

Report of the Treasurer for 1983

This report summarizes the financial activity of the Mineralogical Society of America for the calendar year 1983. The financial statements have been audited by M. B. Hariton and Co., and a copy of the audit report is on file at the Society's business office. The financial statements given herein are taken from the audit report. The statements consist of a balance sheet (Table 1), a summary statement of income and expense for 1983 compared to 1982 (Table 2), a statement of 1983 income and expense for the Society's Funds (Table 3), and a statement of 1983 income and expense for the various subactivities of the General Operating Fund (Table 4).

The summary statement of income and expense (Table 2) shows that the Society's financial condition was much better in 1983 than in 1982. Income was much greater than in 1982, largely as a result of increased dues and subscription rates, and expenses decreased slightly. Thus, the Society made a profit of \$81,148 in 1983, compared to a profit of \$14,104 in 1982. It should be noted, however, that most of the 1983 profit was derived from investments; profit derived from operations only amounted to \$10,000.

Examination of the statements for the Society's Funds provides the best means for evaluating the Society's current financial status and predicting the future. The Society has four Funds. The *General Operating Fund* accounts for all aspects of Society operations and consists of five subactivities (Table 4): 1) Administration; 2) Member Activities; 3) The American Mineralogist; 4) Reviews in Mineralogy; and 5) Short Courses. (In past years, the publication of Reviews volumes and the convening of Short Courses were accounted for under a separate Fund, the Revolving Fund, but at the beginning of 1983 this Fund was merged into the General Operating Fund.) The *Crystallography Fund* and *Mineralogy-Petrology Fund* provide biennial research grants awarded to promising young scientists. The *Endowment Fund* acts as a reserve for the Society, and its income provides support for Society operations and special projects. The 1983 financial activity and year-end status of each of these four Funds are outlined below.

The *General Operating Fund* (Table 4) fared far better in 1983 than did the General Operating and Revolving Funds together in 1982. The Fund increased by \$53,419 in 1983 (the two former Funds had a combined deficit of \$27,176 in 1982) and ended the year with a balance of \$85,581. During 1983, the securities representing the General Operating Fund's share of the portfolio managed by Wm. Campbell and Co. were sold, and the proceeds were placed in the same money-market account as the advance dues and subscription payments. Through this sale of securities, the Fund realized \$17,603 in capital gains. No capital gains income will be possible for the Fund in the future, however, because all securities held by the Fund have been sold.

The combined *Administration* and *Member Activities* subactivities of the General Operating Fund have shown rapidly increasing costs over the past few years—costs that have been increasing at a faster rate than the costs of any of the other Society activities (see Treasurer's Report for 1982, *The American Mineralogist*, for a list of items charged to these subactivities). The combined costs of these two subactivities represented 19% of the Society's operating costs in 1982, 23% in 1983, and are budgeted at 27% in 1984. A major source of this increase is a rapid increase in cost of AGU services (under a contract arrangement, AGU

handles all MSA business). The Council is concerned about these costs and over the next few years will be working to reduce them.

The American Mineralogist showed a profit of \$32,921 in 1983, in comparison to a deficit of \$19,335 in 1982. Income for the journal rose substantially because of increases in dues and subscription rates. The collection of a greater percentage of applicable page charges also increased revenue (\$26 per page was collected in 1983 compared to approximately \$20 in 1982). Editorial costs were about the same as in 1982, whereas costs of composition, printing and mailing decreased. Charges for AGU services increased considerably. The cost of publishing the journal increased to \$185 per page in 1983 (compared to \$169 in 1982), but total direct costs did not increase because fewer pages were published (largely because type size was decreased). It should be noted that, even with the increased revenue, the journal showed a small operating deficit, and its profit can be attributed entirely to investment income. About half of this investment income came from a stable, long-term source—interest earned on advance dues and subscription payments. The other half of the investment income came from a source that has been eliminated—capital gains. Accordingly, in 1984 the journal will probably show only a small profit.

Reviews in Mineralogy showed a profit of \$19,553 in 1983, in comparison to a deficit of \$10,331 in 1982. This much improved financial situation was the result of substantially increased income, due to price increases, and decreased costs, as a result of printing and reprinting fewer volumes than in the previous year (in 1983, volume 11 and the revised volume 2 were printed and volume 8 was reprinted, whereas in 1982 five volumes were printed or reprinted). At the end of 1983, the Society had Reviews volumes in stock representing assets of about \$248,000 (at sales prices). I do not anticipate that these large profits will continue into 1984, however, because in late 1983 the sales rate of Reviews volumes dropped considerably. The 1983 *Short Course* made a small profit of \$944.

