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We are very proud to provide you with A2LA’s 2009 annual report.

Even given the state of the economy, A2LA experienced growth in 2009, a recognition of the importance and value that users, specifiers and accredited organizations alike place on the accreditations offered by A2LA. By the end of 2009, A2LA had granted 2106 accreditations, and there were 145 applicants in the process of achieving accreditation.

We take pride in providing value-adding services to our customers and continually improving our day-to-day activities. New and energetic individuals are being added to our already exceptional staff, bringing fresh ideas and enthusiasm for A2LA’s Mission. The governance strategy under which the A2LA Board of Directors operates continues to be a living, evolving system for ensuring the Association’s fiscal integrity, long-term viability, quality, value and financial, human and infrastructural resources. Metrics for meeting the goals established in each of these critical areas are constantly monitored and fine-tuned to ensure A2LA’s continued status as one of the world’s premier accreditation bodies.

Although we remain the largest multi-discipline accreditation body in the United States, we continue our march into new realms and our proactive marketing efforts to enhance the value and acceptance of our programs and internationally recognized accreditations. These efforts ultimately benefit the organizations that choose to seek accreditation from A2LA.

We salute our Association members, accredited and applicant organizations, stakeholders, and assessors for the significant contributions made to our organization in 2009. As always, we count on your support and participation. Finally, we salute our many Association volunteers for their efforts and countless hours spent participating on our Accreditation Council, Criteria Council and technical advisory committees. Their work and devotion form the foundation for our many accreditation programs and are, in many respects, responsible for the premier status that A2LA enjoys.

For the Board of Directors,

Woodward Vogt

Woodward Vogt
Chairman of the Board
As we review 2009’s activities and present this annual report, we do so from a position of strength and growing dominance in the accreditation business. Despite the great recession, A2LA continues to grow significantly. The demand for our world-class accreditation services has significantly increased even as some sectors of the economy shrink. Life sciences has been especially active as the need for reliable data to support crucial decisions related to product quality, health, safety and the environment grows.

The value of A2LA accreditation has never been greater. Our brand is strong. And our staff and assessors are the very best, most experienced in the accreditation business. Our staff continues to be active worldwide, sharing our expertise in developing the rules and raising the standards for accreditation.

We have invested in developing the resources necessary to provide value-added accreditation in new areas. Given the breadth and depth of our resources, A2LA is well positioned to meet future challenges and take on new opportunities.

2009 saw significant growth in the use of accreditation by government. The Department of Defense made a very significant impact by recognizing A2LA and three other internationally recognized USA accreditation bodies to support its Environmental Laboratory Accreditation Program. The Nuclear Regulatory Commission is making similar use of internationally recognized laboratory accreditation bodies under the Mutual Recognition Arrangement of the International Laboratory Accreditation Cooperation.

The number of new applicants (228) in 2009 significantly outpaced expectations (144). By the end of 2009, A2LA had:

- 1525 testing laboratories accredited
- 543 calibration laboratories accredited
- 17 proficiency testing providers accredited
- 7 reference materials producers accredited
- 9 product certifiers accredited
- 5 inspection bodies accredited
- 145 applicants in the process of accreditation

We continue to focus on improving our processes by carefully listening to our clients and our clients’ clients. We have expanded our marketing outreach and are providing more informative communications to our members and stakeholders.

A2LA’s success is a team effort. The technical expertise represented in our advisory committees, assessor corps and Councils is second to none. And of course, the success of last year could not have been realized without dedicated, competent staff and a focused Board of Directors, emphasizing a positive vision and mission for a successful association.

Peter S. Unger, President/CEO
Introduction

The AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION (A2LA) is a nonprofit, nongovernmental, public service membership society dedicated to the formal recognition of competent laboratories and related activities. During 2009, A2LA operated the following different types of voluntary accreditation programs to recognize competency in support of assuring the quality of data used in decision-making:

- Accreditation of testing and calibration laboratories (regardless of ownership); the essential requirements are technical competence and compliance with ISO/IEC 17025:2005;
- Accreditation of medical testing laboratories to ISO 15189:2007;
- Accreditation of proficiency testing providers to ILAC G-13:2007;

During 2009, A2LA maintained a membership of 320 individuals and organizations. Membership in A2LA is separate and distinct from accreditation. Members elect the Board of Directors, receive discounts on training and accreditation fees and are encouraged to provide input on a variety of national and international activities and initiatives.

Recognition of A2LA accreditation programs comes from organizations around the world with which A2LA has mutual recognition arrangements or other forms of recognition.

A2LA’s accreditation programs are described in the paragraphs that follow.
LABORATORY ACCREDITATION

Laboratory accreditation is that part of the conformity assessment process that recognizes the technical competence of laboratories providing calibration or test data. A2LA accredits all types of laboratories and thus provides one place where a laboratory can achieve accreditation for all of its testing and calibration activities.

A2LA uses ISO/IEC 17025:2005 as the general requirements for accreditation of calibration and testing (with the exception of medical testing) laboratories. A2LA also offers an accreditation program for medical testing laboratories using ISO 15189:2007, Medical Laboratories: Particular Requirements for Quality and Competence. The conditions for accreditation (the laboratory’s commitment) and a description of the accreditation process are maintained in A2LA’s documents titled “General Requirements”.

Because of the needs of users (users of accredited laboratories) and specifiers (organizations that require accreditation, including government and private sector), specific technical criteria have been developed to amplify the requirements of the general criteria (ISO/IEC 17025) for several of the programs and fields of testing and calibration.

A separate Scope of Accreditation is given for each field. It lists specific tests, types of tests, or calibrations for which the laboratory has been found competent. For calibration laboratories, scopes of accreditation also include a description of the laboratory’s capabilities in terms of measurement parameter, range, best measurement capability expressed as an uncertainty, and technique and/or equipment.

The application for accreditation describes the many technical fields and programs for which a laboratory may apply. These include the programs listed in Table 1.

Table 1.

LABORATORY ACCREDITATION FIELDS AND SPECIAL PROGRAMS

* Fields and special programs with additional requirements beyond ISO/IEC 17025

**Acoustics & Vibration** Tests involving the measurement of noise emission, noise exposure, sound transmission, sound absorption, and vibration.

**Biological** Biological, microbiological and biochemical testing and measurement, including examination of foods and pharmaceuticals.

- Food Microbiology *
- Veterinary Diagnostics *
- Anti-Doping *

**Calibration** Measurements typically conducted by standards and calibration laboratories for a variety of measurement quantities.

- Animal Drug Testing *
- Coal
- Fertilizers
- Fasteners and Metals
- Paint
- Food Chemistry *
- Veterinary Diagnostics *
- Anti-Doping *

**Construction Materials** Tests to determine the engineering properties of materials and products used in construction.

**Electrical** Tests of an electrical and electronic nature performed on instruments, equipment, appliances, components, and materials. Includes EMC, CTIA, Specific Absorption Rate (SAR) and Bluetooth testing.

- Automotive EMC *

**Environmental** Tests for constituents in various EPA environmental media.

- Air
- Water
- Radon
- Asbestos
- Bioassay
- Solid/Hazardous Wastes
- Environmental Lead (Pb) *
- Underground Storage Tanks (KY & WY) *
- TX Department of Health Indoor Air Quality *

**Geotechnical** Tests of soil and rock to provide engineering data.

- Putting Green Materials *

**Information Technology** Tests of any aspect of a hardware or software environment.

**Mechanical** Tests, measurements, and evaluation of physical properties of materials, components, and assemblies.

- Fasteners and Metals
- Paint
- Paper
- Plastics
- Rubber
- Windows and Doors

**Medical** Specific medical laboratory tests on samples from humans. (This program is based on ISO 15189, rather than ISO/IEC 17025.)

**Nondestructive** Examination of materials, components, and assemblies to detect discontinuities without damaging the material, component or assembly.

**Thermal** Tests involving the measurement of fire, heat, flow, temperature, and humidity.

- Fire Testing
- Insulation Performance

2009 Annual Report
INSPECTION BODY ACCREDITATION

For the purpose of accreditation, inspection is defined as the examination of a product, design, service, process, plant, material, component, or assembly to determine conformity with specific requirements or, on the basis of professional judgment, general requirements. Inspection of processes includes personnel, facilities, technology and methodology that make up the process. The results of inspection may be used to support certification.

A2LA recognizes the close relationship between inspection, sampling, testing and measurement, yet understands that inspection includes a variety of activities not covered in testing laboratory accreditation. Different but related requirements are needed. A2LA is committed to using the latest international standards and so uses as the general requirements for this program ISO/IEC 17020: 1998, *General Criteria for the Operation of Various Types of Bodies Performing Inspection*. A2LA interpretations of this Standard are taken from the IAF/ILAC-A4: 2004 – *Guidance on the Application of ISO/IEC 17020*. Added requirements deemed necessary to clarify issues related to the use of the A2LA-Accredited symbol on inspection reports and the relationship of inspections versus tests and measurements that may be involved as part of the inspection process are also included.

Accreditation is based on the assessment of the performance of an inspection body including procedures, staff competence and reporting. It is available to all types of inspection bodies including in-house services. A2LA acknowledges that some user organizations may choose to accept only inspections conducted by third party (independent) bodies. It is up to such organizations to decide which accredited inspection bodies they will accept.

An inspection body can be an organization, or part of an organization, but must be discretely identifiable in order to be accredited. An inspection body engaged in testing, measurement or sampling work may apply for accreditation for its work as a laboratory concurrently with its application for accreditation for inspection, or add some simple tests to its inspection scope. A2LA welcomes applications for the accreditation of all types of inspection work. The following are examples of work for which accreditation may be sought:

- Agricultural products
- Bulk cargoes (e.g. coal, iron ore, petroleum)
- Cargoes in containers and packages
- Cast products
- Cranes
- Electrical equipment
- Foods
- Forged products
- Mechanical equipment
- Pipelines
- Protective coatings
- Rolled products
- Structures (e.g., concrete, steel, timber)
- Textiles
- Welding
- Gaming equipment

The Asia-Pacific Laboratory Accreditation Cooperation (APLAC) approved A2LA to be a signatory to the APLAC Mutual Recognition Arrangement (MRA) for Inspection Body accreditation in September 2006.
PROFICIENCY TESTING PROVIDER ACCREDITATION

Proficiency testing (PT) programs are used by A2LA as part of the laboratory accreditation assessment process to determine the ability of laboratories to perform competently tests or calibrations for which accreditation is held. Proficiency testing programs are also used to monitor accredited laboratories’ continuing performance.

