countries that are part of ASTM International's MOU program, with links to the website of each organization.

Also on the web, three new "mini-websites" for Chinese, Japanese, and Spanish-speaking readers were introduced in 2006. The sites contain



12 primary pages with information on standards, technical committees, membership, training, directories, proficiency testing, and global cooperation. Each "mini website" is accessible right from the main ASTM home page.

On the periodical front, ASTM International is now publishing its flagship *Standardization News* (SN) magazine in three languages. In March, the new online Spanish-language version of SN was launched, joining existing English and Chinese language editions of the magazine. ASTM also expanded publication of the Chinese-language version of SN to two annual print and online issues. Chinese SN is published as a joint venture with the China Association for Standardization.



## MAKING AN IMPACT on Best-Practice Standards Development

For over 100 years, ASTM International has maintained an unwavering commitment to its core capability and mission: the development of high quality, market-relevant standards. As ASTM members deliver the standards that make a difference to people everywhere, supporting their efforts is the Society's world-class infrastructure for global standards development. During the past year, ASTM implemented new tools and technologies that enhance the speed and openness of the standards development process. The Society also continued to better serve the needs of all of its stakeholders for new standards products, including the ASTM Digital Library.

## New Technologies Better Serve the Needs of Members

In 2006, ASTM continued to invest in information technology to further enhance the way its technical committee members develop standards and improve the efficiency in which users receive important standards-related information. One notable example was in the area of electronic balloting and negative vote resolution. For ASTM members involved in the writing of standards, the disposition of negative votes can often be challenging and time consuming. ASTM's electronic balloting system streamlines the negative vote process and supports the Society's broader goals for transparency and open

## ASTM Digital Library Makes Its Debut

In 2006, ASTM International launched the new digital version of its entire library of technical information. The ASTM Digital Library is a convenient and powerful information repository that enables users to access nearly all of the ASTM literature spanning more than 140 technical committees and more than 100 years of standards development activity.

The Digital Library, available at the ASTM website, features over 30,000 papers and 400,000 pages of technical research literature covering diverse industries such as metals, petroleum, building construction, the environment, forensics, consumer products, and more.

With all of this vast technical content in digitized form, users of the Digital Library can leverage easy-to-use online search capabilities to quickly locate and download specific technical information. Users can conduct a full-text search as well as search by author, symposia,



committee, abstract, or title. The Digital Library also provides the convenience of flexible subscription options that gives users the ability to access and purchase the complete ASTM technical library down through individual papers, chapters, or books.

During its initial roll out, the Digital Library has been very well received by ASTM members and customers. Future steps of the multi-phase project will include the linking of the Digital Library with ASTM's expansive collection of standards documents, as well as print-on-demand publishing of e-books.

information access. The handling of negative votes was made even more efficient during the past year with the introduction of a new online service for managing ballot negatives and comments. The service provides access to ballot feedback via the ASTM website within 24 hours of receipt. It provides flexible options for downloading the negative votes and comments, as well as a customized view of ballot results specific to each committee member or subcommittee chairman.

Also during the year, ASTM International completed the implementation of its new core business system based on leading Oracle technology. The new system more readily supports ASTM's recent initiatives related to new digital-based product solutions, as well as the growing remote access requirements of its diverse global membership and user base. In addition, the system enables ASTM to better access and analyze key customer data for improved decision making, service delivery, and new product development strategies.

Other information technology improvements of note in 2006 include the rollout of a new online terminology dictionary for members. The dictionary offers the benefits of an electronic format, including periodic updates and extensive search functionality, and provides technical committee members with a convenient and

valuable new resource for use in their standards writing activities. Also new in 2006 was the implementation of an RSS-based news feed that informs stakeholders of new ASTM standards, work items, and other important developments without having to visit the ASTM website. To help technical committee officers better utilize new and existing ASTM tools in their standards development activities, the Society held an Officers Training Workshop in September at ASTM headquarters. Attendees were able to choose from a dozen different training sessions with modules presented by ASTM staff, designed to improve the effectiveness of committees, subcommittees, and task groups.

