

Report of the Treasurer Fiscal Years 1972A and 1973

PHILIP M. BETHKA

This report of the Treasurer covers the period August 1, 1972, through December 31, 1973. During that period the Society ran on a short fiscal year (denoted FY1972A) from August 1, 1972, through December 31, 1972, and on a normal fiscal year from January 1, 1973, through December 31, 1973. The decision to run a short fiscal year was made by Council to effect a change in the Society's fiscal year so that it might correspond with the Journal year for the American Mineralogist. Corresponding with the change in fiscal year, the accounting method used by the Society was changed from a modified cash basis to an accrual basis. For this reason, the financial statements presented with this report are not directly comparable with those of previous periods.

The financial data for the period covered are presented in Table 1 (Combined Balance Sheet); Table 2 (Statement of Income and Expense, FY1972A); and Table 3 (Statement of Income and Expense, FY1973). A few words of explanation of the tables may be helpful to members attempting to analyze the Society's financial affairs. The *Combined Balance Sheet* appears straight forward enough, although the entries, *CONSOLIDATED INVESTMENTS*, *REVOLVING FUND*, and *CHARITABLE FUND* are new. *Consolidated Investments* includes all of the Society's long term investments *other* than those of the Kraus Fund of which the Society acts as trustee and which therefore is accounted separately. In FY1972A the only monies invested were those of the Endowment Fund. In FY1973 the Consolidated Investment Portfolio included investments of both the Endowment Fund and the Operating Reserve. *The Revolving Fund* was established in FY1973 by combining the assets and liabilities of the special papers, guidebooks, and indexes. The fund was established in order to separate special purpose ventures from normal operations. Such special purpose ventures as special papers, short courses, decennial indexes, *etc* often require large expenditures in one fiscal year, but return income over a period of many years. It is intended to accumulate capital in the Revolving Fund in order to underwrite the expenses connected with such special purpose ventures, and

it is expected that each such venture will return income to the fund at least in the amount of its original cost. *The Charitable Fund* was established in FY1973 to provide scholarships to students of Mineralogy. It is intended that such scholarships will total to the approximate amount of income each year. To date the sole source of income has been from donations from the membership.

In the *Statements of Income and Expense*, an attempt has been made to show both the source and application of all income and the nature and purpose of all expenses. The first two vertical columns comprise the Society's operating accounts. They are combined in the third column to show the financial results of the Society's yearly operations. The remaining columns document the financial activity in each of the special funds kept by the Society. Since the American Mineralogist is not credited with any portion of mem-

TABLE 1. Combined Balance Sheet

	December 31, 1972	December 31, 1973
Current Assets:		
Cash - checking accounts	\$ 5,610	\$ 65,859
" - savings accounts	57,520	15,750
" - short term investments	--	19,689
Consolidated Investments	202,987	243,930
Receivables - customers	9,210	11,464
" - Merrill-Lynch	4,735	1,422
" - Folger-Nolan	--	730
Kraus Fund - Investments	10,950	10,950
" - Savings accounts	2,035	1,534
Prepaid Expense (Ed. Office)	1,000	1,000
Total Assets	\$294,047	\$372,328
Current Liabilities:		
Accounts payable - trade	\$ 16,856	\$ 14,567
Other payables	1,429	2,068
Prepaid Dues	22,538	24,000
Prepaid Subscriptions	41,388	44,798
Funds		
Revolving Fund	(15,275)	3,809
Endowment Fund	216,122	245,611
Charitable Fund	--	791
Kraus Fund	12,985	12,484
Total Liabilities	\$296,043	\$348,128
Capital:		
Operating Reserve	\$ (1,996)	\$ 24,200
Total Liabilities & Capital	\$294,047	\$372,328

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TABLE 2. Statement of Income and Expense, August 1, 1972, to December 31, 1972