The A2LA Accreditation Program for Providers of Proficiency Testing Programs is designed for proficiency testing providers who wish to demonstrate their competence by formal compliance with a set of internationally acceptable requirements for the planning and implementation of proficiency testing programs. The program also provides users of proficiency testing programs (laboratories, accreditation bodies such as A2LA, technical assessors, etc.) increased confidence that the PT programs being relied upon are being operated competently in accordance with specified technical and management system requirements.

The specific assessment requirements for this program are based on the requirements contained in ILAC G-13: 2007, Requirements for the Competence of Providers of Proficiency Testing. These requirements are based upon ISO Guide 43-1(1997) and on the relevant elements of ISO/IEC 17025:2005 applicable to characterization, homogeneity, and stability testing of proficiency testing materials.

A2LA has also been recognized by the National Environmental Laboratory Accreditation Program (NELAP) as a proficiency testing oversight body/proficiency testing provider accreditor (PTOB/PTPA). By virtue of this recognition, A2LA is able to conduct assessments to the stringent NELAC requirements and offer accreditation that covers all of the NELAC fields of proficiency testing. The A2LA NELAC PTOB/PTPA Program is based on the following requirements: ISO Guide 34:2000, ISO Guide 43:1997, ISO/IEC 17025:2005, NELAC Chapter 2: 2003, the relevant sections of NELAC Chapter 5: 2003, and the EPA National Standards for Water Proficiency Testing Studies, Criteria Document 1998.

A2LA recommends that wherever possible, A2LA-accredited testing and calibration laboratories use accredited proficiency testing (PT) providers to meet the accreditation requirements for participation in proficiency testing.

REFERENCE MATERIAL PRODUCER ACCREDITATION

The A2LA Accreditation Program for Reference Material Producers is designed for producers of reference materials who wish to demonstrate their competence by formal compliance with a set of internationally recognized criteria. The program will provide users of reference materials, such as testing and calibration laboratories, with increased confidence that the reference materials being relied upon are being produced in accordance with specified technical and management system requirements and are of appropriate quality.

The requirements for this program are based on those contained in ISO Guide 34, General Requirements for the Competence of Reference Material Producers, in combination with ISO/IEC 17025:2005. ISO Guide 34 sets out the general requirements that a reference material producer has to demonstrate that it operates in compliance with, if it is to be recognized as competent to carry out the production of reference materials. It is recognized that each reference material
needs to be characterized mainly to the level of accuracy required for its intended purpose (i.e. appropriate measurement uncertainty.)

In December 2007, A2LA was recognized under the APLAC Mutual Recognition Arrangement (MRA) for our Reference Material Producer accreditation program.

**PRODUCT CERTIFICATION BODY ACCREDITATION**

A2LA recognizes the very close relationship between certification and testing yet understands that certification includes a variety of activities not covered in testing laboratory accreditation. Certification may include the examination of test reports for compliance with specified criteria – both domestic and international. As such, A2LA introduced an accreditation program for product certification bodies in December 2005.

A2LA is recognized by the National Institute for Standards and Technology (NIST) under the National Voluntary Conformity Assessment Systems Evaluation (NV CASE) program for accreditation of telecommunications certification bodies (TCBs) for FCC requirements. Additionally, under the Asia-Pacific Economic Cooperation Telecommunications and Information (APEC Tel) Mutual Recognition Arrangement (MRA), NIST is the Designating Authority for the United States and has listed A2LA as a recognized accreditation body for:

- Industry Canada under the APEC TEL MRA Phase II
- Singapore’s Info-Communications Development Authority (DA) under APEC TEL MRA Phase II
- Hong Kong’s Office of Telecommunications Authority (OFTA) under APEC TEL MRA Phase II

This recognition by NIST expands the A2LA goal of one accreditation accepted everywhere. A2LA ISO/IEC 17025 accredited testing laboratories that are also ISO/IEC Guide 65 accredited Product Certification Bodies now have the choice of having both accreditations accomplished with one assessment from one accreditation body. Organizations exercising this option can reduce cost and time expended during the on-site accreditation process.

A2LA is also listed as an approved accreditation body for the EPA’s WaterSense program. EPA requires all products bearing the WaterSense label to be independently certified by a certification body who has been accredited by one of the approved accreditation bodies. This certification provides consumers with confidence in both the water efficiency and performance of WaterSense labeled products.

A certification body may apply for accreditation separately or, if they are also engaged in testing, measurement or sampling work, they may apply for accreditation for this work concurrent with their application for accreditation of their certification activities.

The general criteria for A2LA accreditation of product certification bodies are contained in ISO/IEC Guide 65:1996, General Requirements for Bodies Operating Product Certification Systems. Additional criteria may be needed depending on particular user needs (e.g. FCC, WaterSense).

A2LA accreditation attests that a product certification body has demonstrated:

- that its management system is documented, is fully operational, and addresses and conforms to all elements of ISO/IEC Guide 65:1996;
- that it is operating in accordance with the required management system;
- that it is operating in accordance with the IAF GD-5 document; and
- that it conforms to any additional requirements established by A2LA.

Accreditation is based on A2LA’s assessment of a product certification body’s performance including procedures, staff competence and reporting. It is available to all certification bodies including in-house services.
Accreditation Activity

At the end of 2009, A2LA had 2,106 organizations accredited in 48 states, Aruba, Australia, Brazil, Canada, Cayman Islands BWI, Ecuador, Egypt, France, Germany, Guatemala, Honduras, Hong Kong, India, Israel, Italy, Japan, Kazakhstan, Korea, Kuwait, Malaysia, Mexico, the Netherlands, Philippines, Republic of China, Qatar, Saudi Arabia, Singapore, South Korea, Switzerland, Taiwan, Thailand, Trinidad & Tobago and the United Kingdom, an increase of 4.6% over 2008. During this same period, 132 accreditations were withdrawn. A comparison of laboratories accredited to ISO/IEC 17025 in various fields of testing and calibration with previous years is shown in Table 2a. Table 2b shows the number of organizations accredited in A2LA’s additional accreditation programs in 2009. The number of entities enrolled has shown a net increase of 93 (2158 at the end of 2008; 2251 at the end of 2009). For the year, a total of 196 new applications for accreditation were received and 145 entities were in the process of becoming accredited at year’s end.

Table 2a.

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Table 2b.

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<th>Inspection Bodies</th>
<th>Product Certification Bodies</th>
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Details about tests, types of tests, calibrations or specific activities included in an organization’s accreditation are identified in a Scope of Accreditation and can be obtained by visiting our website (www.A2LA.org) or contacting A2LA.

An organization may be competent to perform activities other than those listed on its scope or may not perform them exactly as written for some customers. The organization and its customer must agree on the procedure to be used. If an organization presents data on a report or certificate carrying an “A2LA Accredited” symbol, however, that data must be as a result of using a method identified in the scope as stated. Data resulting from an unaccredited method and reported on an endorsed report must be clearly identified as such.

Assessors

Assessor selection is based on confirmation of the assessor’s technical expertise, successful completion of the training process, and continued satisfactory performance of assessments. The key requirement is knowledge of the technology in the areas the assessors will be assessing. All assessors are required to pass the five-day A2LA assessor orientation course that includes instruction on ISO/IEC 17025 and on A2LA’s policies and procedures for performing assessments.

A2LA lead assessors must be approved by the A2LA Operations Manager on a yearly basis. The names of new lead assessors are submitted to the Operations Manager once they have successfully passed the staff evaluation to conduct the technical and management system portions of the on-site assessment. Returning assessors must also be evaluated on a regular basis. There were more than 100 contracted assessors in 2009.

14 additional new assessors were initiated into the assessor training program, 13 of whom successfully completed the A2LA assessor evaluation process and were approved as lead assessors by the end of 2009. Over 100 names of additional testing and calibration experts are on file as potential assessors.

More than 100 assessors attended the annual Assessor Conclave in Columbia, Maryland to discuss issues affecting accreditation and to develop policies to further consistency and uniformity in assessments. Measurement uncertainty, traceability, and proficiency testing were the main topics of discussion. The A2LA Accreditation Council and Criteria Council also met and various technical advisory committee meetings were held. Training sessions to orient new assessors and to update assessors within the proficiency testing provider and the product certification body accreditation programs were held.

Training and Seminars

Training course enrollment was very strong in 2009. The following classes were offered publicly in 2009:

- ISO/IEC 17025 and Accreditation
- Introduction to Measurement Uncertainty
- Assessment of Laboratory Competence

In addition to the public offerings, A2LA sponsored many in-house courses to satisfy the needs of our larger laboratory clients.
Internationally, A2LA continues to participate in the activities of the International Laboratory Accreditation Cooperation (ILAC) and associated regional bodies. In 2000, A2LA signed the International Laboratory Cooperation (ILAC) Mutual Recognition Arrangement (MRA) between 36 accreditation bodies from 28 economies worldwide. Since then, additional accreditation bodies from other economies joined the MRA.

Established in 1977, ILAC is the premier international forum for the harmonization of laboratory accreditation procedures and policies as a means of reducing technical barriers to trade and the promotion of laboratory accreditation as a mechanism to enhance confidence in testing and calibration facilities, both domestically and internationally.

Other international cooperation arrangements in effect during 2009 included the MRA with the Asia Pacific Laboratory Accreditation Cooperation (APLAC) and the multi-lateral agreement with the Inter-American Accreditation Cooperation (IAAC). Information about the international accreditation systems with whom A2LA has a valid agreement as of April 30, 2010 is presented in Appendix A of this Annual Report. Copies of the MRAs are available upon request. A2LA will testify to the competence of each accreditation system with whom it has an MRA and attest to the fact that they follow the recognized norm for operating such systems, ISO/IEC 17011, and use ISO/IEC 17025 as the basis for the accreditation of laboratories. Up-to-date information on cooperating laboratory accreditation systems can be obtained by visiting our website or contacting A2LA Headquarters.

