

Report of the Treasurer for 1979-1981

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This report covers the period between January 1, 1979, and December 31, 1981. Preparation of the reports for these three years has been delayed because of severe problems with the accounting during 1979-1980, due to rapid turnover in the accounting staff at the business office. Accurate data for 1979-1980 were not available until the accounts had been audited by an outside auditor (Touche Ross and Co.) in mid 1981. Preparation of the 1979-1980 report was delayed until the 1981 accounts as well had been audited by an outside firm (M. B. Hariton and Co.), in order to incorporate some adjustments necessitated by incorrect crediting of dues and contributions during 1979-1980. Copies of both audit reports are on file at the Society's business office.

The financial statements given in this report are taken from the audit reports and incorporate the adjustments suggested by the auditors. The audit for 1979-1980 was a combined audit, giving only totals for the two-year period. Although the figures are broken down in this report into individual 1979 and 1980 statements to give a general picture of the changes in Society activities during the two years, only the totals for the two-year period are accurate. Other inaccuracies in the figures reported herein arise from the fact that in some cases income and expenses were not entered in the year to which they applied. For example, the 1980 Crystallography research grant was not paid until 1981, and the 1980 dues income probably incorporates dues from both 1979 and 1981 as well as 1980. In addition, most contributions for the Mineralogy-Petrology and Crystallography Funds received in 1979 were mistakenly attributed to the Endowment Fund; this mistake was not corrected until 1981. For these reasons, the stated income and expenses in a given year may not be entirely accurate, although the totals for the three-year period are accurate. I am confident that most of the problems with the accounting have finally been resolved and the fund balances as of the end of 1981 are accurate; Council ratified these balances at its meeting on October 17, 1982. I wish to thank our accounting and finance staff, in particular Vincent Gallo and Ethel Dawson, for their efforts at correcting the problems created by their predecessors and returning the Society books and accounting procedures to a sound basis.

The financial statements presented in this report consist of a balance sheet (Table 1), a summary statement of

income and expense (Table 2), and a breakdown of activity in each of the Society's five funds (Tables 3-7). The five funds are as follows. The *General Operating Fund* accounts for publication of the *American Mineralogist*, general administration of the Society, and other Society activities (such as awarding of the Roebing medal and MSA award, payment of dues and contributions to IMA and AGI, partial support of a Congressional Fellow, and sponsorship of a symposium at the annual meeting). The *Revolving Fund* accounts for publication of the *Reviews in Mineralogy* (formerly Short Course Notes) and convening of the Short Courses. The *Crystallography Fund* (Kraus-Glass Fund) supports awarding of a biennial research grant in crystallography. The *Mineralogy-Petrology Fund* supports awarding of a biennial research grant in mineralogy-petrology. The *Endowment Fund* is the Society's reserve; income from this Fund pays annual dues for life members, contributes to the general Society operations, and is used for special needs

Table 1. Balance sheet

| | Dec. 31, 1979 | Dec. 31, 1980 | Dec. 31, 1981 |
|------------------------------|------------------|------------------|------------------|
| CURRENT ASSETS | | | |
| Cash - checking | | \$59061 | \$15675 |
| Cash - savings | NO | 417 | --- |
| Money market fund | AUDIT | 50014 | 48873 |
| Investments at cost* | | 463075 | 490757 |
| Accounts receivable | | | 16653 |
| Prepaid expense | | 14685 | 1000 |
| TOTAL | | \$587252 | \$572908 |
| CURRENT LIABILITIES | | | |
| Accounts payable | | | \$49116 |
| Other payables | NO | 64517 | 2808 |
| Min. Abs./Jour. Petrol. | AUDIT | | 12876 |
| Prepaid dues | | | 22932 |
| Prepaid subscriptions | | 94659 | 54674 |
| TOTAL | | \$159176 | \$147326 |
| FUND BALANCES | | | |
| General Operating Fund | \$83623 | \$75713 | \$44565 |
| Revolving Fund | 11608 | 12160 | 14773 |
| Endowment Fund | 282275 | 309396 | 333072 |
| Crystallography Fund | 22410 | 25427 | 26939 |
| Min.-Pet. Fund | 2440 | 5380 | 6233 |
| NET WORTH | \$402356 | \$428077 | \$425582 |
| *Investments at market value | \$557999 | \$804172 | \$697480 |

