Treasurer's report for 2001

The economic health of the MSA remains robust; however, as always, vigilance is required to ensure that the Society's finances remain on a sound footing. Herewith, a brief summary of notable MSA budgetary events and developments during 2001.

- Good news! The Society has more members (2,137 in 2001 vs. 1,935 in 2000); consequently, income from membership dues, and from member subscriptions to the *American Mineralogist*, is up. On the other hand, institutional subscriptions to the *American Mineralogist* are down, the exact number being difficult to quantify because foreign institutional subscriptions are often renewed late in the calendar year, or during the following year.
- More good news! Sales of RiMG volumes are up significantly (~$124.2K in 2001 vs. ~$91.3K in 2000), due partly to the large number of new titles that have been printed recently. This increase more than offsets the decline in sales of monographs (~$32.5K in 2000 vs. ~$21.6K in 2001), which is due largely to the lack of new titles in recent years.
- Costs for Business Office supplies and services are much less than budgeted, partly because no new computer equipment was purchased in 2001.
- For the first time, accrued leave and depreciation expenses for the Business and Editorial Offices were treated as "actual" expenses. These costs, which were not explicitly addressed in the 2001 Council-approved budget, will be included in future MSA budgets, as it is now possible to estimate them fairly accurately.
- "Bad debt" expenses ($10.4K) are much higher this year. Most of this loss (~$7.5K) is due to promised but undelivered external financial support for a recent MSA short course.
- Costs of publishing and mailing *The Lattice* newsletter are up, due to an increased average length of the newsletter, and to an increased number of subscribers—both domestic and foreign. Specifically: (1) the four issues of the newsletter printed in 2001 (Volume 17) contain 104 printed pages, whereas volumes printed in previous years contain between 60 and 80 pages; and (2) it now costs $6.20 to mail four issues of the newsletter to foreign subscribers, compared to $0.84 for domestic subscribers.
- Total postal expenses incurred by the Editorial Office were much less than anticipated, but putting the current and back issues of the *American Mineralogist* on the MSA website counterbalanced those cost savings by nearly an equal amount.
- The Society's books were again audited by the firm of Rubino & McGeehin and found to be in order. On the basis of the preliminary audit report, the Society's total assets at the end of 2001 were $2,339,273 vs. $2,803,575 in 2000 (a 16.6% decrease since the end of 2000). This drop in total assets is due principally to *unrealized* capital losses on MSA investments during 2001.
- Auditing costs have increased, and are expected to increase further in the near future. This is due to greater thoroughness of recent audits, and to additional auditing expenses that have arisen from increased legal oversight of audits and auditing firms.
- The 2002 budget remains as approved by Council during the Third 2001 Council Meeting. As was the case last year, the main budgetary uncertainties are: the number of RiMG volumes that *actually* will be printed and reprinted, and the income that will be generated by sales of

RiMG volumes. In recent years the MSA budget has been developed assuming that 2-3 new RiMG volumes would be produced during the following year. It now seems that, for the foreseeable future, the budget should assume production of 4-5 new RiMG volumes per year.