Staff members from A2LA continue to hold key leadership positions in ILAC, APLAC and IAAC. Peter Unger, A2LA President/CEO, was re-elected in October 2008 as ILAC Vice Chair for the term 2009-10. Mr. Unger serves as a lead evaluator for accreditation bodies under the ILAC arrangement as well as APLAC and IAAC, and is Technical Advisory to the Executive Committee of the Inter-American Accreditation Cooperation (IAAC). Roxanne Robinson, A2LA Vice President/COO, serves as an evaluation manager for regions and individual accreditation bodies under the ILAC arrangement and is recognized as a lead evaluator for ILAC, APLAC and IAAC. Ms. Robinson is co-chair of the ILAC/IAF joint working group on the A series documents and convenor of the ILAC Accreditation Issues Committee (AIC), the ILAC Proficiency Testing Consultative Group (PTCG) and the ILAC/World Anti-Doping Association (WADA) Accreditation Committee.

National Activities

Standardization activities in accreditation and conformity assessment remain a high priority for the Association. In addition to its ISO standards activities, A2LA participates on ASTM Committee E36 on Conformity Assessment. The Committee is involved in accreditation and inspection standardization activities that A2LA considers important to support. A2LA also participates in the ANSI International Conformity Assessment Committee to provide input to the ISO standardization process. Staff members are also involved in numerous ASTM, ANSI and NCSL International committees related to technical and accreditation issues.

A2LA staff’s commitment to serving on these and numerous other committees enables the Association to provide insight on conformity assessment activities, as well as to gain knowledge from the given industry groups. This provides us with a better understanding of the needs of our stakeholders and accredited entities.
Recognition of A2LA Programs

Recognition of A2LA programs includes formal written agreements between A2LA and users of accredited laboratories, officially documented endorsements of A2LA programs, and informal acceptance between A2LA and various parties. Below are listed the Federal agencies, State agencies, and private sector parties with whom A2LA has some type of formal written agreement of recognition or documented endorsement in 2009.

- The Environmental Protection Agency’s (EPA) Office of Pollution Prevention and Toxics (OPPT) formally recognizes A2LA as a laboratory accreditation body working in cooperation with the EPA National Lead (Pb) Laboratory Accreditation Program (NLLAP) to accredit lead (Pb) testing laboratories. Laboratories seeking to be listed on the NLLAP approved list must comply with the additional Environmental Lead (Pb) Program Requirements.
- The EPA has released the ENERGY STAR for Computers Verification and Testing Guidelines and Procedures Manual Version 1.0. This document contains the specific verification testing guidelines and procedures for conducting product testing of computers. According to the document, in order to conduct verification testing to determine whether the computer products meet the ENERGY STAR Program Requirements for Computers Version 5.0, laboratories must be accredited to the NLLAP approved list must comply with the additional Environmental Lead (Pb) Program Requirements.
- The EPA has released the ENERGY STAR for Computers Verification and Testing Guidelines and Procedures Manual Version 1.0. This document contains the specific verification testing guidelines and procedures for conducting product testing of computers. According to the document, in order to conduct verification testing to determine whether the computer products meet the ENERGY STAR Program Requirements for Computers Version 5.0, laboratories must be accredited to ISO/IEC 17025. The accreditation body must be a signatory to an internationally recognized mutual recognition arrangement (MRA) such as ILAC. As A2LA is a full member signatory of the ILAC MRA, A2LA meets the EPA requirement for accrediting bodies.
- The EPA requires all products bearing the WaterSense label to be independently certified by a certification body that has been accredited by one of the approved accreditation bodies, of which A2LA is one. This certification provides consumers with confidence in both the water efficiency and performance of WaterSense labeled products.
- The U.S. Federal Communications Commission (FCC) requires that manufacturers and suppliers of personal computers and computer peripherals who intend to use a “Declaration of Conformity” on their products must have the products tested by an accredited Electromagnetic Compatibility (EMC) laboratory. A2LA is one of the approved accreditation bodies under this program. Laboratories seeking to be accepted by the FCC by virtue of their A2LA Electrical (EMC) accreditation must also meet the technical requirements contained in FCC Parts 15 & 18 and 47 CFR Parts 2 & 15.
- The Naval Sea Systems Command (NAVSEA) and A2LA have signed a formal Memorandum of Understanding (MOU) recognizing the equivalence of A2LA and the Naval Shipyard Laboratory Accreditation Program (NSLAP) and agreeing to accept data from laboratories accredited in either system. This program is open only to government facilities accredited in the environmental field of testing.
- The National Institute of Standards and Technology (NIST) has formally recognized A2LA as competent to accredit testing laboratories to meet the technical requirements for acceptance by European Union Member State Governments under the EMC Annex of the U.S. - EU Mutual Recognition Agreement. NIST has also recognized A2LA as an authorized body under the provisions of Phase I of the Asia Pacific Economic Cooperation (APEC) MRA.
- The National Institute of Standards and Technology (NIST) has formally recognized A2LA as competent to accredit product certification bodies for telecommunication equipment. The scope of recognition includes:

  b. Canada: Industry Canada (IC) requirements as described in CB-02, CB-03, and REC-CB documents under APEC TEL MRA Phase II.
  c. Singapore: Info-communications Development Authority (IDA) requirements as described in IDA MRA REC SCHEME document under APEC TEL MRA Phase II.
  d. Hong Kong: Office of the Telecommunications Authority (OFTA) requirements as described in OFTA MRA 001 and OFTA MRA 002 documents under APEC TEL MRA Phase II.

- The National Institute of Standards and Technology (NIST) has recognized A2LA to accredit testing laboratories under the USGv6 Test Program. This

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program requires that laboratories performing testing of Internet Protocol version 6 (IPv6) products for use in the United States government be accredited by an ILAC MRA signatory, such as A2LA.

- The National Environmental Laboratory Accreditation Program (NELAP) has recognized A2LA as a proficiency testing oversight body/proficiency testing provider accreditor (PTOB/PTPA). By virtue of this recognition, A2LA is able to conduct assessments to the stringent NELAC requirements and offer accreditation that covers all of the NELAC fields of proficiency testing.

- The Office of Nuclear Reactor Regulation, in a letter and attached safety evaluation report (SER) issued to the Arizona Public Service Company, approved a requested change to the quality assurance (QA) program of the Palo Verde Nuclear Generating Station Units 1, 2 and 3. The change provides for acceptance of A2LA accreditation to ISO/IEC 17025 as a means of qualifying calibration laboratories to provide commercial-grade calibration services to the Palo Verde Nuclear Generating Station. The accreditation process is accepted in lieu of a supplier audit, commercial-grade survey, or in-process surveillance.

- The U.S. Consumer Product Safety Commission (CPSC) published notices in the Federal Register regarding accreditation requirements for third party laboratories that are testing in conformance with the Consumer Product Safety Improvement Act (CPSIA) of 2008 for lead in paint, cribs, pacifiers, small parts, and children’s jewelry. According to these publications and the CPSIA, all products currently subject to the lead in paint regulation at 16 CFR 1303, all cribs subject either to 16 CFR 1508 or 1509, all pacifiers subject to 16 CFR 1511, small parts subject to 16 CFR 1501, and children’s jewelry subject to the 600 ppm and 300 ppm lead content limits, must be tested by a laboratory accredited to ISO/IEC 17025 by an accreditation body (such as A2LA) who is a signatory to the ILAC Mutual Recognition Arrangement (ILAC MRA).

- The U.S. Department of Defense (DoD) Environmental Laboratory Accreditation Program (ELAP) relies on the ILAC MRA to implement the DoD ELAP laboratory accreditations. A2LA has been recognized by the DoD ELAP to provide accreditation for environmental testing laboratories that perform testing in support of the DoD environmental restoration programs at DoD operations, activities, installations, including government-owned, contractor-operated facilities and formerly-used defense sites (FUDS).

**Florida**

The State of Florida Building Commission has formally recognized A2LA accredited laboratories as meeting the requirements for testing laboratories that conduct tests on products related to its system for product approval under Florida building code. The system is meant to ensure that safe products and technologies are used in building construction and also to encourage new products and technologies that can increase safety or meet safety requirements through less expensive means. Criteria has been established for approval of public and private entities that test, evaluate and certify panel walls, exterior doors, roofing products, skylights, windows, shutters and structural components as well as new and innovative building products. This approval may be obtained through either local jurisdictions for local approvals or the Florida Building Commission for statewide approval.
Georgia
A formal Memorandum of Understanding (MOU) establishes an agreement between the Georgia Environmental Protection Division (EPD) and A2LA. The purpose of this MOU is to formally recognize A2LA as a laboratory-accrediting agency for commercial laboratories, accredited by A2LA for environmental tests, to be recognized as approved under the EPD’s Rules for Commercial Environmental Laboratories.

Kentucky
Under Kentucky statute KRS 224.60-130(2)(a), the Office of the Petroleum Storage Tank Environmental Assurance Fund has established criteria to accredit laboratories that contract with owners or operators of underground storage tanks (UST) to perform analytical testing related to Kentucky’s underground storage tank program. All UST owners and operators are required to have certain types of analytical testing performed at an A2LA accredited laboratory to be eligible for Fund participation, pursuant to statute 415 KAR 1:140. This program covers certain parameters and methods as noted in the specific program requirements and falls under A2LA’s Environmental program. This program was initiated in 1999.

New Mexico
A formal Memorandum of Understanding (MOU) establishes an agreement between the New Mexico Environment Department and A2LA whereby the State of New Mexico will certify laboratories to perform compliance testing for drinking water samples based on the laboratories’ A2LA accreditation.

Texas
The Texas Department of Health now recognizes accreditations granted by A2LA to laboratories performing preparation and analysis of mold associated with mold-related activities that affect indoor air quality.