## New Standards Products Meet the Needs of Customers

Highlighting ASTM International's new product rollouts in 2006 was the November release of the ASTM Digital Library. Containing electronic versions of nearly all of ASTM's publications, the Digital Library enables users to access any book, paper, or chapter from virtually every piece of work published by ASTM. The impact of the Digital Library will be felt by users via an unprecedented level of convenient and comprehensive technical information access. (See sidebar above for more information on the ASTM Digital Library.)

# 2006 RECOGNITION

## 2006 W. T. Cavanaugh Award Presented to Akira Aoki

ASTM International honored the contributions of Mr. Akira Aoki, executive advisor/international for the Japanese Standards Association (JSA), with the 2006 W. T. Cavanaugh Award for his "distinguished and outstanding contributions to standards and standardization both nationally and internationally, and for advocacy of an open and transparent global standardization process." With a distinguished career in steel production management, Mr. Aoki actively contributed his technical expertise to the standardization of steel in Japan and internationally. Mr. Aoki served on the ASTM International Board of Directors and as vice-president (policy) at ISO. The government of Japan also awarded Mr. Aoki with distinguished medals of honor for his work in global standardization.

## ASTM International Awards of Merit

In 2006, 30 ASTM members received the Award of Merit and the accompanying title of fellow. The Award of Merit is ASTM's highest individual recognition for contributions to technical committee work.

## 2006 Award of Merit Recipients

**Josiah Beakley**

*Committee C13 on Concrete Pipe*

**Robert J. Buccì**

*Committee E08 on Fatigue and Fracture*

**John Butler**

*Committee C04 on Vitrified Clay Pipe*

**Edgar Chambers**

*Committee E18 on Sensory Evaluation*

**Gail Civile**

*Committee E18 on Sensory Evaluation*

**Lee Coates**

*Committee D24 on Carbon Black*

**Gerald Cobb**

*Committee A01 on Steel, Stainless Steel and Related Alloys*

**Donald Deetscreek**

*Committee A05 on Metallic-Coated Iron and Steel Products*

**Dennis Hetzner**

*Committee E04 on Metallography*

**Adam Holterhoff**

*Committee C08 on Refractories*

**Thomas S. Jones**

*Committee E07 on Nondestructive Testing*

**Jerry Painter**

*Committee C15 on Manufactured Masonry Units*

**Nathalie Perkins**

*Committee D19 on Water*

**Larry Petroff**

*Committee F17 on Plastic Piping Systems*

**Catherine H. Pilarz**

*Committee F15 on Consumer Products*

**Keith Poerschke**

*Committee C11 on Gypsum and Related Building Materials and Systems*

**Leslie R. Richardson**

*Committee E05 on Fire Standards*

**John Riley**

*Committee D05 on Coal and Coke*

**Joseph D. Ritchey**

*Committee D18 on Soil and Rock*

**David Sharp**

*Committee F16 on Fasteners*

**Martyn Shorten**

*Committee F08 on Sports Equipment and Facilities*

**Thomas Sliva**

*Committee D01 on Paint and Related Coatings, Materials, and Applications*

**Jack Tosdale**

*Committee B10 on Reactive and Refractory Metals and Alloys*

**George Totten**

*Committee D02 on Petroleum Products and Lubricants*

**Herb Townsend**

*Committee G01 on Corrosion of Metals*

**Robert L. Tregoning**

*Committee E08 on Fatigue and Fracture*

**Craig Walloch**

*Committee C12 on Mortars and Grouts for Unit Masonry*

**Kenneth Wilkes**

*Committee C16 on Thermal Insulation*

**John G. Williams**

*Committee E10 on Nuclear Technology and Applications*

**Debra R. Wilson**

*Committee D20 on Plastics*

## Inaugural Mather Scholarship Awarded to Raissa Douglas Ferron in 2006

In 2006, ASTM International Committee C09 on Concrete and Concrete Aggregates awarded the first Katherine and Bryant Mather Scholarship to Raissa Douglas Ferron, a Ph.D. candidate at Northwestern University. Raissa Douglas Ferron is an accomplished student who has received honors from various concrete-related organizations. She is pursuing an academic career and will become a licensed engineer. The Mather Scholarship assists full-time undergraduate students who are completing their second/sophomore year of college, or leading graduate students pursuing degrees specializing in cement or concrete materials technology or concrete construction.



