

## **Mineralogical Society of America Treasurer's Report 2011 Treasurer's Report MSA Business Meeting (October 11, 2011)**

I would like to begin this report by thanking the individuals responsible for much of the sound financial footing that MSA enjoys.

Alex Speer, Executive Director of MSA, keeps the financial well-being of MSA as part of his central mission. In preparing the budget for the society every year, he conservatively underestimates the income to the society and overestimates the expenses. Consequently, this reduces the effects of volatility of the flow of money. Alex works closely with the Financial Advisory and Audit Committee and MSA investment advisor to optimize the investments for the society

The Financial Advisory and Audit Committee (FAAC) serves as the group of members that deals with the financial issues of MSA's investments. As chair of the FAAC, Mark van Baalen has brought energy and experience to the position, and has had a significant number of calls and face-to-face meetings with the financial advisor. The other members of the committee have provided valuable input to the process.

### **Financial Advisory and Audit Committee (2011)**

Mark van Baalen (chair)

Howard W. Day (2009-2011)

John M. Hughes (2011-2013)

John T. Cheney (2011-2013)

David R. Snoeyenbos (2011-2013)

Darrell J. Henry (2011-2012 MSA Treasurer)

David L. Bish (2011 MSA President, Management Committee Chair)

Michael F. Hochella Jr. (2011 MSA Vice-President)

Mickey E. Gunter (2010-2011 MSA Secretary)

The investment advisor from Wells Fargo Advisors has continued to steer MSA investments on a careful and productive path through challenging times by making conservative and diversified investments.

In this report I would like to (1) provide an overview of financial position of MSA at the close of the 2011 Fiscal Year, (2) make brief comments about the current 2011 fiscal year, (3) address MSA's investment status and (4) give a summary of the Fiscal Year 2012 budget.

- (1) In terms of the 2010 fiscal year, we have received the draft of the 2010 Independent Audit Report from the firm of Rubino and McGeehin, Certified Public Accountants and Consultants. MSA again received a clean audit with no material findings in the Audit Report.

FY 2010 ended with income over expenses of \$48,627.

(2) We are in the midst of the 2011 budget, and, as expenditures are not linear it is not possible to anticipate all matters of the budget, but the budget and actuals are in line with expected values at this time of year. There are a few noteworthy items.

- Total Fund Transfer Allocations have increased somewhat in the last five years, but over the last three years have remained at a relatively constant at approximately \$85,000+/year. Over the last five years, Total Fund Transfer Allocations have been \$96,690 (2010), \$92,150 (2009), \$85,232 (2008), \$85,166 (2007) and \$76,885 (2006). In terms of individual funds, allocations for 2010 (relative to a reference date of 6/30/10) are (2009 figures italicized in parentheses for comparison): Kraus: 3.2% (3.8%); Min/Pet: 3.7% (4.5%); Roebling: 5.4% (6.6%). The Fund Transfer covers defined costs such as AMU awards, the MSA Award, the Roebling Medal, the Dana Medal, the Lecture Program, the Kraus and Mineralogy/Petrology grants, and the Fund Fees, many of which are dictated by the terms of the individual endowments.
- The income stream from Geoscience World is a bright spot again this year. MSA receives a single payment from Geoscience World in March so that the 2011 total income from this source is final by the 6/30 mid-year reporting date. As of 6/30/11, the income from this source is \$151,477 for American Mineralogist downloads and \$71,369 for RIMG downloads. In the three previous years income from this source was as follows: American Mineralogist - \$107,181 (2010), \$112,788 (2009), \$85,847 (2008) and \$66,948 (2007); RIMG - \$47,462 (2010), \$44,262 (2009), \$23,168 (2008) and \$20,398 (2007).
- Up to this date in 2011 there is an increase in gifts to MSA to the level of \$45,323.

(3) The financial status of MSA's investments continues to improve over the last two years. As of close of business on June 30, 2011, the market value of MSA's investments was \$2.594M. This closing is the highest-ever June 30 closing, exceeding June 30, 2007 closing of \$2.560M (Table 1). The change of the MSA investments as of June 30, 2011 relative to June 30, 2010 represents an increase of 14.6%.