City of Houston
In Standard General Requirement Section 01454, the City of Houston specifies that laboratories testing to the latest issues of ASTM standards, TxDOT methods or other recognized test standards must be accredited by A2LA.

Harris County, Texas
The Harris County Public Infrastructure Department, Engineering Division has published its “Regulations of Harris County, Texas for the Approval and Acceptance of Infrastructure”, which specifies in Section 2 that laboratories accredited by A2LA in the field of construction materials testing are acceptable for the purposes of meeting the published regulations.

Washington

Wyoming
Wyoming Department of Environmental Quality, Water Quality Division (WDEQ/WQD) Leaking Aboveground and Underground Storage Tank (LAUST) Program Policy Number 35 requires that laboratories performing work for the program must be A2LA accredited under the “Wyoming LAUST Remediation Program”. The scope of the program covers specific EPA methods for laboratories that are registered with the State of Wyoming and authorized to do business in Wyoming. To be certified by the LAUST Remediation Program to perform analytical testing related to the program, laboratories must provide evidence of their current accreditation from A2LA to the WDEQ/WQD.

Automotive Industry
■ A2LA has signed an MRA with the “Big Three” for administration of an Automotive EMC laboratory accreditation program. Laboratories seeking to be recognized under this program in the Electrical field of testing must meet the additional program requirements of the Automotive EMC Program Requirements.
■ A2LA’s Calibration Accreditation Program has been recognized within TS 16949 (Section 7.6.3) as one option that commercial and independent calibration facilities serving the automotive industry can select in order to satisfy the portion of Clause 4.11.2.b.1 which requires accreditation of calibration facilities serving the automotive industry.

United States Golf Association
A2LA’s Putting Green Materials Testing Program for soils and turf is formally recognized by the United States Golf Association (USGA)

Safety Equipment Institute (SEI)
SEI administers third-party certification programs to test and certify a broad range of safety and protective products. Safety and protective products certified by SEI must periodically undergo compliance testing to specified standards at independent testing laboratories that have been evaluated and awarded contracts by the SEI Board of Directors. In an effort to minimize redundant assessments, SEI has agreed to rely on the laboratories’ A2LA assessments in place of SEI evaluations. The agreement between A2LA and SEI was signed on May 7, 2002. SEI is accredited to ISO/IEC Guide 65: 1996 by the American National Standards Institute (ANSI) and the Standards Council of Canada (SCC).
Bluetooth
A2LA has signed an MOU with the Bluetooth Special Interest Group (SIG). Bluetooth has established a Qualification Program to test and qualify products using Bluetooth wireless technology to be certified as Bluetooth compliant pursuant to the specifications for such products as determined by Bluetooth. As part of the Qualification Program and according to the Bluetooth Qualification Program Reference Document, the Bluetooth Qualification Review Board (BQRB) administers the recognition of facilities as Bluetooth Qualification Test Facilities (BQTF’s), based on accreditation by A2LA. Laboratories seeking to be recognized under this program in the Electrical field of testing must meet the additional program requirements of the Bluetooth SIG.

Cellular Telephone and Internet Association (CTIA)
A2LA is recognized by the Cellular Telephone and Internet Association (CTIA) to provide laboratory accreditation services in support of CTIA’s certification program to verify conformance of wireless products to established industry standards.

Southern Bell Corporation (SBC)
SBC has issued SBC-TP-76200 Network Equipment Power, Grounding, Environmental and Physical Design Requirements, Issue 5, which formally recognizes A2LA for the ISO/IEC 17025 accreditation of Network Equipment Building Systems (NEBS) testing laboratories.

Aerospace Industry
- **Boeing**: Boeing’s document, D1-4426 (NADCAP Information Revision FF released 12/4/07 and subsequent Revision FM released 6/2/08) under the heading “Exceptions When NADCAP Accreditation is Not Required” states: “NADCAP accreditation for MTL is not required for companies holding ILAC recognized accreditations for the applicable test methods.”
- **General Electric (GE)**: With the incorporation of ISO 17025 in S-400, GE allows more flexibility in the approval process. Subsequent to initial approval by GE, a laboratory can get recertified for GE work by (1) a GE on site audit, (2) a SNECMA or AIRBUS audit, (3) an ISO 17025 performed per GE additional requirements by NADCAP recognized accreditors, e.g., A2LA, etc., or (4) a PRI-NADCAP audit.
- **Hamilton Sundstrand**: Has made a formal announcement to waive their NADCAP mandate for material test labs accredited by A2LA.
- **Pratt & Whitney**: Has made a formal announcement to waive their NADCAP mandate for material test labs accredited by A2LA.
- **Sikorsky**: Sikorsky’s Approved Source List (ASL) contains a statement recognizing A2LA as an alternative to NADCAP. The A2LA accreditation covers eleven specific testing disciplines along with the general requirements of ISO/IEC 17025 for testing and calibration laboratories. Special Process Laboratory Suppliers designated by Approved Source List Note 7, may now use the A2LA accreditation as a direct substitute to NADCAP certification.
Board of Directors

The Association is managed by its Board of Directors (BOD). The 2009 Officers and BOD included (as of December 31, 2009):

**Executive Committee:**

**CHAIRMAN:** Woodward Vogt, Paradigm Consultants, Inc.

**PAST CHAIRMAN:** J. Trevor Boyce, Microbac Laboratories, Inc.

**FIRST VICE CHAIRMAN:** Michael Kesselmayer, Professional Service Industries, Inc.

**SECOND VICE CHAIRMAN:** Francis Azzarto, General Electric Aircraft Engines

**SECRETARY:** R. Dan Reid, GM Powertrain

**TREASURER:** Lance Hobay, ABET, Inc.

**CHAIRMAN, CRITERIA COUNCIL:** Kenneth Stoub, Group Seven Environmental Services, Inc.

**CHAIRMAN, ACCREDITATION COUNCIL:** Alex Klein, ArcelorMittal

**Members:**

Keith Bennett, Transcat


Edward Colbert, Bayer Material Science

Carroll Davis, Alocas Technical Center

David Fischer, Fischer Custom Communications, Inc.

Nancy Foncannon, Quality Systems Consulting, Inc.

Arlene Fox, AOAC International

James Galipeau, Plastics Technology Labs, Inc.

Paul Moliski, Intertek

George Riley, DNA Consulting Associates

Dilip Shah, E=MC3 Solutions

Robert Whitehead, ChemWare, Inc.

Chuck Wibby, Wibby Environmental

Herbert Wilgis, Consultant

**Liaison Members of the Board:**

Charles Pixley, USDA FSIS LQAD

George Salem, FDA

**Counsel:**

James Hostetler, Kirkland & Ellis
Staff
(as of December 31, 2009)

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Marie Wright, Senior Accounting Officer
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Accreditation Council

The Accreditation Council is appointed by the President/CEO and, at the end of the year, consisted of 90 people. This Council reviews and takes final action, subject to the rights to appeal otherwise provided for in the Bylaws, on accreditation applications to the Association or to revoke accreditation once granted. All decisions relating to accreditation or revoking accreditation must be approved by 2/3 of those voting on the Accreditation Council. At the end of 2009, the Accreditation Council members included:

**Chairman:** Alex Klein, ArcelorMittal  
**Vice Chairman:** Stephen L. Kaiser, Pro Mix Technologies

**Members:**
- Mohamed Abdalla, Consultant  
- John Adams, Consultant  
- John Ball, John Ball Consulting  
- Andrew Blackwood, Ph.D., Structure Probe, Inc.  
- Chuck Blank, Consultant  
- Peter Boers, Consultant  
- Michael Bosley, Consultant  
- Tiffany Brigner, Colorado Department of Agriculture  
- H. Bruce Brummel, P.E., Ph.D., The Rise Group LLC  
- Samantha Carter, Sypris Test & Measurement Inc.  
- Shuya Chang, Ph.D., ExxonMobil Chemical  
- Henry Chernow, Consultant  
- Terry Combs, Consultant  
- Doug Cowles, Consultant  
- Thomas Dickten, Consultant  
- Tom Doggart, Consultant  
- Ted Doiron, Consultant  
- Kingsley Drake, Consultant  
- Robert Drobish, Consultant  
- Karen Dunning, Consultant  
- Frank Durham, Consultant  
- Howard Elbaum, Consultant  
- David Evanson, Consultant  
- Darla Ewalt, Consultant  
- Charles Fallon, Consultant  
- Karen Fanwick, Purdue University Student Hospital  
- Fred Fetterolf, FETTCO NDE Services  
- Kurt Fischer, Consultant  
- Nancy Foncannon, Quality Systems Consulting, Inc.  
- Sue Lin Fung, Consultant  
- Mark Gerfin, Consultant  
- Raimundo Gil, Consultant  
- Gregory Gogates, Fasor Technical Services, Inc.  
- Amanda Gordon, EG&G Technical Services, Inc.  
- Larry Gradin, Integrity Solutions Group, Inc.  
- Anne Gray, Consultant  
- George Grigoris, Consultant  
- Bradley Harper, Pathology Consultants  
- Karl Haynes, Electro Rent Corporation  
- Robert Holcombe, Consultant  
- Jason Holliday, Ph.D., Consultant  
- Mitchell Jacobs, MSi Testing and Engineering  
- William Johnson, Consultant  
- Paul Keep, Simco Electronics  
- Jeff Kelly, Consultant  
- John Kinsella, Kinsella & Kinsella  
- Ray Kletke, Consultant  
- Keith Kokal, Micro Labs Inc.  
- Walt Lehmus, Consultant  
- Doug Lentz, Consultant  
- David Lorenzen, Consultant  
- John Lynch, Consultant  
- Dennis McCully, Consultant  
- Sean McLean, Instrumentation Laboratories  
- Michael Masciantonio, Bayer Material Science  
- Shawn Mason, Consultant  
- Dawn Mettler, Rockbridge Laboratory Services  
- David Miller, Consultant  
- Charles Mlodzik, Consultant  
- Harry Moody, Consultant  
- Bertha Munguia, Consultant  
- John Murphy, Consultant  
- Benoit Nadeau, Consultant  
- Janet Norris, JTN Consultant  
- William Peverill, Consultant  
- Thomas Powis, Broadview Instrumentation Services  
- Larry Presley, National Medical Services  
- George Purvis, QC Laboratories, Inc.  
- Pat Royal, Quality Systems Consultants, Inc.  
- Markus Ruenfach, Heusser Neweigh  
- Adeniyi Salam, Consultant  
- Gary Scalise, Consultant  
- Werner Schaefer, Schaefer Associates  
- Raymond Schiltz, Jr., PhD., Engineering Matters, Inc.  
- James Scott, Scott Consulting Services  
- Dan Sigouin, Consultant  
- Thomas Smith, Consultant  
- William Sorrells, Consultant  
- Bradley Stawick, Stawick Laboratory Management, LLC  
- Steven Steiro, Consultant  
- Phillip Stoll, P.A. Stoll Consulting  
- Mike Suraci, Consultant  
- Harry Taylor, Administrative Consultants Pathology  
- Tom Venesy, Consultant  
- Donald Waddington, Consultant  
- David Waitt, Consultant  
- Gene Zerlaut, SC-International Inc.  
- Niel Zuern, Consultant
Criteria Council