The two research-grant Funds—the *Crystallography Fund* and the *Mineralogy-Petrology Fund*—have in the past been invested along with the Society's Endowment Fund in the portfolio managed by Wm. Campbell and Co. Under this arrangement, it proved to be inordinately difficult to credit each Fund with its proper share of income and capital gains. At the end of 1983, the securities representing the assets of two research-grant Funds were sold; the resultant profits have been invested in U.S. Treasury Notes and money-market accounts. Thus, the two Funds show capital gains for 1983 that are much larger than in the past.

The *Crystallography Fund* was formed at the end of 1978 by combining the Edward H. Kraus Crystallographic Research Fund (a severely restricted trust) with the Membership Assistance Fund (an unrestricted legacy from Jewell J. Glass). These two Funds were combined because the Kraus Fund alone was not large enough to support a significant research grant. After 1978, the *Crystallography Fund* grew more rapidly than the inflation rate, so that by 1984 the original Fund principal was large enough that the Fund no longer needed the Glass Legacy. In late 1983, the Council approved transfer of the Glass Legacy from the *Crystallography Fund* (where it represented 36% of the balance) to the *Mineralogy-Petrology Fund*. After the transfer of

Table 1. Balance Sheet as of December 31, 1982 and 1983

	1982	1983
ASSETS		
Checking and Money-Market Accounts	\$ 88283	\$ 235865
Investments at Cost	540670	460379
Accounts Receivable	18395	31511
TOTAL	\$ 647338	\$ 727755
LIABILITIES		
Accounts Payable	\$ 56654	\$ 56360
Min. Abs. & Jour. Pet. Subs.	18190	18854
Prepaid Dues	43121	54455
Prepaid Subscriptions	89687	77252
TOTAL	\$ 207652	\$ 206921
FUND BALANCES		
General Operating Fund	\$ 25230	\$ 85581
Revolving Fund	6932	---
Endowment Fund (at Cost)	369771	377335
Crystallography Fund	28497	44822
Mineralogy-Petrology Fund	9256	13096
NET WORTH	\$ 439686	\$ 520834

the Glass Legacy to the Mineralogy-Petrology Fund, the two research-grant Funds had nearly equal balances, \$28,686 for the Crystallography Fund and \$29,232 for the Mineralogy-Petrology Fund.

The assets of the *Endowment Fund* are now the only monies invested in the portfolio managed by Wm. Campbell and Co., because the assets of all other Funds have been withdrawn from this portfolio. As of the end of 1983, the market value of the Endowment Fund was \$572,265 (see report of the Financial Advisory Committee for a list of the securities held).

At recent meetings, the MSA Council has taken several actions relevant to the financial policies of the Society. The procedures for handling life member costs and dues payments have been changed. The Society has two types of life members, those who have paid a lump-sum dues payment equal to 20 times regular dues, and those who have been members for thirty years or longer and are 65 years of age or older. In the past, dues payments from life members of the first type were added to the Endowment Fund when received; annually, an amount equal to the number of both types of life members times the regular dues was transferred from the Endowment Fund to the General Operating Fund to pay the costs of all life members. In the future, the lump-sum dues payments received from all new life members of the first type will be invested in the money-market account that contains the assets of the General Operating Fund, and the costs of all life members will be paid out of current General Operating Fund income.

The Council has adopted a policy for Endowment Fund growth and the use of the income of this fund. Since 1959, a portion of the Endowment Fund income has been transferred to support general operations every year, but the amount of the transfer was never based on any coherent policy for growth of the Endowment Fund. The new policy is as follows: the principal of the Endowment Fund is to grow at the same rate as the annual operating expenses of the Society; any excess growth or income may be used to finance special projects or to help pay operating expenses. The average market value of the Endowment Fund is now about 1.7 times annual operating expenses. The new policy will permit the Society to maintain this comfortable reserve as Fund principal, while making available \$15,000–\$20,000 every year to support operations or finance special projects.