The first in a planned series of online portal products debuted in 2006 with the launch of the new ASTM Environmental Due Diligence Portal. The new offering integrates ASTM standards with those from other standards development organizations, as well as with regulatory documents from the Code of Federal Regulations, Public Health Welfare regulations, and the Small Business Liability Relief and Brownfields Revitalization Act. Users now can access the most relevant ASTM standards, governmental regulations, and referenced documents for environmental due diligence in one single place, ultimately enabling more accurate and thorough environmental assessments in conformance with standards and regulations. Additional portal products are planned for the medical device and transportation sectors.

steels. Passport to Steel is a vast source of global steel standards from ASTM International and many other leading standards development organizations (SDO). The database also features an information-rich reference center containing terminology standards, technical articles from leading journals, current and withdrawn steel standards, and other valuable resources.

## Cultivating the Future Generation of Technical Experts

Academic outreach continued to be a focus of the Society's initiatives in 2006. During the year, ASTM International rolled out two products specifically tailored to the educational community. ASTM's new "Standards on Campus" product enables professors and instructors to incorporate a set of up to 10 ASTM standards highly tailored to the content of an individual course. Standards on Campus facilitates easy download of designated ASTM standards for just \$10 per student. ASTM also introduced a campus-wide service option that provides multi-user, desktop access to ASTM's entire library of more than 12,000 standards. Through this service, every department or branch campus of a school, regardless of location, can have access to ASTM standards.

Further progress in cultivating a greater awareness of standardization in the academic community can be found in the activities of ASTM Committee D10 on Packaging, which created a subcommittee on University Liaison. The new initiative is designed to allow university programs that teach and conduct research in packaging to be involved in the development of new ASTM International test methods. Another aim of the subcommittee is to help facilitate the creation of student chapters at member institutes to foster greater use of ASTM standards among students.



In a related online product introduction, ASTM also released an updated version of Passport to Steel, its powerful database of steel data of more than 80,000



# FINANCIAL STATEMENTS

## Report of Independent Auditors

### THE BOARD OF DIRECTORS

### American Society for Testing and Materials

We have audited the accompanying statement of financial position of the American Society for Testing and Materials (the "Society") as of December 31, 2006, and the related statements of activity and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior-year summarized comparative information has been derived from the Society's 2005 financial statements and, in our report dated March 10, 2006, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Society's internal control over financial reporting. Our audit included consideration of internal control over

financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society at December 31, 2006, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young, LLP  
Philadelphia, PA  
March 9, 2007