- Recently, the U.S. Department of Energy (DOE) officially reaffirmed its financial support for the following MSA/GS short courses, to be held during the 2/1/2002-1/31/2004 performance period: "Applications of Synchrotron Radiation in Low-Temperature Geochemistry and Environmental Science"; Phosphates: Geochemical and Materials Importance"; and "Biomineralization." The MSA is deeply indebted to the DOE for their generous sponsorship of these MSA/GS activities.
- Projected 2003 "first-copy" (production) expenses for the *American Mineralogist* are $614 for domestic subscribers and $639 for foreign subscribers. These prices cover the costs of producing eight issues of the *American Mineralogist*, four new RiMG volumes, and four issues of *The Lattice* newsletter. Dollar amounts required to break even under all assumptions are: member subscription rate, $39.35; domestic institutional subscription rate, $614.93; and foreign institutional subscription rate, $639.44. Weighing the implications of these figures, the following decisions were made. (1) MSA members currently pay $35 for a subscription to the *American Mineralogist*, which includes access to the online journal. The rate was raised from $30 to $35 last year. Despite the fact that the break-even dollar amount for 2003 is ~$39, it seems a bit early to raise the rate again. Therefore, the current $35 rate will be maintained for another year. (2) Institutional subscription rates to the *American Mineralogist* will be increased from $530 to $580 for domestic subscribers, and from $550 to $600 for foreign subscribers. These new prices are, respectively, 9% and 8% higher than they were last year. These increases, while significant, still do not cover *projected* production costs. On the other hand, the exact number of RiMG volumes that will be printed in 2003 may be less than the projected number (4), which would reduce production costs for that year. It is also uncertain whether the environmental mineralogy special issue of the *American Mineralogist* will be a separate ninth issue, or one of the regular eight issues, in 2003. (3) The $10 charge for professional and student member access to the online journal will be maintained. This price is slightly above the estimated break-even cost ($7.30). (4) Institutional subscribers will be offered electronic access to the *American Mineralogist* as part of their paper subscriptions. This will avoid the need to charge separately for that access, and to separately process and record paper and electronic subscriptions. Institutions could choose not to receive paper copies, but the cost of the subscription would remain the same.
- Income from 2001 dues was $82,145. To date, MSA Council has not specifically identified expenses to be covered by dues. This year Executive Director J. A. Speer used the money to cover most of the costs of: Council/committee activities, production and distribution of *The Lattice* newsletter, IMA and AGI dues and contributions, receptions, membership and subscription renewals, election ballots, insurance, Council travel expenses, and a portion of administrative overhead. These expenses summed to ~$95K in 2001. Except to raise money for some other activity (e.g., further development of the Society's website), or to cover a larger fraction of the salaries and benefits set for Business Office staff, there appears to be no pressing need to raise dues. Therefore, it was decided that annual dues for MSA membership will remain at $50 ($5 for students).
- It is important to recognize that annual MSA budgets are guided by the following policies and considerations. (1) Whereas institutional subscribers pay the costs of producing the *American*

Mineralogist, as well as the costs of the books that are included in the subscription to the journal, member subscribers pay the costs of printing and mailing the journal issues and books they receive. (2) In preparing annual MSA budgets, the MSA Council and MSA treasurers have traditionally adopted conservative estimates of income, and liberal estimates of expenses. (3) Future income and expense figures are approved by the MSA Council 13-14 months prior to the end of the upcoming year. Many values are known within narrow limits at the time they are set. However, others are little more than educated guesses (hence the policy of adopting conservative estimates of income and liberal estimates of expenses). Chief among the "guesstimates" are: (a) costs stemming from the production and reprinting of RiMG volumes (each new RiMG volume costs ~$30K to produce, costs for reprinting a volume generally range from $3K to $8K); (b) the timing of payments made to cover the costs of printing and reprinting RiMG volumes (large payments made late in the calendar year artificially inflate annual expenses because counterbalancing income from sales of the books shifts to future budgets); and (c) income from sales of RiMG volumes, and institutional subscriptions to the *American Mineralogist*. These uncertainties cause budgets to fluctuate significantly from one year to the next.

- MSA's investment's—held in its Roebling, Endowment, Kraus, Mineralogy/Petrology and Outreach Funds—declined 13.6% in total value during 2001. While this is not a happy development, it is also no cause for alarm. The Society's carefully constructed financial framework is designed to withstand economic downturns—resilience arising intrinsically from prudent diversification in MSA's portfolio of investments, and from the Society's longstanding policy that annual operating expenses and income should be closely balanced. In a given year, MSA's operating expenses are typically ~$30K higher than regular income from dues, journal subscriptions, book sales, fund investments, miscellaneous services provided to other societies, etc. This shortfall is covered by transferring "extra" money from the Roebling and Endowment Funds to the Society's annual operating budget. In 2001, a total of ~$77K was transferred from these two funds to the annual operating budget. This figure is significant in relation to the total value of the two funds at the end of 2001, which was $1561K. Dividing $77K by $1561K, it is evident that the monetary transfers from the Roebling and Endowment Funds during 2001 represent ~5% of the total value of the two funds at the end of 2001. This percentage is slightly higher than in past years, due partly to a decrease in the total value of the two funds between December, 2000, and December, 2001. However, it should be borne in mind that, in the recent past, both funds grew at an annual rate substantially greater than 5% per year. (Hence, the steadily increasing total value of the assets in the two funds through 2000.)

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