The Council also considered the general financial balance of the Society's operations. Although the General Operating Fund

realized a substantial profit for 1983, profits are expected to be considerably less for 1984 because of increases in administrative costs, decreases in the sales rate of the Reviews series, and the absence of capital gains income. In the past decade, the Council has followed a policy of infrequent but very large increases in dues and subscription rates. Accordingly, after a long period of no increases, both dues and subscription rates have nearly doubled over the past few years. Response to these increases suggests that a policy of more frequent, smaller increases in rates (especially subscription rates) would be a wiser alternative. Thus, several rates will increase in 1985. The nonmember subscription rate (which includes a subscription to Reviews in Mineralogy as well as *The American Mineralogist*) will increase by \$5 to \$110. There will be no increase in dues for members and fellows, but student dues will increase from \$10 to \$15 (an amount that just covers the cost of production of an incremental copy of *The American Mineralogist*). The page-charge rate for

Table 2. Summary Statement of 1982 and 1983 Income and Expense

	1982	1983
INCOME		
<i>American Mineralogist</i>		
Subscriptions & Back Issues	\$ 95018	\$ 126340
Page Charges & Author Alter.	24835	31895
Reprints & Miscellaneous	7867	14375
Subtotal	127720	172610
<i>Reviews in Mineralogy</i>		
Subscriptions	10500	6150
Sales & Miscellaneous	40821	63471
Subtotal	51321	69621
Dues		
Regular & Student	43209	65804
New Life	4400	200
Subtotal	47609	66004
Investments		
Money-Market Fund Interest	3886	11431
Investment Portfolio Mgmt. Fees	(8656)	(10692)
Portfolio Dividends/Interest	15606	21186
Portfolio Cap. Gains (Losses)	85129	49113
Subtotal	95965	71038
Short Courses	13949	11095
Contributions to Invested Funds	1919	1784
Miscellaneous Operations	408	2254
TOTAL	\$ 338891	\$ 394406
EXPENSES		
<i>American Mineralogist</i>		
Editorial Office & Editors	\$ 27783	\$ 28053
Compos., Printing, Postage	131501	124666
Back Issue Handling	7554	10044
Reprints	8023	9428
AGU Services	13583	17909
Subtotal	188444	189900
<i>Reviews in Mineralogy</i>		
Editorial Office	4240	3400
Compos., Printing, Postage	41304	22281
Storage & Handling	10069	9194
AGU Services	5944	5750
Subtotal	61557	40625
Administration		
AGU Services	20310	32059
Travel, Officer Expense, Typist	3596	5564
Services and Supplies	4302	4941
Compos., Printing, Postage	4120	8067
Liability Insurance	925	805
Professional Services	4832	6000
Miscellaneous	1035	539
Subtotal	39120	57875
Member Activities		
Dues to IMA, AGI, ACS	3362	3903
Membership Directory	4705	--
Roebling Medal, Newsletters, etc.	6740	7588
AGU Services	8182	1716
Subtotal	22989	13207
Short Courses	10677	10151
Research Grants	2000	1500
TOTAL	\$ 324787	\$ 313258
EXCESS OF INCOME OVER EXPENSE	\$ 14104	\$ 81148

Table 3. Statement of 1983 Income and Expense for the Funds of the Mineralogical Society of America

	General Operating Fund	Endowment Fund	Crystallography Fund	Mineralogy-Petrology Fund	Total
INCOME					
Operations					
Dues (Regular & Student)	\$ 65804				\$ 65804
Dues (Life Members)	9000				9000
Subscriptions & Back Issues	132490	200			132490
Page Charges & Author Alt.	31895				31895
Reprints	13497				13497
Sales, Reviews in Mineralogy	61330				61330
Short Course Registration	9320				9320
Contributions	1775	515	\$ 128	\$ 1141	3559
Miscellaneous	5273				5273
Subtotal	330384	(8285)	128	1141	333368
Investments					
Money-Market Fund Interest	11431				11431
Invest. Portfolio Div./Int.*	11018	7430	2471	267	21186
Invest. Portfolio Mgmt. Fees*	(5259)	(4518)	(708)	(207)	(10692)
Portfolio Cap. Gains (Losses)	17603	12937	14434	4139	49113
Subtotal, Investments	30793	15889	15197	4198	71038
TOTAL	\$ 365177	\$ 7564	\$ 15325	\$ 5340	\$ 394406
EXPENSES					
Typist for MSA Secretary	\$ 1500				\$ 1500
Salary, Am. Min. Manag. Ed.	18910				18910
Honoraria	8000				8000
Editor. Office Expenses	5030				5030
Compos., Printing, Mailing	144344				144344
Postage, Freight	13629				13629
Reprints	9428				9428
Travel & Officer Expenses	9078				9078
Short Course Facil. & Food	3873				3873
Services & Supplies	6869				6869
Storage & Handling: Back Issues	19238				19238
Research Grants				\$ 1500	1500
Dues to IMA, AGI, ACS	3903				3903
Reebing Medal Award	1894				1894
Liability Insurance	805				805
Professional Services (Audit)	6000				6000
Telecommunications	804				804
Miscellaneous	1019				1019
AGU Services	57434				57434
TOTAL	\$ 311758			\$ 1500	\$ 313258
NET INCREASE (DECREASE)	\$ 53419	\$ 7564	\$ 16325	\$ 3840	\$ 81148
OPENING FUND BALANCE (AT COST)	\$ 32162	\$ 369771	\$ 28497	\$ 9256	\$ 439686
CLOSING FUND BALANCE (AT COST)	\$ 85581	\$ 377335	\$ 48822	\$ 13096	\$ 520834
CLOSING FUND BALANCE (MARKET VALUE)	\$ 85581	\$ 572265	\$ 44822	\$ 13096	
BALANCE AFTER TRANSFER OF GLASS LEGACY TO MIN-PET FUND	\$ 85581	\$ 572265	\$ 28686	\$ 29232	