Table 2. Summary statement of income and expense

| | 1979 | 1980 | 1981 |
|----------------------------|----------|----------|----------|
| INCOME | | | |
| Dues* | \$40063 | \$45081 | \$43798 |
| New life members | 800 | 800 | 2800 |
| American Mineralogist | 128726 | 132288 | 127745 |
| Short courses | 2341 | 7614 | 21835 |
| Sales of Reviews in Min. | 7299 | 24068 | 48305 |
| Contributions | 4024 | 3375 | 1857 |
| Investments | | | |
| Money fund interest | 5507 | 4399 | 5858 |
| Portfolio div./int.* | 23698 | 19950 | 20411 |
| Capital gain (loss) | (6896) | 38568 | 44847 |
| Miscellaneous | 595 | 3617 | 959 |
| TOTAL | \$206157 | \$279760 | \$318415 |
| EXPENSE | | | |
| Administration | \$27335 | \$49830 | \$64416 |
| Dues & contrib. (IMA, AGI) | 3200 | 3289 | 5278 |
| Awards (Roebing, MSA) | 1359 | 2663 | 1688 |
| Min. Soc. Gr. Brit. & Ire. | --- | --- | 3077 |
| American Mineralogist | 144970 | 165078 | 171193 |
| Reviews in Mineralogy | 6725 | 16977 | 37663 |
| Short courses | 3258 | 9160 | 23921 |
| Research grants | --- | --- | 3000 |
| Investment advisory fees | 4966 | 7042 | 10672 |
| TOTAL | \$191813 | \$254039 | \$320907 |
| INCOME LESS EXPENSE | \$14344 | \$25721 | \$(2492) |

*Annual life member and life fellow dues, transferred from Endowment Fund, not included

(such as payment of one-half of the 1981 deficit incurred by Mineralogical Abstracts, which the Society owns jointly with the Mineralogical Society of Great Britain and Ireland).

Table 3. General Operating Fund statement of income and expense

| | 1979 | 1980 | 1981 |
|-----------------------------|----------|----------|-----------|
| INCOME | | | |
| Dues | | | |
| Members and fellows | \$37083 | \$42440 | \$39737 |
| Students | 2132 | 2331 | 3275 |
| Prior years | 848 | 310 | 786 |
| Life (from Endowment Fund) | 4420 | 5860 | 5862 |
| American Mineralogist | 128726 | 132288 | 127745 |
| Investments | | | |
| Money fund interest | 5507 | 4399 | 5858 |
| Portfolio div./int.* | 3410 | 2683 | 1601 |
| Capital gain (loss) | (1255) | 8016 | 13357 |
| Transfer from Endowment** | 6775 | 4528 | 3439 |
| Miscellaneous | 595 | 3617 | 959 |
| TOTAL | \$188241 | \$206472 | \$202619 |
| EXPENSE | | | |
| Administration | 26159 | 43352 | 55608 |
| American Mineralogist | 144970 | 165078 | 171193 |
| Dues & contrib. (IMA, AGI) | 3200 | 3289 | 5278 |
| Awards (Roebing, MSA) | 1359 | 2663 | 1688 |
| TOTAL | \$175688 | \$214382 | \$233767 |
| INCREASE (DECREASE) IN FUND | \$12553 | \$(7910) | \$(31148) |
| OPENING FUND BALANCE | \$71070 | \$83623 | \$75713 |
| CLOSING FUND BALANCE | \$83623 | \$75713 | \$44565 |

* Div./int. income reported represents div./int. income less investment advisory fees

**1/2 (div./int. income less investment advisory fees) earned by Endowment Fund

Table 4. Revolving Fund statement of income and expense

| | 1979 | 1980 | 1981 |
|-----------------------------|----------|---------|---------|
| INCOME | | | |
| Sales of Reviews in Min. | \$7299 | \$24068 | \$48305 |
| Short courses | 2341 | 7614 | 21835 |
| Investments | | | |
| Portfolio div./int.* | 611 | 372 | 573 |
| Capital gain (loss) | (225) | 1113 | 2292 |
| TOTAL | \$10026 | \$33167 | \$73005 |
| EXPENSE | | | |
| Publication & distribution | \$6725 | \$16977 | \$37663 |
| Short courses | 3258 | 9160 | 23921 |
| Administration | 1176 | 6478 | 8808 |
| TOTAL | \$11159 | \$32615 | \$70392 |
| INCREASE (DECREASE) IN FUND | \$(1133) | \$552 | \$2613 |
| OPENING FUND BALANCE | \$12741 | \$11608 | \$12160 |
| CLOSING FUND BALANCE | \$11608 | \$12160 | \$14773 |

*Div./int. reported represents div./int. income less investment advisory fees

The General Operating Fund was established a few years after the last dues increase, which took place in 1973. The 1973 dues increase produced a considerable excess of income over expenses. The General Operating Fund was established as a means of saving this excess money to use in subsequent years, after expenses had increased to the point where they exceeded income, in order to postpone the next dues increase as long as possible. Income in the Fund continued to exceed expenses through the end of 1979. In 1980-1981, costs rose rapidly and expenses exceeded income. Cost of Society administration rose from \$27335 in 1979 to \$64416 in 1981 and is budgeted at \$75500 for 1982. Cost of production of the American Mineralogist rose rapidly, from \$118.62 per page in 1978 to \$170.98 in 1981 (page charge income