## Statement of Financial Position | December 31, 2006

	Unrestricted			Temporarily Restricted			TOTAL	
	GENERAL FUND	CEMENT and CONCRETE REFERENCE LABORATORY FUND	INTER-LABORATORY STUDIES	GRANTS	CONTRACT and PROJECT MANAGEMENT SERVICES FUND	SPECIAL and CUSTODIAL FUNDS	2006	(Summarized Information) 2005
<b>Assets</b>								
Cash and cash equivalents	\$ 5,002,475	\$ 2,680,109	\$ -	\$ (10,534)	\$ 463	\$ 1,062,130	\$ 8,734,643	\$ 3,532,746
Accounts receivable, less allowance for doubtful accounts of \$125,000 in 2006 and 2005	1,883,132	134,456	-	26,953	-	26,593	2,071,134	1,763,525
Interest receivable	652,626	4,814	-	-	-	13,591	671,031	655,713
Royalties receivable	2,612,544	-	-	-	-	-	2,612,544	2,155,768
Investments (See Note 1):								
General Investment Fund	117,177,375	-	-	-	-	-	117,177,375	104,394,755
Committee Funds	-	-	-	-	-	2,198,557	2,198,557	2,150,319
Other—short-term	10,418,095	1,456,901	-	-	-	-	11,874,996	11,828,332
Inventory	519,198	-	-	-	-	-	519,198	337,072
Property and equipment, net	15,886,107	81,995	460,289	-	-	-	16,428,391	15,683,374
Prepaid pension	8,659,660	842,879	-	-	-	-	9,502,539	9,576,582
Other assets	3,703,925	38,824	-	-	-	-	3,742,749	3,721,000
<b>Total assets</b>	<b>\$166,515,137</b>	<b>\$ 5,239,978</b>	<b>\$ 460,289</b>	<b>\$ 16,419</b>	<b>\$ 463</b>	<b>\$ 3,300,871</b>	<b>\$ 175,533,157</b>	<b>\$ 155,799,186</b>
<b>Liabilities and net assets</b>								
Accounts payable and accrued liabilities	\$ 1,694,979	\$ 363,560	\$ 21,437	\$ 616	\$ -	\$ 50,066	\$ 2,130,658	\$ 2,061,226
Deferred Income	4,962,547	778,043	-	12,099	463	-	5,753,152	4,605,836
Postretirement benefit obligation	2,430,201	122,585	-	-	-	-	2,552,786	2,501,283
Other liabilities	3,075,809	-	-	-	-	-	3,075,809	1,149,321
<b>Total liabilities</b>	<b>\$12,163,536</b>	<b>\$ 1,264,188</b>	<b>\$ 21,437</b>	<b>\$ 12,715</b>	<b>\$ 463</b>	<b>\$ 50,066</b>	<b>\$ 13,512,405</b>	<b>\$ 10,317,666</b>
Unrestricted net assets:								
Undesignated	82,542,101	3,975,790	438,852	-	-	-	86,956,743	71,619,929
Designated—general	71,809,500	-	-	-	-	-	71,809,500	70,713,200
Temporarily restricted net assets	154,351,601	3,975,790	438,852	-	-	-	158,766,243	142,333,129
<b>Total net assets</b>	<b>\$154,351,601</b>	<b>\$ 3,975,790</b>	<b>\$ 438,852</b>	<b>\$ 3,704</b>	<b>\$ -</b>	<b>\$ 3,250,805</b>	<b>\$ 162,020,752</b>	<b>\$ 145,481,520</b>
<b>Total liabilities and net assets</b>	<b>\$166,515,137</b>	<b>\$ 5,239,978</b>	<b>\$ 460,289</b>	<b>\$ 16,419</b>	<b>\$ 463</b>	<b>\$ 3,300,871</b>	<b>\$ 175,533,157</b>	<b>\$ 155,799,186</b>

See accompanying notes.

## Statement of Activity | Year ended December 31, 2006

	Unrestricted			Temporarily Restricted			TOTAL	
	GENERAL FUND	CEMENT and CONCRETE REFERENCE LABORATORY FUND	INTER-LABORATORY STUDIES	GRANTS	CONTRACT and PROJECT MANAGEMENT SERVICES FUND	SPECIAL and CUSTODIAL FUNDS	2006	(Summarized Information) 2005
<b>Operating revenues</b>								
Publication sales	\$ 29,644,226	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 29,644,226	\$ 28,445,888
Members' administrative fees	2,146,289	-	-	-	-	-	2,146,289	2,171,909
Interest and dividends	3,593,341	169,081	-	-	30	153,021	3,915,473	3,202,926
Advertising	266,390	-	-	-	-	-	266,390	277,719
Contributions	-	-	-	96,611	61,904	284,411	442,926	2,867,406
Inspection fees	-	1,498,623	-	-	-	-	1,498,623	1,393,012
Other	4,070,781	1,585,834	-	-	-	78,605	5,735,220	5,105,556
	39,721,027	3,253,538	-	96,611	61,934	516,037	43,649,147	43,464,416
Net assets released from restrictions	566,577	-	-	(96,211)	(44,254)	(426,112)	-	-
<b>Total operating revenues</b>	<b>40,287,604</b>	<b>3,253,538</b>	<b>-</b>	<b>400</b>	<b>17,680</b>	<b>89,925</b>	<b>43,649,147</b>	<b>43,464,416</b>
<b>Operating expenses</b>								
Cost of publications	4,315,967	-	-	-	-	-	4,315,967	4,313,357
Administrative	3,343,130	-	-	-	-	-	3,343,130	2,943,079
Society office	21,054,034	2,447,259	-	-	-	-	23,501,293	22,262,453
Building occupancy	669,236	-	-	-	-	-	669,236	641,613
Consumer/general interest	20,067	-	-	-	-	-	20,067	16,389
Awards, contracts and other expenses	530,617	-	-	-	-	-	530,617	720,160
Research	35,960	-	238,310	-	-	-	274,270	2,652,591
Depreciation	2,094,177	24,016	53,023	-	-	-	2,171,216	2,098,816
<b>Total operating expenses</b>	<b>32,063,188</b>	<b>2,471,275</b>	<b>291,333</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>34,825,796</b>	<b>35,648,458</b>
Excess (deficiency) of operating revenues over operating expenses	8,224,416	782,263	(291,333)	400	17,680	89,925	8,823,351	7,815,958
China Board Meeting	(506,945)	-	-	-	-	-	(506,945)	-
21st Century Research Study	(165,236)	-	-	-	-	-	(165,236)	-
Legal Settlement	(1,707,297)	-	-	-	-	-	(1,707,297)	-
Net realized and unrealized appreciation (depreciation) in fair value of investments	10,091,219	6,027	-	-	-	(1,887)	10,095,359	3,367,087
Transfer from General Fund to Inter-Laboratory Studies	(592,901)	-	592,901	-	-	-	-	-
Change in unrestricted net assets	15,343,256	788,290	301,568	-	-	-	16,433,114	11,411,729
Change in temporarily restricted net assets	-	-	-	400	17,680	88,038	106,118	(228,684)
Change in net assets	15,343,256	788,290	301,568	400	17,680	88,038	16,539,232	11,183,045
Net assets at beginning of year	139,008,345	3,187,500	137,284	3,304	(17,680)	3,162,767	145,481,520	134,298,475
<b>Net assets at end of year</b>	<b>\$ 154,351,601</b>	<b>\$ 3,975,790</b>	<b>\$ 438,852</b>	<b>\$ 3,704</b>	<b>\$ -</b>	<b>\$ 3,250,805</b>	<b>\$ 162,020,752</b>	<b>\$ 145,481,520</b>