*Life Member Dues, one-half Div./Int. Income, and one-half Mgmt. Fees transferred annually from the Endowment Fund to the General Operating Fund through 1983

Table 4. Statement of 1983 Income and Expense for the Subactivities of the General Operating Fund

	Adminis- tration	Member Activities	American Mineralogist	Reviews in Mineralogy	Short Course	Total
INCOME						
Operations						
Dues (Regular & Student)		\$ 65804				\$ 65804
Dues (Life Members)		9000				9000
Subscriptions & Back Issues			\$ 126340			132490
Page Charges & Author Alt.			31895			31895
Reprints			13497			13497
Sales, Reviews in Mineralogy				61330		61330
Short Course Registration					\$ 9320	9320
Contributions					1775	1775
Miscellaneous		2254	878	2141		5273
Subtotal		70558	172610	69621	11095	330384
Dues Transfer to Am. Mineral.		(59558)	59558			
Subtotal, Operations		17500	232168	69621	11095	330384
Investments						
Money-Market Fund Interest			11431			11431
Invest. Portfolio Div./Int.*			11018			11018
Invest. Portfolio Mgmt. Fees*			(5259)			(5259)
Portfolio Cap. Gains (Losses)			17603			17603
Subtotal, Investments			34793			34793
TOTAL		\$ 17500	\$ 266961	\$ 69621	\$ 11095	\$ 365177
EXPENSES						
Typist for MSA Secretary	\$ 1500					\$ 1500
Salary, Am. Min. Manag. Ed.			\$ 18910			18910
Honoraria			8000			8000
Editor. Office Expenses			5030		\$ 2000	8030
Compos., Printing, Mailing	4323	\$ 3159	115418	21444		144344
Postage, Freight	3744		9048	837		13629
Reprints			9428			9428
Travel & Officer Expense	3964	748	859		3507	9078
Short Course Facil. & Food		1894				1894
Services & Supplies		1787			3873	5669
Storage & Handling	4941		141			5082
Back Issue Handling			10044	9194		19238
Dues to IMA, AGI, ACS		3903				3903
Liability Insurance	805					805
Professional Services (Audit)	6000					6000
Telecommunications	291		513			804
Miscellaneous	248				771	1019
AGU Services	32059	1716	17909	5750		57434
Subtotal, Direct Costs	57875	13207	189900	40625	10151	311758
Alloc. Admin. Expenses†	(51875)	4293	44140	9442		
TOTAL		\$ 17500	\$ 234040	\$ 50067	\$ 10151	\$ 311758
NET INCREASE (DECREASE)			\$ 32921	\$ 19554	\$ 944	\$ 53419
OPENING FUND BALANCE						\$ 32162
CLOSING FUND BALANCE						\$ 85581

*One-half Dividend/Interest Income and one-half Portfolio Management Fees of Endowment Fund transferred annually to General Operating Fund through 1983
†Allocated in proportion to direct costs as indirect costs

The American Mineralogist will also increase by \$5, to \$50 per page.

At its 1984 Spring meeting, Council voted to increase the biennial research grants awarded by the two research-grant Funds from \$1,500 to \$3,500. This increase is in recognition of the rising costs of research. Grants of this amount, however, will consume nearly all the income of both Funds, so that the principals of the two Funds will not be able to grow at an inflationary rate. If the grant amounts are to continue to increase to keep pace with inflation, donations are urgently needed to augment the income-earning balances of the two Funds. These two Funds were created with generous gifts and bequests from

Society members and require continued support from the membership so that the Society can continue to provide significant support for the research of promising young scientists.

In conclusion, as of the end of 1983 the Mineralogical Society of America remained in a sound financial position. Rising costs of Society operations, however, demand continued close monitoring of financial status and frequent adjustments in rates.

Respectfully submitted,
Odette B. James
Treasurer