

Report of the Treasurer for 1982

This report covers the financial activity of the Mineralogical Society of America during the calendar year 1982. 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 Mineralogical Society of America has five Funds, as follows. The General Operating Fund accounts for publication of the American Mineralogist, general administration of the Society, and activities such as presentation of the Society's awards. The Revolving Fund accounts for publication of the Reviews in Mineralogy and convening of the Short Courses. The Endowment Fund acts as a reserve for the Society, providing resources for its continuance and the furtherance of its general goals. The Crystallography Fund (Kraus-Glass Fund) supports awarding of a biennial research grant in crystallography. The Mineralogy-Petrology Fund supports awarding of a biennial research grant in mineralogy and petrology. The financial activity of each of the five funds in 1982 and the year-end status of each fund are outlined below. The statements consist of a balance sheet (Table 1), a summary statement of income and expenses for all five Funds (Table 2), and a breakdown of income and expenses for the subactivities of the General Operating Fund and the Revolving Fund (Table 3).

The General Operating Fund contains three subactivities (Table 3): 1) Administration (accounting for maintaining financial records, preparing and mailing dues notices and publication price lists, holding council and committee meetings, obtaining the annual audit, and so forth); 2) Member Activities (accounting for awarding the Roebling medal and MSA award, maintaining membership in IMA and AGI, sponsoring a symposium at the annual meeting, and preparing and mailing the presidential newsletters and membership directory); and 3) the American Mineralogist.

The cost of Administration (Table 3) was considerably less than in 1981 (\$39120 versus \$64416) for two reasons: 1) some expenses that were in the past charged to Administration but were directly relevant to other subactivities are now being charged directly to those subactivities; and 2) charges for AGU services were slightly less than in the past (\$48019 in 1982 versus \$49870 in 1981). The cost of Administration represented 12% of the total expenses of the Society in 1982, a proportion that appears reasonable.

The cost of Member Activities (Table 3) was higher than in 1981, primarily because of the change in the procedures for charging of expenses mentioned above. The expenses of this subactivity represent \$12 for each regular and life member and fellow. The cost of this subactivity is analogous to, and compares favorably with, the dues costs of other professional societies that do not provide "free" journal subscriptions.

Examination of the statement for the American Mineralogist (Table 3) shows that the cost of producing this journal currently greatly exceeds the revenue the journal generates. Cost per page of publishing the American Mineralogist was \$169 in 1982, slightly less than in 1981 (\$171). Page-charge income was \$19.10 per page (full page charges were paid for only half the eligible pages) and reprint income was \$5.79 per page; the total income from these sources paid 15% of the cost of production of the journal. Income from nonmember subscriptions and sales of back issues paid 43% of the cost of production. Member subscription income (\$8 per regular and life member and fellow, \$6 per student

member) paid 11% of the cost of production of the journal. The remaining 31% of the cost of production was financed by income from investments and capital gains realized on the sale of the invested assets of the General Operating Fund.

The General Operating Fund was established shortly after the 1973 dues increase, which produced a considerable excess of income over expenses. The Fund was established as a means of investing excess income to use in subsequent years, in order to postpone subsequent dues increases as long as possible. (The excess income has been invested in a portfolio, currently managed by Wm. Campbell and Co., that combines assets of all five of the Society's Funds.) Income to the Fund exceeded expenses through the end of 1979. In 1980 and subsequently, expenses have exceeded income. In 1981, the Society began to sell the invested assets of the Fund, and in 1982 capital gains from such sales accounted for \$39300 of income. By the end of 1982, the remaining Fund balance was \$25230 (market value \$35800). Sale of the remaining invested assets of the Fund in 1983 should provide an additional \$10000 in capital gains, but by the end of 1983 all of the investments of the Fund will have been liquidated. Investment income for 1984 and subsequent years will consist primarily of interest on escrowed dues and subscription money and cannot provide more than 10% of the annual income of the Fund. Accordingly, in 1984 and subsequent years income from operations must be increased to match expenses more closely.

At the last meeting of the Council, the current and projected future status of the General Operating Fund was considered. It was noted that the dues, subscription, and page-charge rates instituted in 1983 would probably not provide adequate income in 1984. The Council voted to increase the dues of regular members and fellows to \$35, "spouse" dues to \$10, and the cost of a nonmember subscription to the American Mineralogist (which includes a subscription to the Reviews in Mineralogy) to \$105. These changes will be in effect for 1984. No increases

Table 1. Balance Sheet

Dec. 31, 1982	
ASSETS	
Cash - Checking	\$ 36412
Money Market Fund	51871
Investments at Cost*	540670
Accounts Receivable	18385
TOTAL	\$647338
LIABILITIES	
Accounts Payable	\$ 56654
Mfn. Abs./Jour. Pet. Subs.	18190
Prepaid Dues	43121
Prepaid Subscriptions	89687
TOTAL	\$207652
FUND BALANCES	
General Operating Fund	\$ 25230
Revolving Fund	6932
Endowment Fund	369771
Crystallography Fund	28497
Mineralogy-Petrology Fund	9256
NET WORTH	\$439686
*Investments at market value	\$726023

