

The Geological Society of Washington  
*founded 1893*

DRAFT MINUTES  
MEETING OF THE COUNCIL  
APRIL 12, 2017

*Council Members Present*

Callan Bentley, president  
Joshua Benton  
Patrick Carr, council secretary  
Liz Crafford  
Carl-Henry Geschwind, 2nd vice president  
Odette James, treasurer  
Larry Meinert  
Karen Prestegard, 1st vice president  
Jess Rodysill  
Michael Toomey

*Council Members Absent*

Jamie Allan, past president  
Nik Deems  
Mattia Pistone

*Others Present*

Scott Burdick, program chair  
Ben Mandler, program chair  
Alex Speer, business manager  
Libby Stern

The meeting was called to order at 2:59 P.M. by President Bentley. The minutes of the fall meeting were approved.

Bentley announced that Pistone had resigned from Council when he relocated to Switzerland, and nominated Stern to fill the resulting vacancy. She is still considering the position. Her nomination was accepted unanimously by Council with the provision that she accept it.

REPORTS

*Membership*

In Hankin's absence, Bentley reported that this year has seen twelve new applicants, eleven of whom have been approved. Speer reported that 281 members have renewed; at this point last year 334 had renewed. Bentley will contact the 53 recalcitrants personally. Mandela asked if members can know who else is a member; the answer is no, but I believe that is a technological limitation and not an explicit policy decision.

*Treasurer*

James presented her report, which is attached. The FY17 projected dues value of \$9065 is conservative given the YTD value of \$8375. Contributions, however, are down: \$3763 YTD compared to \$4503 last year. Our investment policy states that the target balance in the general fund at the end of the fiscal year be about 60 percent of the operating budget; she does not anticipate the need to move money.

*Finance*

In the absence of Allan, Bentley presented the report of the Finance Committee, which is attached. Several motions arose out of their report:

To maintain dues at the present level of \$40 for regular members and \$15 for corresponding and student members. This passed without objection;

To authorize twelve meetings for fiscal year 2018. This passed without objection; and

Whereas her financial acumen, tireless advocacy for fiscal responsibility, and keen attention to both the financial trees and forest has allowed the Geological Society of Washington's underlying financial base to grow securely and spectacularly under her care, such that the Society is in excellent position to provide many more decades of science camaraderie and fellowship to our community, to express gratitude and thanks to retiring Treasurer Odette James for outstanding service to the Geological Society of Washington. This passed unanimously and enthusiastically.

#### *125th anniversary*

Crafford outlined some options for next year's celebration, including a session at fall AGU which will be here. The motion arising out of her report, that \$1000 be budgeted in FY18 for the 125th anniversary celebration, passed without objection.

#### BUSINESS OF THE DAY

Bentley announced that the Cosmos Club plans to remodel in September and would not be able to host our meeting on the 13th, and the AGU is likewise under construction. The P Street building of the Carnegie is a possible venue, but they would require us to have a caterer with a liquor license, liability insurance, security, and pay for setting up and striking the room configuration. He has not contacted AAAS, but we are holding this small meeting here at no cost as a subsidiary organization. After some discussion, Carr moved to cancel the September meeting if a venue cannot be found whose total cost is less than or equal to a meeting at the Cosmos Club of \$640. This passed without objection.

James suggested that we insure the Society against liability, particularly since our financial standing has stabilized in the last decade. There are several situations where we expose ourselves to liability, e.g., giving field trips, serving beer, and hosting potentially defamatory speakers. Additionally, most meeting venues (e.g., the Carnegie) would require us to be insured. There are two flavors: general liability, which covers bodily and personal injury and property damage, and directors' and officers' insurance, which covers mis-management. Meinert moved that we obtain general liability insurance. This passed without objection.

There was some discussion about what is covered by directors' and officers' insurance. Speer moved that we investigate this type of coverage. This passed without objection, and Bentley appointed a committee comprising James, Geschwind, and Bentley.

James mentioned that the Gray Book had not been updated since 2007 and is due for a revision. Bentley appointed a committee chaired by Carr and others as he sees fit to update the document.

Bentley notified Council that Mandler had been appointed as a co-chair to the Program Committee.

Bentley notified Council that the Nominations Committee will comprise Swezey and Lekic.

Bentley asked about putting photographs of our science fair awardees on social media. He will ask Newman to investigate waivers or a policy.

The meeting adjourned at 5:00 P.M.

Respectfully submitted,

Patrick M. Carr, Council Secretary

**GSW TREASURER'S REPORT TO COUNCIL, APRIL 12, 2017**

Odette B. James, Treasurer

Because the Society's accounting spreadsheet is complex, I will begin this report with a general explanation of the Society's finances and the spreadsheet. Please read this section (preferably with spreadsheet in hand). It will make the subsequent report easier to understand.

**GSW finances, as illustrated by the spreadsheet:**

The spreadsheet titled GSW\_sum\_BUD7.xls summarizes the current status of GSW finances and finances for past years. The Society's fiscal year runs from July 1 to June 30; the current FY is 2017.

Data for past fiscal years are included for comparison. These data are included to demonstrate how very quickly a strong financial situation can be compromised. Between 2001 and 2005, the Society spent far more than it should have, given its income, producing a very precarious situation by the end of 2007. Since then, thanks to dues increases, very generous contributions from members, and the proceeds from sponsoring a regional AAPG meeting in FY2012, we have recovered, but it is clear that only a brief period of irresponsible spending can produce serious problems for many subsequent years. In fact, if we had not had a one-time source of considerable income - sponsorship of an AAPG meeting - it would have taken us at least a decade more to recover.