The Criteria Council is appointed by the President/CEO and includes at least one person having particular expertise or qualifications for each field of testing/calibration in which the Association is offering accreditation. The Council shall act to define the fields of testing/calibration in which the Association shall grant accreditation and approve general and specific criteria for each of the fields of testing. The 2009 Criteria Council members included:

Chairman: Kenneth Stoub, Group Seven Environmental Services, Inc.
Vice Chairman: David MacLean, Ph.D., Consultant

Daniel Becker, Sikorsky Aircraft
Cathy Burns, Food and Drug Administration
Gary Cornell, Consultant
Doug Cowles, Consultant
Howard Elbaum, Consultant
Dean Flinchbaugh, Consultant
Arlene Fox, AOAC International
Amanda Gordon, EG&G Technical Services, Inc.
Charles Gortakowski, Consultant
Jeff Gust, Consultant
Klaus Jaeger, Jaeger Enterprises
Alex Klein, ArcelorMittal
Albert Liabastre, Consultant
John Lynch, Consultant
Dawn Mettler, Rockbridge Laboratory Services
Deborah Miller, Consultant
Mitzi Miller, Environmental Quality Management
Benoit Nadeau, Consultant
Tim Osborne, Dynamic Technology, Inc.
Charles Pixley, USDA FSIS LQAD
George Riley, DNA Consulting Associates
Pat Royal, Quality Systems Consultants, Inc.
Nirmal Saini, Center for Analytical Chemistry, California Department of Food & Agriculture
Werner Schaefer, Schaefer Associates
Ray Schiltz, Engineering Matters, Inc.
Tom Smith, Consultant
Neal Zuern, Consultant

Membership in the Association

As of December 31, 2009, the membership in the Association was as follows:

Honorary Members ................................................................. 12
AC Honorary Members ....................................................... 92
Individual Members ............................................................ 122
Institutional Members ......................................................... 11
Organizational Members ...................................................... 83
(Organizational Members of Commercial Accredited Labs .......... 62)

TOTAL MEMBERS: ................................................................. 320
A comparison of the total revenue and support plus investment income less expenses resulting in a change in net assets (in $000s) for the years ended December 31st since 1999 is shown below.

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</thead>
<tbody>
<tr>
<td>Total Revenue &amp; Support *</td>
<td>$10,338</td>
<td>$9,074</td>
<td>$8,599</td>
<td>$8,780</td>
<td>$7,939</td>
<td>$7,795</td>
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<td>$6,542</td>
<td>$6,685</td>
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<tr>
<td>Total Expense</td>
<td>$9,749</td>
<td>$9,688</td>
<td>$8,746</td>
<td>$8,486</td>
<td>$7,678</td>
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<td>$6,713</td>
<td>$6,814</td>
<td>$6,370</td>
<td>$6,232</td>
<td>$5,109</td>
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<tr>
<td>Change in Net Assets</td>
<td>$589</td>
<td>$(614)</td>
<td>$(147)</td>
<td>$294</td>
<td>$261</td>
<td>$577</td>
<td>$343</td>
<td>$166</td>
<td>$172</td>
<td>$453</td>
<td>$240</td>
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</tbody>
</table>

* Includes investment income and losses.
INTERNATIONAL MUTUAL RECOGNITION (APLAC)
The Asia Pacific Laboratory Accreditation Cooperation (APLAC)
Mutual Recognition Arrangement (MRA)

On November 19, 1997, A2LA signed the Asia Pacific Laboratory Accreditation Cooperation (APLAC) mutual recognition arrangement.

The arrangement is intended to facilitate the acceptance of test and calibration data with a number of Asia-Pacific countries whose national accreditation bodies have signed the APLAC arrangement. APLAC promotes the recognition and acceptance in all the signatory countries of certificates and reports issued by organizations accredited by national accreditation bodies that have signed the arrangement.

By signing the arrangement, the signatory accreditation bodies commit to promoting acceptance of the test reports/calibration reports issued by the laboratories accredited by the signatory accreditation bodies. However, accreditation bodies cannot guarantee acceptance by their stakeholders. As such, one of A2LA’s primary functions is to assist A2LA-accredited laboratories in gaining acceptance of their data in the countries of the APLAC arrangement signatories. Likewise, A2LA is committed to helping laboratories accredited by the APLAC arrangement signatories obtain acceptance in the United States.

Through the APLAC MRA evaluation process, a uniform level of competence of the accredited bodies is assured, and the need for multiple assessments is diminished or eliminated. Ideally, a supplier would only need one certificate or report to satisfy the entire Asia-Pacific market and all governments.

Signatories to the APLAC MRA (as well as their Scope of Recognition) as of April 30, 2010 include:

- NATA - Australia (testing, calibration, inspection, RMP)
- SCC - Canada (testing, calibration)
- CALA - Canada (testing)
- CNAS - People’s Republic of China (testing, calibration, inspection, ISO 15189, RMP)
- HKAS - Hong Kong China (testing, calibration, ISO 15189, inspection)
- NABL - India (testing, calibration)
- KAN - Indonesia (testing, calibration, inspection)
- JAB - Japan (testing, calibration, ISO 15189)
- IAJapan - Japan (testing, calibration, RMP)
- VLAC - Japan (testing)
- KOLAS - Republic of Korea (testing, calibration)
- Standards Malaysia - Malaysia (testing, calibration, ISO 15189)
- ema - Mexico (testing, calibration, ISO 15189, inspection)
- PNAC – Pakistan (testing, calibration)
- PAO – Philippines (testing, calibration)
- IANZ - New Zealand (testing, calibration, ISO 15189, inspection)
- AAC Analitica – Russian Federation (testing)
- SAC - Singapore (testing, calibration, ISO 15189, inspection)
- SLAB – Sri Lanka (testing, ISO 15189)
- TAF - Chinese Taipei (testing, calibration, ISO 15189, inspection)
- DMSc - Thailand (testing, ISO 15189)
- DSS - Thailand (testing)
- NSC-ONAC - Thailand (testing, calibration, inspection)
- A2LA - USA (testing, calibration, inspection, RMP)
- ACLASS - USA (testing, calibration, RMP)
- IAS - USA (testing, calibration, inspection)
- LAB - USA (testing, calibration)
- NVLAP - USA (testing, calibration)
- PJLA - USA (testing)
- BOA - Vietnam (testing, calibration, inspection)
- JAS-ANZ - Australasia (inspection)

A2LA staff is able to provide specific details regarding the names and contact information for the accreditation body in a specific country/economy listed above.

Appendix A, A2LA 2009 Annual Report
INTERNATIONAL MUTUAL RECOGNITION (ILAC)

The International Laboratory Accreditation Cooperation (ILAC)

Mutual Recognition Agreement (MRA)

On November 2, 2000, A2LA signed the mutual recognition arrangement with the International Laboratory Accreditation Cooperation (ILAC). The Arrangement was signed in Washington, D.C. at the General Assembly of the International Laboratory Accreditation Cooperation (ILAC) and entered into force on January 31, 2001. More than 30 accreditation bodies from 26 economies signed the arrangements. Since then, additional accreditation bodies have become signatories.

A cornerstone of the ILAC MRA is the utilization of existing or developing regional arrangements established in the Americas (IAAC), the Asia-Pacific region (APLAC), Europe (EA) and Southern Africa. The bodies participating in these regional arrangements are responsible for maintaining the necessary confidence in the competence of their member accreditation bodies that are signatories to the new ILAC Arrangement.

By signing the ILAC MRA, the signatory accreditation bodies commit to promoting acceptance of the test reports/calibration reports issued by the laboratories accredited by the signatory accreditation bodies.

As of April 30, 2010, the following accreditation bodies were signatories to the ILAC MRA for testing and calibration (unless otherwise noted):

- OAA (Argentina)
- NATA (Australia)
- BMWA (Austria)
- BELAC (Belgium)
- CGCRE/INMETRO (Brazil)
- SCC (Canada)
- CALA (Canada) – testing only
- CNAS (PRC)
- ECA (Costa Rica)
- ONARC (Cuba)
- CAI (Czech. Rep.)
- DANAK (Denmark)
- EGAC (Egypt)
- FINAS (Finland)
- COFRAC (France)
- DAKkS (Germany)
- ESYD (Greece)
- OGA (Guatemala) – testing only
- HKAS (Hong Kong)
- NABL (India)
- KAN (Indonesia)
- INAB (Ireland)
- ACCREDIA (Italy) – testing only
- COPA (Italy) – calibration only
- ISRAC (Israel)
- JAB (Japan)
- IAJapan (Japan)
- VLAC (Japan) – testing only
- KOLAS (Rep. of Korea)
- Standards Malaysia (Malaysia)
- EMA (Mexico)
- RVa (The Netherlands)
- IANZ (New Zealand)
- NA (Norway)
- PNAC (Pakistan)
- PAO (Phillipines)
- PCA (Poland)
- IPAC (Portugal)
- RENAR (Romania) – testing only
- AAC Analitica (Russian Federation) – testing only
- SAC (Singapore)
- SNAS (Slovakia)
- SA (Singapore)
- SANAS (South Africa)
- ENAC (Spain)
- SLAB (Sri Lanka) – testing only
- SWEDAC (Sweden)
- SAS (Switzerland)
- TAF (Chinese Taipei)
- NSC-ONAC (Thailand)
- BLQS-DMSc (Thailand) – testing only
- BLA-DSS (Thailand) – testing only
- TUNAC (Tunisia)
- TURKAK (Turkey)
- DAC (United Arab Emirates)
- UKAS (United Kingdom)
- A2LA (USA)
- ASCLD/LAB (USA) – testing only
- IAS (USA)
- NVLAP (USA)
- ACLASS (USA)
- LAB (USA)
- PJLA (USA) – testing only
- BoA (Vietnam)

A2LA staff is able to provide specific details regarding the names and contact information for the accreditation body in a specific country/economy listed above.
INTERNATIONAL MUTUAL RECOGNITION (IAAC)

The Inter-American Accreditation Cooperation (IAAC)

Multi-Lateral Arrangement (MLA)

On October 24, 2002, A2LA, INMETRO (Brazil) and SCC (Canada) signed the Inter-American Accreditation Cooperation (IAAC) multi-lateral arrangement.