	SOCIETY OPERATIONS	OPERATION OF AMERICAN MINERALOGIST	COMBINED OPERATIONS	ENDOWMENT FUND	REVOLVING FUND	E. H. KRAUS FUND
INCOME:						
Dues	\$ 6,339	\$	\$ 6,339	\$	\$	\$
Life Memberships				800		
Investments	3,457		3,457	1,728		302
Interest on Savings	454		454			
Sale of Publications		8,880	8,880		3,294	
Page Charges		14,543	14,543			
Reprints		7,802	7,802			
Back Issue Sales		1,808	1,808			
Royalties		384	384			
Author Alteration Charges		143	143			
Advertisements		1,609	1,609			
Mailing List Sales		134	134			
Contributions	10		10			
Miscellaneous		77	77			
TOTAL INCOME	\$ 10,260	\$ 35,380	\$ 45,640	\$ 2,528	\$ 3,294	\$ 302
EXPENSES:						
Direct Costs						
Membership Services	\$ 2,434	\$	\$ 2,434	\$	\$	\$
Dues & Contributions	246		246			
Awards	906		906			
Editorial Office		6,935	6,935			
Publication Costs		28,508	28,508			
Storage and Handling		2,635	2,635		73	
Reprints		2,354	2,354			
Office Expense		2,874	2,874			
TOTAL DIRECT COSTS:	\$ 3,586	\$ 43,306	\$ 46,896	\$ -0-	\$ 73	\$ -0-
Indirect Costs						
Salaries	\$ 11,699	\$	\$ 11,699	\$	\$	\$
Postage & Telephone	869		869			
Services & Supplies	2,005		2,005			
Professional Services	1,175		1,175			
Travel and Official Expense	72		72			
TOTAL INDIRECT COSTS	\$ 15,820	\$ -0-	\$ 15,820	\$ -0-	\$ -0-	\$ -0-
Allocation of Indirect Costs	(15,820)	15,793	(27)		27	
TOTAL EXPENSE	\$ 3,586	\$ 59,099	\$ 62,685	\$ -0-	\$ 100	\$ -0-
NET GAIN (LOSS)	\$ 6,674	\$ (23,719)	\$ (17,045)	\$ 2,528	\$ 3,196	\$ 302

bers dues it is expected to show a deficit each year, the amount of the deficit being the cost of the Journal to the membership. By Council action, two-thirds of the dividend and interest income from long term investments (other than those held by the Kraus Fund) were credited to Society operations in each of the reporting periods, while one-third of dividend and interest income and all capital gains were credited to the Endowment Fund. Expenses are divided into *Direct and Indirect Costs*. *Direct Costs* include those expenses identifiable with a specific project for which they are reported. *Indirect Costs* are general administrative expenses required by all projects but not specifically identifiable to any. These indirect costs are allocated to the various projects on the basis of

proportionate direct expenses of the projects. *Dues and Contributions* listed under Direct Costs consists primarily of MSA dues to the American Geological Institute. During FY1973, \$17,000 was transferred from the operating accounts to the Revolving Fund by Council action. This transfer was made in order to erase the deficit in that fund resulting from the fact that the sales of Special Papers 2 and 3 have been insufficient to repay their publication costs.

In fiscal year 1973 the Society changed its long term investment procedures substantially. The firm of Ruane, Cunniff, and Stires of New York has been retained to handle the Society's investment portfolio on a discretionary basis. In addition, monies from the Endowment Fund, Revolving Fund, Membership

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TABLE 3. Statement of Income and Expense, January 1, 1973, to December 31, 1973

	SOCIETY OPERATIONS	OPERATION OF AMERICAN MINERALOGIST	COMBINED OPERATIONS	ENDOWMENT FUND	REVOLVING FUND	CHARITABLE FUND	E. H. KRAUS FUND
INCOME:							
Member & Fellow Dues	\$ 38,131	\$	\$ 38,131	\$	\$	\$	\$
Student Dues	2,299		2,299				
Back Dues	3,202		3,202				
Life Memberships				2,100			
Long Term Investments	8,411		8,411	27,309			384
Savings & Short Term Invest.	2,650		2,650				115
Sale of Publications		69,776	69,776		4,388		
Page Charges		24,885	24,885				
Reprints		8,181	8,181				
Back Issue Sales		3,169	3,169				
Royalties		241	241				
Author Alteration Charges		1,094	1,094				
Advertisements		4,815	4,815				
Mailing List Sales		499	499				
Contributions				80		791	
Miscellaneous	68	105	173				
TOTAL INCOME	\$ 54,761	\$ 112,765	\$ 167,526	\$ 29,489	\$ 4,388	\$ 791	\$ 499
EXPENSES:							
Direct Costs:							
Membership Directory	\$ 2,632	\$	\$ 2,632	\$	\$	\$	\$
Annual & Council Meetings	1,919		1,919				
Dues & Contributions	4,855		4,855				
Awards	1,011		1,011				1,000
Editorial Office		16,338	16,338		1,165		
Publications Costs		65,447	65,447		584		
Storage & Handling		2,080	2,080		178		
Reprints		6,891	6,891				
Office Expense		4,568	4,568				
Total Direct Costs	\$ 10,417	\$ 95,324	\$ 105,741	\$ -0-	\$ 1,927	\$ -0-	\$ 1,000
Indirect Costs:							
Salaries	\$ 10,481	\$	\$ 10,481	\$	\$	\$	\$
Postage & Telephone	2,820		2,820				
Computer	1,210		1,210				
Services & Supplies	1,415		1,415				
Professional Services	935		935				
Travel & Official Expense	791		791				
Miscellaneous	1,313		1,313				
Total Indirect Costs	\$ 18,965	\$ -0-	\$ 18,965	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Allocation of Indirect Costs	(18,965)	18,589	(376)		376		
TOTAL EXPENSE	\$ 10,417	\$ 113,913	\$ 124,330	\$ -0-	\$ 2,303	\$ -0-	\$ 1,000
TRANSFER OF FUNDS	(17,000)		(17,000)		17,000		
NET GAIN (LOSS)	\$ 27,344	\$ (1,148)	\$ 26,196	\$ 29,489	\$ 19,085	\$ 791	\$ (501)

