

2008 Treasurer's report, MSA Business Meeting

- John Hughes sends his apologies, but personal matters dictate that he had to return to Vermont. He asks me to extend his sincerest thanks to the Society and let you know that he has thoroughly enjoyed his four years as Treasurer, and that he looks forward to serving the Society in any way that he can in the future.
- On his behalf, I will briefly summarize the close of the 2007 Fiscal Year, provide brief remarks about the current 2008 fiscal year, and give an overview of the Fiscal Year 2009 budget that was adopted by Council on Saturday at the First 2009 Council Meeting, at which John was in attendance.
- We have received the draft of the 2007 Independent Audit Report from the firm of Rubino and McGeehin, Certified Public Accountants and Consultants. Although we await the final report, expected in mid-October, the draft report anticipates a clean audit and that there are no material findings in the Audit Report. FY 2007 ended with income over expenses of \$199,881.
- We are in the midst of the 2008 budget, and, as expenditures are not linear it is not possible to anticipate all matters of the budget, but it is safe to say that the budget and actuals are in line with expected values at this time of year.
- The 2009 budget was adopted by MSA Council at the First 2009 Council Meeting this past Saturday, and I can provide brief details of that budget here.
- The \$1.2M 2009 budget is largely incremental above the 2008 budget. Total estimated expenses in the 2009 adopted budget increased by \$97,179 over the 2008 Approved budget, and total estimated income increased by \$113,650 over the 2008 Approved budget.

- The budget predicts revenues over expenditures for the Society of \$57,977 for 2009, as compared to an actual value of \$199,881 for 2007 and a predicted value of \$32,576 for 2008.
- Fund Transfer Allocations remain at an essentially static level of approximately \$80,000+/year. Since 2002, Fund Transfer Allocations have ranged between \$88,278 (2003) and \$65,698 (2005); the final Fund Transfer Allocation for 2007 was \$85,166.
- With the 2009 budget the Society continues to undertake conservative annual fund-transfer allocations relative to the market value of its investments. Allocations for 2007 are: Kraus: 3.4%; Min/Pet: 3.7%; and Roebling: 4.7%. The Fund Transfer Allocations cover defined costs such as 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 endowments. The larger percentage from the Roebling Fund in 2007 reflects an additional fund transfer of \$80,000 to cover the accumulated operating losses from prior years, most of which resulted from the Society's relocation to Chantilly.
- 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.
- As reported by the Financial Advisory and Audit Committee, as of close of business on 6/30/08, the market value of MSA's investments was \$2,224,590.37. Comparable values for previous 6/30 closings since 2002 show a steady rise from \$1,865,712 (2002) to \$2,560,333 (2007), reflecting the rise in the value of equities. Since the 6/30/2008 close cited above, the value of the MSA market investments has oscillated dramatically, as we have all observed in the stock market.
- 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 purposefully 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 anticipate fluctuations in the value of MSA investments.

- Finally, John asked me to extend his sincerest thanks to Executive Director Alex Speer for his guidance and insight over the past four years, and he notes that the MSA is indeed incredibly fortunate to have Alex working on behalf of all of us.
- This concludes the report of Treasurer John M. Hughes.