Table 2. Statement of Income and Expense for the Funds of the Mineralogical Society of America

	General Operating Fund	Revolving Fund	Endowment Fund	Crystallography Fund*	Mineralogy-Fund*	Total
INCOME						
Operations						
Dues (Regular & Student)	\$ 43209					\$ 43209
Dues (Life)	6000		\$(6000)			
New Life Members			4400			4400
Subscriptions	91283	\$10500				101783
Page Charges	24835					24835
Reprints & Author Alterations	7779					7779
Back Issues, American Mineral.	3735					3735
Sales, Reviews in Mineralogy	40294					40294
Short Course Registration	13491					13491
Contributions			(136)			1919
Miscellaneous	496			\$ 95	\$1960	1481
Subtotal, Operations	177337	65270	11736	95	1960	242926
Investments						
Money Market Fund Interest	3886					3886
Invest. Portfolio Div./Int.**	7221	800	6328	988	269	15606
Invest. Portfolio Mgmt. Fees**	(4026)	(412)	(3506)	(542)	(1770)	(8656)
Portfolio Cap. Gains (Losses)	42106	3429	35613	3017	964	85129
Subtotal, Investments	49187	3817	38435	3463	1063	95965
TOTAL	\$226524	\$69087	\$36659	\$3558	\$3023	\$338891
EXPENSES						
Typist for MSA Secretary	\$ 1500					\$ 1500
Salary, Am. Min. Manag. Ed.	16939					16939
Honoraria	4000	\$ 3000				7000
Edit. Off. Expenses	5749	3350				9099
Composition, Printing, Mailing	128934	33171				162105
Membership Directory	4705					4705
Revolving Medal Award	1788					1788
Postage, Freight	7923	8154				16077
Reprints	8023					8023
Travel & Officer Expenses	5642	2911				8553
Short Course Facil. & Food	4863	5395				10258
Services & Supplies	7534					7534
Back Issue Handling, Amer. Min.						
Storage & Handling, Reviews		10069				10069
Dues to IMA, AGI	3362					3362
Research Grants	925					925
Liability Insurance	4832					4832
Profess. Services (Incl. Audit)	924					924
Telecommunications	815	240				1055
Miscellaneous	42075	5944				48019
AGU Services	(4694)	4694				
Allocation Adm'n. Exp.t	\$245859	\$76928				\$322787
TOTAL	(19335)	(7841)	36699	1558	3023	14104
NET INCREASE (DECREASE)						
OPENING BALANCE††	\$ 44565	\$14773	\$33072	\$26939	\$6233	\$425582
CLOSING BALANCE††	\$ 25230	\$ 6932	\$369771	\$28497	\$9256	\$439686

*Edward H. Kraus Crystallographic Research Fund (64%) plus Jewell J. Glass Memorial Legacy (36%)

**One-half Div./Int. and one-half Mgmt. Fees of Endowment Fund are transferred annually to General Operating Fund

†Allocated among various operational subactivities (see Table 3 for details)

††Value of investments given at cost rather than market value

Table 3. Statement of Income and Expense for the subactivities of the General Operating and Revolving Funds

	Adminis- tration	Member Activities	American Mineralogist	Revolving Fund	Short Course
INCOME					
Operations					
Dues (Regular & Student)		\$ 43209			
Dues (Life)		6000			
Subscriptions			\$ 91283		
Page Charges			24835		\$10500
Reprints & Author Alterations			7779		
Back Issues, American Mineral.			3735		
Sales, Reviews in Mineralogy					39836
Short Course Registration					13491
Miscellaneous			88		985
Subtotal, Operations		49617	127720		13949
Investments					
Money Market Fund Interest		3886			
Invest. Portfolio Div./Int.*		7221			800
Invest. Portfolio Mgmt. Fees*		(4026)			(412)
Portfolio Cap. Gains (Losses)		42106			3429
Subtotal, Investments		49187			3817
TOTAL		98804	127720		55138
Transfer to Am. Min.		(26885)			72685
TOTAL		\$ 72119	\$200005		\$55138
EXPENSES					
Typist for MSA Secretary		\$ 1500			
Salary, Am. Min. Manag. Ed.			\$ 16939		
Honoraria			4000		\$ 2000
Edit. Off. Expenses			5749		3200
Composition, Printing, Mailing		\$ 798	128136		33171
Membership Directory		4705			
Revolving Medal Award		1788			
Postage, Freight		788			
Reprints		1788			
Travel & Officer Expenses		3322	1236		8133
Short Course Facil. & Food		3596	1655		2911
Services & Supplies		4302	391		5395
Back Issue Handling, Amer. Min.					
Storage & Handling, Reviews			7554		10069
Dues to IMA, AGI			3362		
Liability Insurance		925			
Profess. Services (Incl. Audit)		4832			
Telecommunications		220			
Miscellaneous		815			40
AGU Services		20310	13583		5944
Allocation Adm'n. Exp.t		39120	188444		61557
TOTAL		(39120)	\$219740		\$11459
NET INCREASE (DECREASE)			(19335)		2490
OPENING FUND BALANCE†			\$ 44565		\$14773
CLOSING FUND BALANCE†			\$ 25230		\$ 6932