See accompanying notes.

# STATEMENTS of CASH FLOWS

## Year ended December 31, 2006

### Cash flows from operating activities

Change in net assets \$16,539,232

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Depreciation	2,171,216
Accretion of discount on bonds, net	24,035
Change in certain assets and liabilities:	
Accounts receivable	(307,609)
Interest receivable	(15,318)
Royalties receivable	(456,776)
Inventory	(182,126)
Prepaid pension	74,043
Other assets	(21,749)
Accounts payable and accrued liabilities	69,432
Deferred income	1,147,316
Postretirement benefit obligation	51,503
Other liabilities	1,926,488
Net cash provided by operating activities	21,019,687

### Cash flows from investing activities

Net purchases of investments	(2,806,198)
Realized and unrealized appreciation in fair value of investments	(10,095,359)
Capital expenditures, net of disposals	(2,916,233)
Net cash used in investing activities	(15,817,790)
Net increase in cash and cash equivalents	5,201,897

Cash and cash equivalents, beginning of year	3,532,746
Cash and cash equivalents, end of year	\$8,734,643

See accompanying notes.

## NOTES to Financial Statements

### 1. Summary of Significant Accounting Policies

#### General Description

The American Society for Testing and Materials, a.k.a. ASTM International, (the "Society") is a nonprofit organization that provides a forum for producers, users, consumers, and other industry representatives to meet and produce standards for materials, products, systems, and services.

In October 2006, the Board of Directors authorized the creation of a wholly owned subsidiary, ASTM International LLC to register as a representative office with the Chinese government. ASTM International LLC was organized on November 13, 2006 under the laws of the State of Delaware with the Society as the Sole Member.

#### Basis of Financial Statement Presentation

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended December 31, 2005, from which the summarized information was derived.

#### Net Assets and Promises to Give

The majority of the Society's net assets are unrestricted by donors. As reflected in the accompanying statement of financial position, the Society's Board of Directors has designated a portion of the unrestricted net assets (Note 5).

Temporarily restricted net assets represent unexpended amounts contributed by donors for specific standard-setting initiatives. As related expenses are incurred, these amounts are reflected in revenue as net assets released from donor restrictions.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

#### Taxes

The Society is a tax-exempt entity under Internal Revenue Code Section 501(c)(3) and, therefore, no tax provision is required for its regular activities.

#### Revenues

Members' administrative fees are recognized as revenues throughout the year. A portion thereof is collected in advance and is reflected in deferred income in the accompanying statement of financial position. Publication and subscription sales are recognized as income when the publications are shipped. Revenue related to web subscription downloads is generally billed in advance, and is deferred and recognized ratably over the term of the subscription.

