I would like to begin this report by thanking two individuals.

- John Hughes served as the MSA treasurer for 4 years and handed over the mantle of the treasurer one year ago while setting high standards and integrity to the position.
- Alex Speer, Executive Director of MSA, continues to keep the finances and well-being of MSA in top working order. As always, we owe Alex our gratitude.

In this report I would like to (1) provide an overview of the close of the 2008 Fiscal Year, (2) make brief comments about the current 2009 fiscal year, (3) give a summary of the Fiscal Year 2010 budget and (4) address MSA's investment status.

(1) In terms of the 2008 fiscal year, we have received the draft of the 2008 Independent Audit Report from the firm of Rubino and McGeehin, Certified Public Accountants and Consultants. Although we await the final report the draft report anticipates a clean audit and that there are no material findings in the Audit Report.

FY 2008 ended with income over expenses of $119,624.

(2) We are in the midst of the 2009 budget, and, as expenditures are not linear it is not possible to anticipate all matters of the budget, but the budget and actuals are in line with expected values at this time of year. One particularly bright spot is the income received from downloads of MSA publications on GeoScience World. As of June 30, 2009 the actual income received from GSW was ~$112K, and the anticipated, and purposely conservative, estimate for GSW for the entire year was $90K. So we are on track for doubling the anticipated GSW income in 2009.

(3) The 2010 budget was adopted by MSA Council this past Saturday (October 17, 2009) at the First 2010 Council Meeting.

- The approved 2010 budget of $1.248 M is somewhat higher than the 2009 approved
budget of $1.237M.

- The approved budget predicts retained earnings for the Society of $93,298 for 2010. This is comparable to an actual value of $119,624 for 2008 and a predicted value of $62,665 for 2009.

- Fund Transfer Allocations remain at an essentially static level of —$80,000+/year. Since 2002, Fund Transfer Allocations have ranged between $65,698 (2005) and $94,970 (2008). With the 2010 budget, MSA continues to undertake conservative annual fund-transfer allocations relative to the market value of its investments. Allocations for 2009 are: Kraus: 4.4%; Min/Pet: 5.0%; and Roebling: 6.6%. The Fund Transfer Allocations cover defined costs such as the AMU awards, the MSA Award, the Roebling Medal, the Dana Medal, the Lecture Program, and the Kraus and Mineralogy/Petrology grants, many of which are dictated by the terms of the individual endowment. The percentages of the funds increased slightly from prior years because of the decline in the base investment values during this most recent period.

- MSA members are reminded that the Society continues its policy of conservative assumptions in the development of annual budgets. A summary of recent annual budgets shows that annual income is conservatively underestimated and annual expenses are overestimated.

(4) The challenges of the financial market have influenced MSA's investments. As of close of business on June 30, 2009, the market value of MSA's investments was $1.992M. This compares with previous June 30 closings of $2.225M in 2008 and the highest-ever June 30 closing of $2.560M in 2007. The change of the MSA investments as of June 30, 2009 relative to June 30, 2008 represents a decrease of 11.4%. As of February 2009, the market was near the bottom of the current financial situation, and the financial position of MSA's investments has improved substantially since that time. In fact, as of October 15, 2009 the value of MSA's investments has returned to $2.225M.

The oscillations in the value of the MSA investments, at least at their current level, do not markedly affect the MSA budget. In times of increasing market value we do not
purposely increase our spending, nor in times of decreasing market value, at least at the levels seen to date, we do not purposefully decrease our spending, as the market investments are undertaken for long-term performance. The conservative level of fund transfer allocations noted above anticipates fluctuations in the value of MSA investments.

This concludes the report of MSA Treasurer Darrell J. Henry.