*One-half Div./Int. and one-half Mgmt. Fees of Endowment Fund are transferred annually to General Operating Fund

†Value of invested assets given at cost rather than market value

were voted for student dues or page charges, but measures were recommended to attempt to recover a larger proportion of page-charge income than at present.

The Revolving fund contains two subactivities (Table 3): 1) publication of the Reviews in Mineralogy; and 2) convening of the Short Courses. The 1982 Short Course was a financial success, realizing a small profit. The 1982 activity of the Reviews (Table 3), however, yielded a net loss of slightly over \$10000, primarily because of high printing and reprinting costs (volumes 9B and 10 were printed and volumes 1, 5 and 7 were reprinted). Income from sales of Reviews volumes was only \$3000 greater than in 1981 because the sales rate of individual volumes dropped to about two-thirds the rate in 1981; the 1982 rate appears to be a stable long-term rate. The Fund ended the year with a balance of \$6932 (market value \$9800) and with Reviews volumes in stock representing assets of about \$200000 (sales value). Prices of Reviews volumes have recently been increased, and a discount for sales to members has been instituted. The increased prices and lower anticipated costs for reprinting in 1984 and subsequent years should ensure that this Society activity remains self supporting, as it was initially intended to be. As of the beginning of 1983, the Revolving Fund has been merged into the General Operating Fund to form a single fund that accounts for all the Society's operations; all the subactivities of the two former Funds will be accounted for separately within the combined Fund, and each subactivity will continue to be monitored as carefully as in the past.

Examination of the history of the Endowment Fund indicates that this Fund has been well managed over the years. The Endowment Fund was created in 1926 with a gift of \$45000 in Honolulu Water Works bonds from Col. Washington A. Roebling. The gift was unconditional, but Col. Roebling expressed the strong wish that "the whole or part of it be devoted to the publication of ...the American Mineralogist." By the end of 1959, market value of the Fund had grown to \$148900. Since 1959, the market value of the Fund has grown at an overall annual rate close to 7%. In fact, over the past seven years (during management by Wm. Campbell and Co.), the market value of the Fund has grown at a rate close to 10% per year. Thus, the principal of the Fund has approximately kept pace with inflation. In addition, income from the Fund has been transferred to the General Operating Fund to support Society operations at an average rate of 3% of the market value per year in the period since 1959. At the end of 1982, the market value of the Fund balance was \$525000, representing 1.6 times the annual operating expenses of the Society. This Fund is a valuable cushion against rapid increases in expenses, and its income is an important source of revenue to aid annual operations and to finance special ventures.

The Crystallography Fund (consisting of the combined assets of the Edward H. Kraus Crystallographic Research Fund and the Jewell J. Glass Memorial Legacy) received \$95 in contributions and paid out \$2000 in research grants (Table 2). The assets of the Fund are invested with Wm. Campbell and Co. At year end, market value of the Fund was \$40700.

The Mineralogy-Petrology Fund (Table 2) received \$1960 in contributions (\$1000 of which was transferred from the Endowment Fund). The assets of this Fund are also invested with Wm. Campbell and Co. At year end, the market value of the Fund was \$12800. The biennial income from this amount is still far from adequate to support the biennial grant; considerable additional funds are needed.

In summary, the Mineralogical Society of America, as of the end of 1982, remained overall in a sound financial position. Costs of Society Administration and Member Activities appear to have been at reasonable levels, and the Short Courses and Reviews in Mineralogy series are in the long term self supporting, as they were designed to be. Expenses and income of the American Mineralogist were out of balance, however, in that operating income accounted for only 69% of the cost of production of the journal and the remaining cost of production had to be made up from investment income and by liquidating the invested assets of the General Operating Fund. By the end of 1983, the invested assets of the General Operating Fund will have been entirely liquidated and this source of support for the journal will no longer be available. Thus, in 1984 and subsequently, journal income must more closely equal operating expenses. To raise income, Council has voted increases in regular member and "spouse" dues rates and in nonmember subscription rates. Hopefully, the new rates will permit balanced budgets for the next few years.

Respectfully submitted,

Odette B. James
Treasurer