The Society records contributions of cash and promises-to-give as revenue, when they are received unconditionally, at their fair value. Conditional promises to give are recognized when the conditions are substantially met.

#### Measure of Operations

In the Statement of Activity, the Society has defined a measure of operations that considers all revenues and expenses that are an integral part of its programs and supporting activities to be related to operations, except net realized and unrealized appreciation (depreciation) in fair value of investments, and certain other expenses recognized as nonoperating.

#### Inventories

Inventory consists of reference radiographs and five-year adjuncts, which are stated at average cost.

#### Depreciation

Depreciation is determined by the straight-line method. Estimated useful lives for purposes of depreciation are 25 years for building, 5 and 10 years for building improvements, 10 years for furniture, and 3 to 5 years for equipment and computer software.

#### Investments

Investments are reported at their fair value. Cost of investments sold is determined on an average cost basis. Investment income is shown net of custodial and investment counselor fees of \$655,040 in 2006. Realized gains and losses are determined by specific identification of the security sold.

#### Statement of Cash Flows

For purposes of the statement of cash flows, cash refers to demand deposits with banks and financial institutions. The Society invests in short-term, highly liquid investments, which are classified as investments.

#### Committee Members

A number of committee members of the Society have made significant investments of time to the development of the Society's standards. The value of this time, conservatively estimated by management at \$53,500,000 for 2006, does not meet the criteria for recognition of contributed services for financial reporting purposes and, accordingly, is not reflected in the accompanying financial statements.

#### Reclassifications

Certain prior-year amounts have been reclassified to conform to current-year presentation.

#### New Accounting Pronouncement

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards Number 158 (FAS 158), *Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans*, which requires employers that sponsor one or more single-employer defined benefit plans to:

- Recognize the funded status of the benefit plan – measured as the difference between plan assets at fair value (with limited exceptions) and the benefit obligation – in its balance sheet.
- Recognize as a component of other changes in unrestricted net assets the gains or losses and prior service costs or credits that arise during the period but are not recognized as components of net periodic benefit cost pursuant to FAS 87, *Employers' Accounting for Pensions*, or FAS 106, *Employers' Accounting for Postretirement Benefits Other than Pensions*.
- Disclose in the notes to the financial statements additional information about certain effects on net periodic benefit cost for the next fiscal year that arise from delayed recognition of the gains or losses, prior service costs or credits, and transition asset or obligation.

The provisions of FAS 158 with respect to disclosure and recognition of funded status are applicable for employers without publicly traded equity securities as of the end of the fiscal year ending after June 15, 2007. The Society plans to adopt the provision of FAS 158 as of and for the year ending December 31, 2007. However, the effect of adoption will not be determined until the December 31, 2007 measurement of the assets and benefit obligation of the defined benefit plan.

### 2. Investments

At December 31, 2006, investments are stated at fair value, based upon quoted market prices on the last business day of the year.

Investments at December 31, 2006 are as follows:

	Cost	Fair Value
General Investment Fund	\$ 105,570,979	\$ 117,177,375
General Fund-other	10,402,605	10,418,095
Committee Funds	2,190,438	2,198,557
CCRL Funds	1,455,015	1,456,901
	<u>\$ 119,619,037</u>	<u>\$ 131,250,928</u>

Investments are composed of the following:

	Cost	Fair Value
Short-term investments	\$ 12,061,312	\$ 12,061,361
U.S. government issues	31,896,014	31,774,764
Corporate stocks	57,214,429	69,182,281
Corporate fixed income	18,447,282	18,232,522
	<u>\$ 119,619,037</u>	<u>\$ 131,250,928</u>

It is the Society's policy to budget for and classify interest and dividends as operating income. Realized and unrealized appreciation (depreciation) in fair value of investments are not budgeted and, therefore, not included in operations.

