

## Report of the Treasurer for 1979-1981

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This report covers the period between January 1, 1979, and December 31, 1981. Preparation of the reports for these three years has been delayed because of severe problems with the accounting during 1979-1980, due to rapid turnover in the accounting staff at the business office. Accurate data for 1979-1980 were not available until the accounts had been audited by an outside auditor (Touche Ross and Co.) in mid 1981. Preparation of the 1979-1980 report was delayed until the 1981 accounts as well had been audited by an outside firm (M. B. Hariton and Co.), in order to incorporate some adjustments necessitated by incorrect crediting of dues and contributions during 1979-1980. Copies of both audit reports are on file at the Society's business office.

The financial statements given in this report are taken from the audit reports and incorporate the adjustments suggested by the auditors. The audit for 1979-1980 was a combined audit, giving only totals for the two-year period. Although the figures are broken down in this report into individual 1979 and 1980 statements to give a general picture of the changes in Society activities during the two years, only the totals for the two-year period are accurate. Other inaccuracies in the figures reported herein arise from the fact that in some cases income and expenses were not entered in the year to which they applied. For example, the 1980 Crystallography research grant was not paid until 1981, and the 1980 dues income probably incorporates dues from both 1979 and 1981 as well as 1980. In addition, most contributions for the Mineralogy-Petrology and Crystallography Funds received in 1979 were mistakenly attributed to the Endowment Fund; this mistake was not corrected until 1981. For these reasons, the stated income and expenses in a given year may not be entirely accurate, although the totals for the three-year period are accurate. I am confident that most of the problems with the accounting have finally been resolved and the fund balances as of the end of 1981 are accurate; Council ratified these balances at its meeting on October 17, 1982. I wish to thank our accounting and finance staff, in particular Vincent Gallo and Ethel Dawson, for their efforts at correcting the problems created by their predecessors and returning the Society books and accounting procedures to a sound basis.

The financial statements presented in this report consist of a balance sheet (Table 1), a summary statement of

income and expense (Table 2), and a breakdown of activity in each of the Society's five funds (Tables 3-7). The five funds are as follows. The *General Operating Fund* accounts for publication of the *American Mineralogist*, general administration of the Society, and other Society activities (such as awarding of the Roebing medal and MSA award, payment of dues and contributions to IMA and AGI, partial support of a Congressional Fellow, and sponsorship of a symposium at the annual meeting). The *Revolving Fund* accounts for publication of the *Reviews in Mineralogy* (formerly Short Course Notes) and convening of the Short Courses. 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-petrology. The *Endowment Fund* is the Society's reserve; income from this Fund pays annual dues for life members, contributes to the general Society operations, and is used for special needs

Table 1. Balance sheet

	Dec. 31, 1979	Dec. 31, 1980	Dec. 31, 1981
<b>CURRENT ASSETS</b>			
Cash - checking		\$59061	\$15675
Cash - savings	NO	417	---
Money market fund	AUDIT	50014	48873
Investments at cost*		463075	490757
Accounts receivable			16653
Prepaid expense		14685	1000
TOTAL		\$587252	\$572908
<b>CURRENT LIABILITIES</b>			
Accounts payable			\$49116
Other payables	NO	64517	2808
Min. Abs./Jour. Petrol.	AUDIT		12876
Prepaid dues			22932
Prepaid subscriptions		94659	54674
TOTAL		\$159176	\$147326
<b>FUND BALANCES</b>			
General Operating Fund	\$83623	\$75713	\$44565
Revolving Fund	11608	12160	14773
Endowment Fund	282275	309396	333072
Crystallography Fund	22410	25427	26939
Min.-Pet. Fund	2440	5380	6233
NET WORTH	\$402356	\$428077	\$425582
*Investments at market value	\$557999	\$804172	\$697480