**Table 1. MSA investments (6/30 closing comparisons)**

<b>\$2,593,622 (2011)</b>	<b>\$2,263,134 (2010)</b>	<b>\$1,992,368 (2009)</b>
<b>\$2,224,590 (2008)</b>	<b>\$2,560,333 (2007)</b>	<b>\$2,231,848 (2006)</b>

Since the 6/30/2011 closing the market has generally undergone a downturn (until the date

of this report). However, a comparison of MSA's investment relative to the Dow Jones index fared better in this relatively challenging market environment (Fig. 1). 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 anticipates fluctuations in the value of MSA investments. The FAAC continues to actively work with our investment counselor at Wells Fargo Advisors to monitor the progress of the funds and make adjustments as needed. Since 2003 our investments have attained an average increase of ~7% per year – a value that is better than most organizations of comparable size.



Fig. 1. Changes in MSA investments using the 6/30/2011 closing as a reference relative to that of the Dow Jones index (6/30/2011 – 9/30/2011)

- (4) The 2012 budget was adopted by MSA Council this past Saturday (October 8, 2011) at the First 2012 Council Meeting. There are several noteworthy items to report.

Overall, the 2012 approved budget is \$1,330,747 which is up from the 2011 approved budget of \$1,263,177. As always, the budget is for the worst-case situation: maximum raises, maximum award expenses, oversized Reviews volumes, etc. The projected loss is \$24,002 after the Funds pay for the expenses they need to. Unlike the few previous years with only 1 Reviews volume printed, there are 4 new volumes budgeted for 2012. This accounts for much of the 2012 deficit because the costs will be in 2012, but sales of these will take place over the next 2-3 years. Additionally, we are "coasting" on the out year incomes of only the recent year's 1 volume per year. The 4 volumes also put a dent in American Mineralogist income because part of the subscription income pays for the volumes. The majority of sales, and the income from the sales, will follow the completion of the short courses. The approved budget predicts a net loss for the Society of \$42,662 for 2011. This projected loss is largely a result of an earlier anticipated 3 RIMG volumes. However, it is likely that 2011 will have only 2 RIMG volumes, thus reducing the anticipated loss.

The total income from American Mineralogist is projected to increase slightly to \$668,865 (up from the 2011 approved budget of \$662,521). There are offsetting effects of decreasing income from subscriptions to American Mineralogist and increasing income from Geoscience World. The Geoscience World income for 2012 is projected to be

\$140,000 – likely an underestimate of this income stream.

The income from RIMG volumes is anticipated to increase to \$201,150 (up from the 2011 approved budget of \$175,710).

While people have been distracted by other things, inflation has increased. 4.69% so far this year, compared to 0.7% last year and 0% the previous year. This leads to larger salary COLA's for 2012.

Expenses related business office operations are projected to increase to \$418,456 relative to the 2011 approved budget of \$376,752.

The 2012 expense budgeted for printing and distribution of the RIMG volumes is higher at \$203,500 relative to the 2011 approved budget of \$173,113. This higher value is in anticipation of the printing of four RIMG volumes.

There is a new \$12,000 proposed expenditure for the Outreach Fund for the Mineralogy 4 Kids site for 2012.

The proposed budget includes a third \$5,000 Min-Pet student research grant up for the two grants previously awarded. However, this is contingent upon appropriate investment returns in the Min-Pet Fun.

Income from American Mineralogist is projected to decline to \$662,521 (down from the 2010 approved budget of \$758,420). This is partially offset by the projected increased income from American Mineralogist downloads from GSW anticipated to be \$140,000 and from RIMG anticipated to be \$175,710.

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.

This concludes the report of MSA Treasurer Darrell J. Henry.

**Mineralogical Society of America  
2011 Treasurer's Report**



**Darrell J. Henry**  
MSA Treasurer

# Thanks to the individuals who maintain



Executive Director of MSA

**J. Alex Speer**



Financial Advisory and Audit Committee

**Mark van Baalen (chair)**

Howard W. Day (2009-2011)

John M. Hughes (2011-2013)

John T. Cheney (2011-2013)

David R. Snoeyenbos (2011-2013)

Darrell J. Henry (2011-2012 MSA Treasurer)

David L. Bish (2011 MSA President, Management Committee Chair)

Michael F. Hochella Jr. (2011 MSA Vice-President)

Mickey E. Gunter (2010-2011 MSA Secretary)