The IAAC is an association of accreditation bodies and other organizations interested in conformity assessment in the Americas. As of April 30, 2010 signatories to the IAAC MLA for testing and calibration (unless otherwise noted) are:

A2LA (United States)
OAA (Argentina)
Cgcre/INMETRO (Brazil)
ema (Mexico)
SCC (Canada)
ACLASS (USA)
ECA (Costa Rica)
FQS (USA) – testing only
INN (Chile)
ONARC (Cuba)
OGA (Guatemala) – testing only
NVLAP (USA)
ASCLD/LAB (USA) – testing only

By signing the arrangement, all six organizations agree to formally recognize and promote the equivalency of each other's laboratory accreditations.
# AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION

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<tr>
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<td>38-39</td>
</tr>
</tbody>
</table>
INDEPENDENT AUDITOR’S REPORT

To the Board of Directors of the
American Association for Laboratory Accreditation

We have audited the accompanying statements of financial position of the American Association for Laboratory Accreditation (A2LA) as of December 31, 2009 and 2008, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of A2LA’s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 A2LA’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, as well as evaluating the overall financial statement presentation. We believe our audits provide 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 A2LA as of December 31, 2009 and 2008, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of functional expenses for the years ended December 31, 2009 and 2008, on pages 38 and 39, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

RAFFA, P.C.
Washington, DC
April 28, 2010
## AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION

### STATEMENTS OF FINANCIAL POSITION

December 31, 2009 and 2008

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,071,869</td>
<td>$429,951</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>792,465</td>
<td>803,129</td>
</tr>
<tr>
<td>Note receivable</td>
<td>9,998</td>
<td>21,507</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>38,909</td>
<td>15,399</td>
</tr>
<tr>
<td>Travel advances</td>
<td>8,682</td>
<td>10,952</td>
</tr>
<tr>
<td>Investments</td>
<td>2,346,647</td>
<td>2,201,306</td>
</tr>
<tr>
<td>Furniture and equipment, net</td>
<td>379,862</td>
<td>338,557</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>47,100</td>
<td>32,591</td>
</tr>
<tr>
<td>Security deposits</td>
<td>15,858</td>
<td>16,258</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$4,711,390</td>
<td>$3,869,650</td>
</tr>
<tr>
<td><strong>LIABILITIES AND NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$145,352</td>
<td>$176,013</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>274,518</td>
<td>258,056</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>1,042,062</td>
<td>882,005</td>
</tr>
<tr>
<td>Capital lease obligation</td>
<td>86,557</td>
<td>-</td>
</tr>
<tr>
<td>Deferred rent liability and lease incentive</td>
<td>175,927</td>
<td>151,920</td>
</tr>
<tr>
<td>Deferred membership dues</td>
<td>41,340</td>
<td>45,220</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>1,765,756</td>
<td>1,513,214</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>2,945,634</td>
<td>2,356,436</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$4,711,390</td>
<td>$3,869,650</td>
</tr>
</tbody>
</table>

The accompanying notes are an integral part of these financial statements.
## Statements of Activities

For the Years Ended December 31, 2009 and 2008

### Revenue and Support

<table>
<thead>
<tr>
<th>Source</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assessment income</td>
<td>$6,510,793</td>
<td>$6,762,142</td>
</tr>
<tr>
<td>Accreditation</td>
<td>2,797,897</td>
<td>2,611,314</td>
</tr>
<tr>
<td>A2LA public training</td>
<td>478,704</td>
<td>377,324</td>
</tr>
<tr>
<td>Membership</td>
<td>41,360</td>
<td>27,040</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>55,978</td>
<td>2,812</td>
</tr>
<tr>
<td><strong>Total Revenue and Support</strong></td>
<td><strong>9,884,732</strong></td>
<td><strong>9,780,632</strong></td>
</tr>
</tbody>
</table>

### Expenses

#### Program Services
- Accreditations and assessment costs: $8,758,492, $8,791,900
- A2LA public training: $312,146, $319,171
- Long-term viability: $236,591, $164,184
- Membership: $33,127, $26,843
- Agreements: $16,230, $33,779

**Total Program Services**: $9,356,586, $9,335,877

#### Support Services
- Management and general: $392,175, $352,343

**Total Expenses**: $9,748,761, $9,688,220

### Change in Unrestricted Net Assets from Operations
- $135,971, $92,412

### Change in Unrestricted Net Assets
- $589,198, $(614,156)

### Unrestricted Net Assets
- **Beginning of Year**: $2,356,436, $2,970,592
- **End of Year**: $2,945,634, $2,356,436

The accompanying notes are an integral part of these financial statements.
## AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION

### STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2009 and 2008

Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$ 589,198</td>
<td>$(614,156)</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>$149,064</td>
<td>$100,339</td>
</tr>
<tr>
<td>Unrealized and amortization losses (gains) on investments</td>
<td>$(962,563)</td>
<td>$720,863</td>
</tr>
<tr>
<td>Realized losses on investments</td>
<td>$578,255</td>
<td>$78,971</td>
</tr>
<tr>
<td>Loss on disposal of furniture and equipment</td>
<td>$1,429</td>
<td>-</td>
</tr>
<tr>
<td>Changes in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>$10,664</td>
<td>$(122,203)</td>
</tr>
<tr>
<td>Notes receivable</td>
<td>$11,509</td>
<td>$(21,507)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>$(23,510)</td>
<td>$52,599</td>
</tr>
<tr>
<td>Travel advances</td>
<td>$2,270</td>
<td>$(2,131)</td>
</tr>
<tr>
<td>Cash surrender value of life insurance</td>
<td>$(14,509)</td>
<td>$25,627</td>
</tr>
<tr>
<td>Security deposits</td>
<td>$400</td>
<td>$(4,135)</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$(30,661)</td>
<td>$(97,398)</td>
</tr>
<tr>
<td>Accrued expenses</td>
<td>$16,462</td>
<td>$36,143</td>
</tr>
<tr>
<td>Refundable advances</td>
<td>$160,057</td>
<td>$(163,625)</td>
</tr>
<tr>
<td>Deferred rent liability and lease incentive</td>
<td>$24,007</td>
<td>$(20,530)</td>
</tr>
<tr>
<td>Deferred membership dues</td>
<td>$(3,880)</td>
<td>$16,810</td>
</tr>
<tr>
<td>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</td>
<td>$508,192</td>
<td>$(14,333)</td>
</tr>
</tbody>
</table>

| CASH FLOWS FROM INVESTING ACTIVITIES |           |           |
| Purchases of investments          | $(2,044,566) | $(1,288,075) |
| Proceeds from sales of investments | $2,283,533  | $1,053,074 |
| Acquisition of furniture and equipment | $(49,685)  | $(129,617) |
| NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES | $(189,282)  | $(364,618) |

| CASH FLOWS FROM FINANCING ACTIVITIES |           |           |
| Principal payments of capital lease obligation | $(55,556)  | -         |
| NET CASH USED IN FINANCING ACTIVITIES | $(55,556)  | -         |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | $641,918   | $(378,951) |

| CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR | 429,951 | 808,902 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | $1,071,869 | $429,951 |

| NONCASH INVESTING AND FINANCE ACTIVITIES |           |           |
| Acquisition of furniture and equipment | $142,113  | -         |
| Capital lease obligation               | $(142,113) | -         |
| Lease incentives                        | -         | $172,450  |
| Deferred lease incentives               | -         | $(172,450) |

The accompanying notes are an integral part of these financial statements.
I. Organization and Summary of Significant Accounting Policies

Organization
The American Association for Laboratory Accreditation (A2LA) is a nonprofit organization organized and operated under Section 501(c)(3) of the Internal Revenue Code. A2LA promotes scientific research and testing for public safety in all classes of technology by accrediting laboratories and otherwise furthering scientific research and testing for the public interest and welfare. The activities of A2LA are funded primarily through program service revenue.

Basis of Accounting
The financial statements of A2LA are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Consequently, revenue is recognized when earned and expenses are recognized when the obligations are incurred.

New Accounting Pronouncements and Changes in Accounting Policy
Effective January 1, 2009, A2LA adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 105-10, FASB Codification (the Codification). The Codification is the single source of authoritative U.S. generally accepted accounting principles (GAAP). Accordingly, references to GAAP have been updated for the appropriate Codification reference.

Cash and Cash Equivalents
For purposes of the statement of cash flows, A2LA considers all demand deposits and money market accounts to be cash equivalents.

Investments
Investments are carried at fair value and comprised of certificates of deposit, equity and fixed income mutual funds. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Interest, dividends and realized gains and losses are included in the accompanying consolidated statement of activities when earned. Fluctuations in the market value of the portfolio are recorded as unrealized gains and losses.