Table 2. Summary statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
Dues*	\$40063	\$45081	\$43798
New life members	800	800	2800
American Mineralogist	128726	132288	127745
Short courses	2341	7614	21835
Sales of Reviews in Min.	7299	24068	48305
Contributions	4024	3375	1857
Investments			
Money fund interest	5507	4399	5858
Portfolio div./int.*	23698	19950	20411
Capital gain (loss)	(6896)	38568	44847
Miscellaneous	595	3617	959
TOTAL	\$206157	\$279760	\$318415
<b>EXPENSE</b>			
Administration	\$27335	\$49830	\$64416
Dues & contrib. (IMA, AGI)	3200	3289	5278
Awards (Roebing, MSA)	1359	2663	1688
Min. Soc. Gr. Brit. & Ire.	---	---	3077
American Mineralogist	144970	165078	171193
Reviews in Mineralogy	6725	16977	37663
Short courses	3258	9160	23921
Research grants	---	---	3000
Investment advisory fees	4966	7042	10672
TOTAL	\$191813	\$254039	\$320907
INCOME LESS EXPENSE	\$14344	\$25721	\$(2492)

\*Annual life member and life fellow dues, transferred from Endowment Fund, not included

(such as payment of one-half of the 1981 deficit incurred by Mineralogical Abstracts, which the Society owns jointly with the Mineralogical Society of Great Britain and Ireland).

Table 3. General Operating Fund statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
<b>Dues</b>			
Members and fellows	\$37083	\$42440	\$39737
Students	2132	2331	3275
Prior years	848	310	786
Life (from Endowment Fund)	4420	5860	5862
American Mineralogist	128726	132288	127745
Investments			
Money fund interest	5507	4399	5858
Portfolio div./int.*	3410	2683	1601
Capital gain (loss)	(1255)	8016	13357
Transfer from Endowment**	6775	4528	3439
Miscellaneous	595	3617	959
TOTAL	\$188241	\$206472	\$202619
<b>EXPENSE</b>			
Administration	26159	43352	55608
American Mineralogist	144970	165078	171193
Dues & contrib. (IMA, AGI)	3200	3289	5278
Awards (Roebing, MSA)	1359	2663	1688
TOTAL	\$175688	\$214382	\$233767
INCREASE (DECREASE) IN FUND	\$12553	\$(7910)	\$(31148)
OPENING FUND BALANCE	\$71070	\$83623	\$75713
CLOSING FUND BALANCE	\$83623	\$75713	\$44565

\* Div./int. income reported represents div./int. income less investment advisory fees

\*\*1/2 (div./int. income less investment advisory fees) earned by Endowment Fund

Table 4. Revolving Fund statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
Sales of Reviews in Min.	\$7299	\$24068	\$48305
Short courses	2341	7614	21835
Investments			
Portfolio div./int.*	611	372	573
Capital gain (loss)	(225)	1113	2292
TOTAL	\$10026	\$33167	\$73005
<b>EXPENSE</b>			
Publication & distribution	\$6725	\$16977	\$37663
Short courses	3258	9160	23921
Administration	1176	6478	8808
TOTAL	\$11159	\$32615	\$70392
INCREASE (DECREASE) IN FUND	\$(1133)	\$552	\$2613
OPENING FUND BALANCE	\$12741	\$11608	\$12160
CLOSING FUND BALANCE	\$11608	\$12160	\$14773

\*Div./int. reported represents div./int. income less investment advisory fees

The General Operating Fund was established a few years after the last dues increase, which took place in 1973. The 1973 dues increase produced a considerable excess of income over expenses. The General Operating Fund was established as a means of saving this excess money to use in subsequent years, after expenses had increased to the point where they exceeded income, in order to postpone the next dues increase as long as possible. Income in the Fund continued to exceed expenses through the end of 1979. In 1980-1981, costs rose rapidly and expenses exceeded income. Cost of Society administration rose from \$27335 in 1979 to \$64416 in 1981 and is budgeted at \$75500 for 1982. Cost of production of the American Mineralogist rose rapidly, from \$118.62 per page in 1978 to \$170.98 in 1981 (page charge income