MSA Investment Advisor at Wells Fargo Advisors

# Fiscal 2010 budgetary items and MSA investments

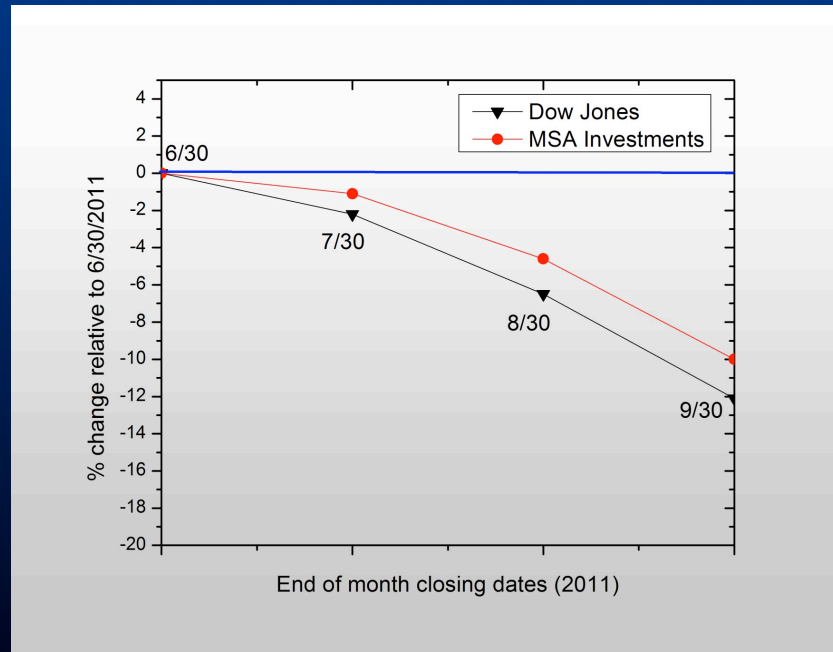
## Financial position at the close of fiscal year 2010

- Rubino and McGeehin, Certified Public Accountants and Consultants gave MSA a clean audit with no material findings.
- Fiscal year 2010 ended with an income over expenses of \$48,627

## MSA investments (6/30 closing comparisons)

\$2,593,622 (2011)	\$2,263,134 (2010)	\$1,992,368 (2009)
\$2,224,590 (2008)	\$2,560,333 (2007)	\$2,231,848 (2006)

# Changes in MSA investments vs. DJ





# Fund Transfer Allocations



## Covers costs of defined programs

- Roebling Medal
- MSA Award
- Dana Medal
- MSA lecture program
- Kraus grant (1)
- Mineralogy/Petrology grants (2-3)
- MSA undergraduate prize

## Recent Total Fund Transfers (~5% of expendable funds)

\$96,690 (2010)	\$92,150 (2009)	\$85,232 (2008)
\$85,166 (2007)	\$76,885(2006)	

# Noteworthy 2011 budgetary items

## Income items

- Income from American Mineralogist is projected to decrease from \$709,458 to \$662,521 (2010 approved budget).
- Income from Geoscience World has increased greatly.
  - Income for American Mineralogist downloads – \$151,477 (2011) [up from \$107,181 in 2010]
  - Income for RIMG downloads - \$71,396 [up from \$47,462 in 2010]
- Increase in gifts to MSA (\$45,323)

Bottom line – projected break even at year end

## **Noteworthy 2012 projected budgetary items**

- **Approved budget (Oct. 8, 2011) for 2012 - \$1,330,747 [up from 2011 approved budget of \$1,263,177]**
- **Income from dues projected to slightly increase to \$118,000 [up from 2011 approved budget of \$113,795]**
- **Slight increase in American Mineralogist income to \$668,865 [up from 2011 approved budget of \$662,521]**
- **Conservative projected income from Geoscience World (\$140,000 for Am Min and \$50,000 for RIMG)**

## **Noteworthy 2012 projected budgetary items**

- **Business office expenses projected to increase**
- **New expenditure of \$12,000 for Mineralogy4Kids website**
- **Possible third Mineral-Petrology award**

### **Bottom line**

- **Continued conservation in allocation of endowment**
- **increase endowment from members and corporations**
- **Diversified and balanced investments**