Furniture, Equipment and Related Depreciation
Furniture and equipment are stated at cost. Depreciation is provided using the straight-line method over estimated useful lives of three to ten years, with no salvage value. Expenditures for major repairs and improvements are capitalized; expenditures for minor repairs and maintenance costs are expensed as incurred. Upon the retirement or disposal of assets, the resulting gain or loss is included in revenue or expense.

Classification of Net Assets
Unrestricted net assets represent the portion of expendable funds that are available for A2LA’s operations.

Revenue Recognition
A2LA receives application fees to initiate the accreditation and reaccreditation process. It is A2LA’s policy that in the event an applicant withdraws their application for accreditation or reaccreditation before the completion of the assessment process, they may apply for a refund of 50% of the annual fee and all of the assessor deposits less all costs incurred to date in the assessment process. The application fee is nonrefundable. The annual fee and assessor deposits held are not to be used
for any other purposes.

Therefore, half of the annual fee is recorded as revenue upon its receipt by A2LA, while the remaining half is recorded as a refundable advance until the completion of the assessment process. Assessor deposits are deferred until the assessment is complete. At that time, the assessor deposit is recognized as revenue. When assessor expenses exceed the deposits received, the applicant is invoiced and this amount is included in accounts receivable in the accompanying statement of financial position. If the deposits received exceed assessor expenses, they are included in accounts payable in the accompanying statement of financial position until a refund is made to the applicant. Effective January 1, 2009, A2LA’s initial application fee and the annual fee increased.

Membership dues are recorded as revenue on the day the membership period commences. Any membership dues received prior to the commencement are recorded as deferred membership dues.

**Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**2. Accounts Receivable**

Accounts receivable were comprised of the following as of December 31, 2009 and 2008:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accreditation</td>
<td>$765,908</td>
<td>$799,029</td>
</tr>
<tr>
<td>Training</td>
<td>36,868</td>
<td>12,184</td>
</tr>
<tr>
<td>Agreements</td>
<td>-</td>
<td>2,227</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>802,776</td>
<td>813,440</td>
</tr>
<tr>
<td><strong>Less: Allowance for doubtful accounts</strong></td>
<td>(10,311)</td>
<td>(10,311)</td>
</tr>
<tr>
<td><strong>Accounts receivable, net</strong></td>
<td>$792,465</td>
<td>$803,129</td>
</tr>
</tbody>
</table>
3. Investments

A2LA adopted FASB ASC topic on *Fair Value Measurements* for financial assets measured on a recurring basis, effective January 1, 2008. The ASC topic establishes a framework for measuring fair value in accordance with GAAP and expands disclosures about fair value measurements. The topic emphasizes that fair value is a market-based measurement, not an entity-specific measurement and, therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, the ASC topic on fair value established a fair value hierarchy based upon the transparency of the inputs to the valuation of an asset or liability. These inputs may be observable, whereby the market participant assumptions are developed based on market data obtained from independent sources, and unobservable, whereby assumptions about market participant assumptions are developed by the reporting entity based on the best information available in the circumstances. The three levels of the fair value hierarchy under ASC topic are described as follows:

**Level 1**—inputs based on quoted prices (unadjusted) in active markets for identical assets or liabilities accessible at the measurement date.

**Level 2**—inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, such as quoted prices for similar assets or liabilities in active markets.

**Level 3**—unobservable inputs for the asset or liability including the reporting entity’s own assumptions in determining the fair value measurement.

The following table summarizes A2LA’s assets measured at fair value on a recurring basis as of December 31:

<table>
<thead>
<tr>
<th>Year</th>
<th>Equity</th>
<th>Fixed Income</th>
<th>Total Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fair Value</td>
<td>Active Markets for Identical Assets/ Liabilities (Level 1)</td>
<td>Quoted Prices in Significant Other Observable Inputs (Level 2)</td>
</tr>
<tr>
<td>2009</td>
<td>$ 1,624,996</td>
<td>$ 1,624,996</td>
<td>$ 721,652</td>
</tr>
<tr>
<td></td>
<td>$ 721,651</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,346,647</td>
<td>$ 1,624,996</td>
<td>$ 721,652</td>
</tr>
<tr>
<td>2008</td>
<td>$ 1,447,797</td>
<td>$ 1,447,797</td>
<td>$</td>
</tr>
<tr>
<td></td>
<td>$ 486,630</td>
<td>-</td>
<td>$ 486,630</td>
</tr>
<tr>
<td></td>
<td>$ 266,879</td>
<td>-</td>
<td>$ 266,879</td>
</tr>
<tr>
<td>Total</td>
<td>$ 2,201,306</td>
<td>$ 1,447,797</td>
<td>$ 753,509</td>
</tr>
</tbody>
</table>

Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include money market funds, common stock and equities. If quoted market prices are not available, then fair values are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows. These instruments, which would generally be classified within Level 2 of the valuation hierarchy, include the certificates of deposit and corporate bonds.
Investment income is summarized as follows for the years ended December 31, 2009 and 2008:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrealized gains (losses)</td>
<td>$ 962,563</td>
<td>$(720,863)</td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>80,455</td>
<td>107,559</td>
</tr>
<tr>
<td>Realized losses</td>
<td>(578,255)</td>
<td>(78,971)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>464,763</td>
<td>(692,275)</td>
</tr>
<tr>
<td>Investment management fees</td>
<td>(11,536)</td>
<td>(14,293)</td>
</tr>
<tr>
<td><strong>Investment income (losses), net of fees</strong></td>
<td>$ 453,227</td>
<td>$(706,568)</td>
</tr>
</tbody>
</table>

Included in investment income is interest earned on cash and cash equivalents of $6,823 and $5,380 for the years ended December 31, 2009 and 2008, respectively.

4. Furniture, Equipment and Accumulated Depreciation and Amortization

A2LA held the following furniture and equipment as of December 31, 2009 and 2008:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Furniture and equipment</td>
<td>$ 461,604</td>
<td>$ 305,903</td>
</tr>
<tr>
<td>Computer equipment</td>
<td>226,969</td>
<td>243,376</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>189,457</td>
<td>189,457</td>
</tr>
<tr>
<td><strong>Total furniture and equipment</strong></td>
<td>878,030</td>
<td>738,736</td>
</tr>
<tr>
<td>Less: Accumulated depreciation and amortization</td>
<td>(498,168)</td>
<td>(398,519)</td>
</tr>
<tr>
<td><strong>Net furniture and equipment</strong></td>
<td>$ 379,862</td>
<td>$ 338,557</td>
</tr>
</tbody>
</table>

Depreciation and amortization expense was $149,064 and $100,339 for the years ended December 31, 2009 and 2008, respectively.

5. Commitments and Risks

Capital Leases

A2LA leases equipment under an arrangement classified as a capital lease for financial reporting purposes. The lease expires in October 2012. The leased asset is included in furniture and fixtures at a total cost of $142,113 with accumulated amortization of $61,582 as of December 31, 2009. Amortization expense for the furniture and fixtures acquired through the capital lease was $55,555 for the year ended December 31, 2009, and is included in the accompanying statement of activities.
As of December 31, 2009, future minimum payments under the capital leases are as follows:

<table>
<thead>
<tr>
<th>Fiscal Years Ending</th>
<th>December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$ 33,768</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>33,768</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>28,140</td>
</tr>
<tr>
<td>Total future lease commitments</td>
<td></td>
<td>95,676</td>
</tr>
<tr>
<td>Lease amount representing interest</td>
<td></td>
<td>(9,119)</td>
</tr>
<tr>
<td>Present value of minimum lease payments</td>
<td></td>
<td>$ 86,557</td>
</tr>
</tbody>
</table>

Operating Leases

On February 22, 2008, A2LA entered into a seven-year, noncancellable lease for its existing office space, which commenced February 26, 2008. On the first day of the second year of the lease, and on the anniversary date of each new lease year, the rent will be adjusted to reflect the annual percentage change in the Consumer Price Index provided, however, that the increase shall not be less than 3.5% and not be greater than 6.5%. The landlord also provided $172,450 in tenant improvements in connection with the execution of the lease in 2008. The tenant improvement allowance of $172,450 has been capitalized as property and equipment and is being amortized on a straight-line basis over the term of the lease. The tenant improvement allowance was presented as lease incentive in the accompanying statement of financial position and is being recognized on a straight-line basis over the lease term.

As of December 31, 2009, future minimum lease payments required under this operating lease are as follows:

<table>
<thead>
<tr>
<th>For the Year Ending</th>
<th>December 31,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>$ 296,137</td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td>306,502</td>
</tr>
<tr>
<td>2011</td>
<td></td>
<td>317,229</td>
</tr>
<tr>
<td>2012</td>
<td></td>
<td>328,332</td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td>396,781</td>
</tr>
<tr>
<td>2014 and thereafter</td>
<td></td>
<td>1,644,981</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>$ 1,644,981</td>
</tr>
</tbody>
</table>

Total expense under the operating lease was $333,582 and $273,659 for the years ended December 31, 2009 and 2008, respectively.

Concentration of Risk

A2LA’s cash is comprised of an amount held in one financial institution. While the amount, at times, exceeds the amount guaranteed by federal agencies and therefore bears some risk, A2LA has not experienced nor does it anticipate any loss of funds. The amounts in excess of the Federal Deposit Insurance Corporation (FDIC) limit of $250,000 were $480,778 and $64,454 as of December 31, 2009 and 2008, respectively.
Line of Credit
A2LA has entered into an unsecured line of credit agreement with a bank for $250,000, which expires May 30, 2010. Amounts drawn on this line accrue interest at the prime rate, which, at December 31, 2009 and 2008 was 3.25% and 4.401%, respectively. There are no amounts outstanding under the line of credit as of December 31, 2009 and 2008.

6. Cash Surrender Value of Life Insurance
A2LA maintains a supplemental retirement program for a key executive, which is funded through a split-dollar life insurance policy that is owned by the executive and paid for by A2LA. Currently, the cumulative premium payments approximate the cash surrender value of the policy and will remain an asset of A2LA until the executive reaches the age of 65.