Table 5. Endowment Fund statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
Contributions	\$1656	\$597	\$(115)
New life members	800	800	2800
Investments			
Portfolio div./int.*	13553	9056	6862
Capital gain (loss)	(4989)	27056	26507
Transfers to General Operating Fund			
Life member dues	(4420)	(5860)	(5862)
1/2 div./int. above	(6775)	(4528)	(3439)
TOTAL	\$(175)	\$27121	\$26753
<b>EXPENSE</b>			
Transfer to MSGB&I	---	---	\$3077
TOTAL	---	---	\$3077
INCREASE (DECREASE) IN FUND	\$(175)	\$27121	\$23676
OPENING FUND BALANCE	\$282450	\$282275	\$309396
CLOSING FUND BALANCE	\$282275	\$309396	\$333072

\*Div./int. reported represents div./int. income less investment advisory fees

Table 6. Crystallography Fund\* statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
Contributions	---	\$150	\$253
Investments			
Div./int.**	1044	719	565
Capital gain (loss)	(384)	2148	2194
TOTAL	\$660	\$3017	\$3012
<b>EXPENSE</b>			
Research grant	---	---	\$1500†
TOTAL	---	---	\$1500
INCREASE (DECREASE) IN FUND	\$660	\$3017	\$1512
OPENING FUND BALANCE	\$21750	\$22410	\$25427
CLOSING FUND BALANCE	\$22410	\$25427	\$26939

\*Edward H. Kraus Crystallographic Research Fund (64% of Fund) and Jewell J. Glass Memorial Legacy (36% of Fund)  
\*\*Div./int. income reported represents div./int. income less investment advisory fees  
†1980 grant paid in 1981

Table 7. Mineralogy-Petrology Fund statement of income and expense

	1979	1980	1981
<b>INCOME</b>			
Contributions	\$2368	\$2628	\$1719
Investments			
Portfolio div./int.*	114	78	139
Capital gain (loss)	(42)	234	495
TOTAL	\$2440	\$2940	\$2353
<b>EXPENSE</b>			
Research grant	---	---	\$1500
TOTAL	---	---	\$1500
INCREASE (DECREASE) IN FUND	\$2440	\$2940	\$853
OPENING FUND BALANCE	0	\$2440	\$5380
CLOSING FUND BALANCE	\$2440	\$5380	\$6233

\*Div./int. income reported represents div./int. income less investment advisory fees

ranged between \$15 and \$22 per page in 1978-1981). Consequently, the excess money in the General Operating Fund will be exhausted by the end of 1982, at which time increases in dues and subscription rates are necessary. The new rate structure (presented in the Report of the Secretary, issue #5-6 of the *American Mineralogist*, 1982) was designed only to meet anticipated costs in 1983, and it now appears that 1983 costs were underestimated. It is likely that another increase in dues and subscription rates will be necessary for 1984.

The Revolving Fund was also established soon after the last dues increase and was intended to be self supporting. The Short Courses typically show small losses, but sales of the Reviews in Mineralogy have been very high over the last year and a half, more than making up the losses. In addition to the Fund balance, the Fund had assets at the end of 1981 of \$71400 (at sales price) in the form of printed volumes on hand of Reviews of Mineralogy.

The assets of the Endowment Fund (and the Crystallography and Mineralogy-Petrology Funds as well) are invested in a portfolio managed by William Campbell and

Co. Until May, 1980, growth of this portfolio was phenomenal, but since that date the general downward plunge of the stock market has greatly decreased the market value of the Society's investments. At its peak, in mid 1980, the Endowment Fund had a market value representing 2.3 times the annual expenses of the Society; as of the end of August, 1982, however, the market value of the Endowment Fund was only 1.1 times the annual expenses of the Society. This change is due not only to the stock market slump but also to a considerable increase in the annual expenses of the society since the end of 1979.

Despite the general negative tone of this report, the Mineralogical Society of America is still basically in a sound financial position. Costs of Society activities and publishing ventures are rising rapidly, however. During the next decade, increases in dues and subscription rates will be much more frequent than in the last decade, and constant monitoring of Society activities will be necessary to ensure a proper balance between income and expenses.