### 3. Property and Equipment

	Cost	Accumulated Depreciation	Net
Land	\$ 4,308,846	\$ –	\$ 4,308,846
Building and building improvements	12,249,438	5,954,944	6,294,494
Land improvements	14,926	14,926	–
Work in process	375,874	–	375,874
Furniture, equipment and purchased software	18,082,135	12,632,958	5,449,177
	<u>\$ 35,031,219</u>	<u>\$ 18,602,828</u>	<u>\$ 16,428,391</u>

### 4. Pension and Other Postretirement Benefits

The Society's pension plan is a noncontributory defined benefit pension plan for employees meeting certain age and service criteria. The Society's policy is to fund amounts sufficient to meet the minimum funding provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

The pension plan's assets, which are carried at fair value, are invested in cash equivalents (5.6%), fixed income (24.5%) and equities (69.9%). The target allocation for the year ending December 31, 2007 is 40-60% equity securities, 25-40% debt securities, 5-15% real estate and 5-15% other.

Net periodic pension cost was determined under the projected unit credit actuarial cost method. Pension benefits are primarily based upon the earnings of the participant over the previous five-year period and participants are fully vested after five years. The expected return on plan assets is based on historical returns.

In addition to providing pension benefits, the Society provides certain postretirement health benefits for retirees and employees who were employed before May 19, 1993. The premiums for postretirement health benefits for the eligible employees were frozen as of May 31, 1995. The coverage under this Plan does not affect Medicare. Medicare will maintain its current share of medical costs for the elderly under this Plan.

The measurement date for these Plans is December 31, 2006. Plan assets and obligations are measured as of these dates.

The following table sets forth the plans' funded status and amounts recognized in the Society's financial statements:

	December 31, 2006	
	Pension Benefits	Other Benefits
Projected benefit obligation	\$ 44,661,399	\$ 2,828,286
Fair value of plan assets	46,310,422	–
Funded status	<u>\$ 1,649,023</u>	<u>\$ 2,828,286</u>

Accumulated benefit obligation	\$ 40,635,955	\$ –
Prepaid (accrued) benefit cost recognized in the statement of financial position	\$ 9,502,539	\$ (2,552,786)
Employer contributions	670,000	139,613
Benefits paid	<u>(1,707,027)</u>	<u>(139,613)</u>

#### Components of net periodic benefit cost:

Service cost	\$ 1,068,705	\$ 32,749
Interest cost	2,413,096	156,443
Expected return on plan assets (increase) decrease	(3,321,509)	–
Amortization of prior service cost	1,851	–
Amortization of recognized net loss	581,900	1,924
Net periodic pension/postretirement benefit cost	<u>\$ 744,043</u>	<u>\$ 191,116</u>

#### Weighted average assumptions:

Discount rate for benefit obligation	5.75%	5.75%
Discount rate for net periodic pension/postretirement expense	5.75%	5.75%
Expected return on plan assets	8.00%	–
Rate of compensation increase	3.00%	–
Expected employer contributions to be paid during the year ended December 31, 2006	\$ –	\$ 170,629
Estimated future benefit payments reflecting expected future service for the year ending December 31:		
2007	\$ 1,832,292	\$ 170,629
2008	1,906,331	174,089
2009	1,893,995	176,344
2010	1,951,975	178,166
2011	1,996,336	181,650
2012 – 2016	11,224,423	961,120

### 5. Net Assets

The unrestricted designated-general net assets consist of the following:

	December 31, 2006
Legal Reserve	\$ 1,000,000
Capital Building Fund	25,000,000
Publication Technology Upgrades Reserve	5,000,000
Upgrade of Association and Business System Reserve	3,000,000
Website Upgrade Reserve	5,000,000
One Year Operating Expense Reserve	32,809,500
Total Designated – General Net Assets	<u>\$ 71,809,500</u>

### 6. Contingencies

In 2005, the Society recorded \$1,707,297 in legal escrow in the Statement of Financial Position. These funds represent amounts escrowed with the U.S. District Court for the Eastern District of Pennsylvania following the Court's judgment against the Society. The Society appealed this decision, however, it was required to make this escrow payment pending the outcome of its appeal in the U.S. Court of Appeals for the Third Circuit. On March 6, 2007, the U.S. Third Circuit Court of Appeals issued its opinion affirming the trial court's decision in all respects, except for the requirement that the Society pay defendants' attorneys fees in the declaratory judgment action, which issue was remanded. As a result of this decision, the Society recorded an accrual of \$1,707,297 for this matter in the December 31, 2006 financial statements.

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