Assistance Fund, and Operating Reserve will be jointly invested in a consolidated portfolio. Income, both dividend and interest, and capital gains will be shared on a proportionate basis.

The period covered in this report has been one of reorganization of the Society's financial structure and continued recovery from the serious problems of several years ago which forced a substantial dues increase. During the short fiscal year, the Society suffered an operating deficit of \$17,045 due primarily to the fact that dues for fiscal year 1972 covered

the period August 1, 1971 through July 31, 1972 and those for fiscal year 1973 the period January 1, 1973 through December 31, 1973. In effect the Society sustained five months of operations for which only a small amount of residual dues were credited. Fiscal year 1973 was a very good year for the Society from a financial standpoint. In the operating accounts income exceeded expenses by \$43,196. As noted above, \$17,000 of this surplus was used to erase the deficit in the Revolving Fund. The Society enters Fiscal Year 1974 with an Operating Reserve

of \$24,200, all special purpose funds in the black, and with an Endowment Fund with a cost value of \$245,611. Rapidly spiralling costs of publication threaten to present problems over the next few years, but the Society is at last on a firm financial footing and in a good position to meet these challenges.

I would like to extend particular gratitude to our secretary, Joan Clark, and to Hatten S. Yoder, Past-President and Chairman of the Financial Advisory Committee, both of whom have given a great deal of their effort and advice in support of the Treasurer, and to A. F. Spilhaus, Executive Secretary; Juanita Barber, Bookkeeper; and Cynthia Beadling, Administrative Assistant, of the American Geophysical Union. In particular, Ms. Barber's efficiency, accuracy, knowledge, and patience have greatly eased the burden of the Treasurer's office.

Reports of Audit

The Council
Mineralogical Society of America

I have examined the combined balance sheet of the Mineralogical Society of America as of December 31, 1972, and the related combined statement of income for the five month period ending on that date. My examination was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

As of August 1, 1972, the Society changed its fiscal year end from July 31 to December 31 and at that time changed the accounting records from a modified cash basis to an accrual basis. Accordingly,

the financial statements mentioned above are not comparable with those of preceding periods.

In my opinion the financial statements mentioned above present fairly the combined financial position of the Society at December 31, 1972, and the results of its operations for the five month period then ended in conformity with generally accepted accounting principles.

Garland C. Owens, C.P.A.

Scarsdale, New York
May 10, 1973

The Council
Mineralogical Society of America

I have examined the balance sheet of the Mineralogical Society of America as of December 31, 1973, and the related statement of income for the year in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances.

In my opinion the financial statements mentioned above present fairly the financial position of the Mineralogical Society of America at December 31, 1973, and the results of its operations for the year then ended in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Garland C. Owens, C.P.A.

Scarsdale, New York
April 12, 1974

NOTICES

Academy for Mineralogy, Antwerp

The Academy for Mineralogy at Schoten-Antwerp, Belgium, announces that its collection of mineral samples will soon be housed in the new Mineralogical Museum and will be on display to the public.

The Academy aims to build up a more extensive collection, systematically and scientifically, until the collection can serve both members of the Academy and other interested scholars, as well as the public. For this purpose, contributions of minerals are being solicited from other countries.

Well-crystallized samples with typical appearance are

preferred, in view of the stated aims of the project. Particularly helpful would be a selection of representative minerals from a country or area, but also other paragenetic minerals considered important either geologically or geographically. The Academy will reimburse contributors for their expenses. Packages should be labelled "Scientific Samples."

Contributions should be sent to President A. Van Kerrebrouck or Vice President M. Van Doorselaer, Secretariaat, J. Hendrickxstraat 49-51, 2120 Schoten-Antwerpen, Belgie.