7. Pension Plan
A2LA has a defined contribution pension plan under Internal Revenue Code Section 403(b) covering substantially all of its employees. The plan is currently funded by both employer and employee contributions. All contributions are used to purchase tax-deferred annuities and are fully vested in the event of withdrawal from the plan. The employer contributes 10% of eligible employees’ base salary to the plan annually. Total contributions made to the plan were $392,020 and $225,582 during the years ended December 31, 2009 and 2008, respectively.

8. Income Taxes
Under Section 501(c)(3) of the Internal Revenue Code, A2LA is a nonprofit scientific organization and is exempt from federal taxes on income other than net unrelated business income. No provision for federal or state income taxes is required as of December 31, 2009 and 2008, as A2LA had no taxable net unrelated business income.

Effective January 1, 2009, A2LA adopted the authoritative guidance relating to accounting for uncertainty in income taxes included in ASC Topic Income Taxes. These provisions provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity’s financial statements and prescribe a threshold of “more likely than not” for recognition and derecognition of tax positions taken or expected to be taken in a tax return. A2LA performed an evaluation of uncertain tax positions for the year ended December 31, 2009, and determined that there were no matters that would require recognition in the financial statements or which may have any affect on its tax-exempt status. As of December 31, 2009, the statute of limitations for tax years 2006 through 2008 remains open with the U.S. federal jurisdiction or the various states and local jurisdictions in which A2LA files tax returns.

9. Reclassifications
Certain amounts for 2008 have been reclassified to conform to the 2009 presentation.

10. Subsequent Events
In preparing these financial statements, A2LA has evaluated events and transactions for potential recognition or disclosure through April 28, 2010, the date the financial statements were available to be issued.
Supplemental Information
### AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION

**SCHEDULE OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2009

<table>
<thead>
<tr>
<th>Program Services</th>
<th>Total Program Services</th>
<th>Management and General</th>
<th>2009 Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accreditations and Viability Assessment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costs</td>
<td>$4,413,181</td>
<td></td>
<td>$4,413,181</td>
</tr>
<tr>
<td>Training</td>
<td>$ -</td>
<td></td>
<td>$ -</td>
</tr>
<tr>
<td>Program</td>
<td>73,955</td>
<td></td>
<td>73,955</td>
</tr>
<tr>
<td>Membership</td>
<td>12,341</td>
<td></td>
<td>12,341</td>
</tr>
<tr>
<td>Projects</td>
<td>6,507</td>
<td></td>
<td>6,507</td>
</tr>
<tr>
<td>Total</td>
<td>$1,812,226</td>
<td></td>
<td>$1,812,226</td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>$1,812,226</td>
<td></td>
<td>$1,812,226</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>$333,582</td>
<td></td>
<td>$333,582</td>
</tr>
<tr>
<td>A2LA public training expense</td>
<td>$281,959</td>
<td></td>
<td>$281,959</td>
</tr>
<tr>
<td>Marketing</td>
<td>$170,610</td>
<td></td>
<td>$170,610</td>
</tr>
<tr>
<td>Conclave expense</td>
<td>$163,257</td>
<td></td>
<td>$163,257</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>$149,064</td>
<td></td>
<td>$149,064</td>
</tr>
<tr>
<td>Technical support</td>
<td>$104,705</td>
<td></td>
<td>$104,705</td>
</tr>
<tr>
<td>Office expense</td>
<td>$23,810</td>
<td></td>
<td>$23,810</td>
</tr>
<tr>
<td>Accounting</td>
<td>$86,771</td>
<td></td>
<td>$86,771</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>$74,999</td>
<td></td>
<td>$74,999</td>
</tr>
<tr>
<td>Travel</td>
<td>$66,101</td>
<td></td>
<td>$66,101</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>$63,832</td>
<td></td>
<td>$63,832</td>
</tr>
<tr>
<td>Postage</td>
<td>$43,212</td>
<td></td>
<td>$43,212</td>
</tr>
<tr>
<td>Recognition expense</td>
<td>$42,484</td>
<td></td>
<td>$42,484</td>
</tr>
<tr>
<td>Insurance</td>
<td>$39,606</td>
<td></td>
<td>$39,606</td>
</tr>
<tr>
<td>Legal</td>
<td>$39,108</td>
<td></td>
<td>$39,108</td>
</tr>
<tr>
<td>A2LA staff billable</td>
<td>$36,302</td>
<td></td>
<td>$36,302</td>
</tr>
<tr>
<td>Software licenses/renewals</td>
<td>$29,505</td>
<td></td>
<td>$29,505</td>
</tr>
<tr>
<td>Board activities</td>
<td>$23,385</td>
<td></td>
<td>$23,385</td>
</tr>
<tr>
<td>Neptune PT database maintenance</td>
<td>$19,010</td>
<td></td>
<td>$19,010</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>$18,543</td>
<td></td>
<td>$18,543</td>
</tr>
<tr>
<td>Small equipment purchases</td>
<td>$18,383</td>
<td></td>
<td>$18,383</td>
</tr>
<tr>
<td>A2LA staff training expense</td>
<td>$17,184</td>
<td></td>
<td>$17,184</td>
</tr>
<tr>
<td>Printing and duplication</td>
<td>$14,079</td>
<td></td>
<td>$14,079</td>
</tr>
<tr>
<td>NVCASE evaluation expense</td>
<td>$13,957</td>
<td></td>
<td>$13,957</td>
</tr>
<tr>
<td>Freight and delivery</td>
<td>$12,762</td>
<td></td>
<td>$12,762</td>
</tr>
<tr>
<td>Temporary help</td>
<td>$12,742</td>
<td></td>
<td>$12,742</td>
</tr>
<tr>
<td>Membership dues</td>
<td>$11,458</td>
<td></td>
<td>$11,458</td>
</tr>
<tr>
<td>Off-site storage</td>
<td>$6,730</td>
<td></td>
<td>$6,730</td>
</tr>
<tr>
<td>Moving and renovation expenses</td>
<td>$1,574</td>
<td></td>
<td>$1,574</td>
</tr>
<tr>
<td>Loss on disposal of equipment</td>
<td>$1,429</td>
<td></td>
<td>$1,429</td>
</tr>
<tr>
<td>Equipment verification</td>
<td>$339</td>
<td></td>
<td>$339</td>
</tr>
<tr>
<td>Management and general allocation</td>
<td>$2,192,371</td>
<td></td>
<td>$2,192,371</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

| | $8,758,492 | $312,146 | $236,591 | $33,127 | $16,230 | $9,356,586 | $392,175 | $9,748,761 |
| | | | | | | | | |

38 2009 Annual Report
### AMERICAN ASSOCIATION FOR LABORATORY ACCREDITATION

#### SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008

<table>
<thead>
<tr>
<th>Costs</th>
<th>Program</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accreditations and Assessment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries and benefits</td>
<td>1,642,265</td>
<td>3,125,786</td>
</tr>
<tr>
<td>Rent and utilities</td>
<td>194,059</td>
<td>273,659</td>
</tr>
<tr>
<td>Marketing</td>
<td>-</td>
<td>234,979</td>
</tr>
<tr>
<td>A2LA public training expense</td>
<td>- 233,488</td>
<td>233,488</td>
</tr>
<tr>
<td>Technical support</td>
<td>188,676</td>
<td>218,570</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>-</td>
<td>158,880</td>
</tr>
<tr>
<td>Travel</td>
<td>-</td>
<td>100,339</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>-</td>
<td>72,231</td>
</tr>
<tr>
<td>Office expense</td>
<td>-</td>
<td>65,257</td>
</tr>
<tr>
<td>Accounting</td>
<td>-</td>
<td>63,090</td>
</tr>
<tr>
<td>Printing and duplication</td>
<td>-</td>
<td>50,554</td>
</tr>
<tr>
<td>Credit card fees</td>
<td>42,747</td>
<td>50,416</td>
</tr>
<tr>
<td>Postage</td>
<td>-</td>
<td>47,717</td>
</tr>
<tr>
<td>Recognition expense</td>
<td>44,246</td>
<td>44,246</td>
</tr>
<tr>
<td>Insurance</td>
<td>-</td>
<td>33,831</td>
</tr>
<tr>
<td>A2LA staff billable</td>
<td>15,533</td>
<td>31,562</td>
</tr>
<tr>
<td>Legal</td>
<td>-</td>
<td>28,124</td>
</tr>
<tr>
<td>Temporary help</td>
<td>-</td>
<td>23,490</td>
</tr>
<tr>
<td>Board activities</td>
<td>-</td>
<td>21,278</td>
</tr>
<tr>
<td>Freight and delivery</td>
<td>-</td>
<td>17,228</td>
</tr>
<tr>
<td>Moving and renovation expenses</td>
<td>-</td>
<td>16,700</td>
</tr>
<tr>
<td>Small equipment purchases</td>
<td>-</td>
<td>13,578</td>
</tr>
<tr>
<td>A2LA staff training expense</td>
<td>-</td>
<td>13,346</td>
</tr>
<tr>
<td>Software licenses/renewals</td>
<td>-</td>
<td>12,346</td>
</tr>
<tr>
<td>Membership dues</td>
<td>-</td>
<td>8,921</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td>-</td>
<td>7,762</td>
</tr>
<tr>
<td>Off-site storage</td>
<td>-</td>
<td>6,330</td>
</tr>
<tr>
<td>NVCASE evaluation expense</td>
<td>6,000</td>
<td>6,000</td>
</tr>
<tr>
<td>Bad debt expense</td>
<td>-</td>
<td>3,197</td>
</tr>
<tr>
<td>Equipment verification</td>
<td>708</td>
<td>708</td>
</tr>
<tr>
<td>Foreign income tax withheld</td>
<td>241</td>
<td>241</td>
</tr>
<tr>
<td>Management and general allocation</td>
<td>1,894,654</td>
<td>(1,996,628)</td>
</tr>
</tbody>
</table>

**TOTAL EXPENSES**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>$8,791,900</td>
<td>$ 319,171</td>
<td>$ 352,343</td>
</tr>
<tr>
<td>$ 164,184</td>
<td>$ 26,843</td>
<td>$ 9,335,877</td>
</tr>
<tr>
<td>$ 33,779</td>
<td></td>
<td>$ 9,688,220</td>
</tr>
</tbody>
</table>