Table 5. Endowment Fund statement of income and expense

| | 1979 | 1980 | 1981 |
|-------------------------------------|----------|----------|----------|
| INCOME | | | |
| Contributions | \$1656 | \$597 | \$(115) |
| New life members | 800 | 800 | 2800 |
| Investments | | | |
| Portfolio div./int.* | 13553 | 9056 | 6862 |
| Capital gain (loss) | (4989) | 27056 | 26507 |
| Transfers to General Operating Fund | | | |
| Life member dues | (4420) | (5860) | (5862) |
| 1/2 div./int. above | (6775) | (4528) | (3439) |
| TOTAL | \$(175) | \$27121 | \$26753 |
| EXPENSE | | | |
| Transfer to MSGB&I | --- | --- | \$3077 |
| TOTAL | --- | --- | \$3077 |
| INCREASE (DECREASE) IN FUND | \$(175) | \$27121 | \$23676 |
| OPENING FUND BALANCE | \$282450 | \$282275 | \$309396 |
| CLOSING FUND BALANCE | \$282275 | \$309396 | \$333072 |

*Div./int. reported represents div./int. income less investment advisory fees

Table 6. Crystallography Fund* statement of income and expense

| | 1979 | 1980 | 1981 |
|-----------------------------|---------|---------|---------|
| INCOME | | | |
| Contributions | --- | \$150 | \$253 |
| Investments | | | |
| Div./int.** | 1044 | 719 | 565 |
| Capital gain (loss) | (384) | 2148 | 2194 |
| TOTAL | \$660 | \$3017 | \$3012 |
| EXPENSE | | | |
| Research grant | --- | --- | \$1500† |
| TOTAL | --- | --- | \$1500 |
| INCREASE (DECREASE) IN FUND | \$660 | \$3017 | \$1512 |
| OPENING FUND BALANCE | \$21750 | \$22410 | \$25427 |
| CLOSING FUND BALANCE | \$22410 | \$25427 | \$26939 |

*Edward H. Kraus Crystallographic Research Fund (64% of Fund) and Jewell J. Glass Memorial Legacy (36% of Fund)
 **Div./int. income reported represents div./int. income less investment advisory fees
 †1980 grant paid in 1981

Table 7. Mineralogy-Petrology Fund statement of income and expense

| | 1979 | 1980 | 1981 |
|-----------------------------|--------|--------|--------|
| INCOME | | | |
| Contributions | \$2368 | \$2628 | \$1719 |
| Investments | | | |
| Portfolio div./int.* | 114 | 78 | 139 |
| Capital gain (loss) | (42) | 234 | 495 |
| TOTAL | \$2440 | \$2940 | \$2353 |
| EXPENSE | | | |
| Research grant | --- | --- | \$1500 |
| TOTAL | --- | --- | \$1500 |
| INCREASE (DECREASE) IN FUND | \$2440 | \$2940 | \$853 |
| OPENING FUND BALANCE | 0 | \$2440 | \$5380 |
| CLOSING FUND BALANCE | \$2440 | \$5380 | \$6233 |

*Div./int. income reported represents div./int. income less investment advisory fees

ranged between \$15 and \$22 per page in 1978-1981). Consequently, the excess money in the General Operating Fund will be exhausted by the end of 1982, at which time increases in dues and subscription rates are necessary. The new rate structure (presented in the Report of the Secretary, issue #5-6 of the *American Mineralogist*, 1982) was designed only to meet anticipated costs in 1983, and it now appears that 1983 costs were underestimated. It is likely that another increase in dues and subscription rates will be necessary for 1984.

The Revolving Fund was also established soon after the last dues increase and was intended to be self supporting. The Short Courses typically show small losses, but sales of the Reviews in Mineralogy have been very high over the last year and a half, more than making up the losses. In addition to the Fund balance, the Fund had assets at the end of 1981 of \$71400 (at sales price) in the form of printed volumes on hand of Reviews of Mineralogy.

The assets of the Endowment Fund (and the Crystallography and Mineralogy-Petrology Funds as well) are invested in a portfolio managed by William Campbell and

Co. Until May, 1980, growth of this portfolio was phenomenal, but since that date the general downward plunge of the stock market has greatly decreased the market value of the Society's investments. At its peak, in mid 1980, the Endowment Fund had a market value representing 2.3 times the annual expenses of the Society; as of the end of August, 1982, however, the market value of the Endowment Fund was only 1.1 times the annual expenses of the Society. This change is due not only to the stock market slump but also to a considerable increase in the annual expenses of the society since the end of 1979.

Despite the general negative tone of this report, the Mineralogical Society of America is still basically in a sound financial position. Costs of Society activities and publishing ventures are rising rapidly, however. During the next decade, increases in dues and subscription rates will be much more frequent than in the last decade, and constant monitoring of Society activities will be necessary to ensure a proper balance between income and expenses.