Sheet "2001-2017" summarizes the essential aspects of the Society's finances. The first page is a Statement of Activities (profit and loss statement) for the General Fund. This Fund deals with the Society's operations, and its primary sources of income are dues and member contributions. It pays for the meetings, the business office (a contract with MSA), the awards (meeting presentation awards paid by a transfer from the Bradley Fund and Science Fair awards paid from the General Fund), and miscellaneous items. The column between the YTD (year to date) FY2017 and PROJ FY2017 (Projected FY 2017 year end) shows number of meetings for which financial data have been entered, and average meeting cost, and average cost of speaker dinner to date for the current fiscal year are shown at the bottom of the YTD column; the column at the far right gives explanations for the adjacent items in the proposed FY2017 budget. Cells with colored backgrounds are filled in by the Treasurer; cells without colored backgrounds are calculated by the spreadsheet. Above the colored blocks are the dates for which the data were entered.

At the end of every fiscal year, if there is a loss in the General Fund, this loss is made up by transfers from the Society's two invested Funds (Bradley and Endowment) or by spending down the balance of the General Fund. In October 2016, because of concerns that the balance of the General Fund was too high relative to expenses, the Council added a requirement to the Society's Investment Policy that "The desired balance for the General Fund at the end of each fiscal year should be about 60% of the annual expenses of the General Fund for that year." Accordingly, in years when the year-end balance of the General Fund is greater than 60% of expenses before any transfers are made from the invested Funds, the amounts of such transfers equal only those amounts necessary to bring the closing General Fund balance up to 60% of expenses. If the

closing balance of the General Fund before the transfers is greater than 60% of expenses, there are to be no transfers from the invested Funds.

The second page of sheet "2001-2017" shows the Statements of Activities for the Bradley and Endowment Funds and additional information relating to these Funds. The Bradley Fund was established in 1979 with member contributions and its "proceeds" are intended to pay for the Society's awards and other activities as designated by Council. The Fund "proceeds" can be used for any Society activity named for W. H. Bradley, and in FY2008 the Fund paid part of the cost of the Bradley lecture. The Council in fall 2015 voted that in the future the Bradley Fund will pay as much as \$1000 per year toward speaker travel for the Bradley lecture; if the speaker does not need travel money, the \$1000 maximum will go toward the cost of the Bradley meeting. The total amount to be transferred from the Bradley Fund each year will not exceed 3% of the Fund balance at the time of the transfer (guideline established by the Society's Investment Policy). The Endowment Fund was established in 1989 with member contributions and its "interest" is to be used to support Society activities, primarily meetings. The Council in fall 2015 voted that in the future the Endowment Fund will pay the costs of two regular meetings of the Society per year. However, the total amount to be transferred from the Endowment Fund each year will not exceed 3% of the Fund balance at the time of the transfer (guideline established by the Society's Investment Policy). The principals of both Funds (consisting of all contributions during the life of the Fund) are to be invested and only the "proceeds" or "interest" spent. The Society's Investment Policy defines the "proceeds" and "interest" of these two Funds as net total return, which equals interest plus dividends plus realized and unrealized capital gains minus fees.

Until June 2010 (the end of FY2010), the bulk of both the Bradley and Endowment Funds was combined and invested in a melded account with Wells Fargo Advisors (formerly Wachovia Securities). Although the Funds were combined, each was accounted for separately in our records. Our portfolio consisted of shares in roughly 20 mutual funds. Near the end of June 2010, the Wells Fargo account was closed and the Funds were transferred into separate moderate-allocation balanced mutual funds (such funds invest in both stocks and bonds, with generally more in stocks than in bonds). The Endowment Fund was invested in Oakmark Equity and Income and the Bradley Fund was invested in Vanguard's Wellington. (This move was made to decrease the complexity, risk, and volatility of our portfolio, to decrease the fees for managing the investments, to increase the quality of the mutual funds in which we were invested, and hopefully to increase the returns.) After this change, Vanguard's Wellington did very well, but Oakmark's Equity and Income did not do as well. As a result, on April 18, 2013, the Oakmark account was closed and the invested portion of the Endowment Fund was transferred to Admiral shares of Vanguard's Balanced Index Fund (another moderate-allocation balanced mutual fund), as recommended by the Finance Committee and authorized by Council in April 2013. Revenue for each Fund consists of contributions, net return from the investment account, and transfers from the General Fund (this last category is rare and is intended to make up for any past excessive transfers into the General Fund). Expenses consist of transfers to the General Fund.

Following procedures in the Society's Investment Policy, the spreadsheet calculates values for actual balances (net assets), Minimum Required Balances (MRBs), Permanently Restricted

Balances, and the difference between actual balance and MRB for each Fund. The Permanently Restricted Balance is the sum of contributions to each Fund over its lifetime; this amount corresponds to the principal of a Fund – by the terms under which the Funds were established and under which we solicit contributions, no further spending from a Fund is possible if its actual balance is less than this value. The MRB is the balance calculated for a Fund so that it fulfills two constraints: 1) all contributions over the lifetime of the Fund have been added; and 2) since the end of FY2001, the Fund has grown at a rate at least equal to the rate of inflation. (The second constraint is the result of a 2000 Council decision that Fund balances need to grow at least at the rate of inflation so that the Funds can support future Society activities.) If the actual balance is larger than the MRB, the Fund is growing at a rate greater than required to fulfill the above constraints because the investments are performing well. If the actual balance is less than the MRB, then the Fund is not growing at a rate that fulfills the constraints because the investments are doing poorly and/or too much is being transferred to the General Fund and spent. Thus, the difference between the actual balance and MRB provides a measure of the health of the invested Funds and indicates how much of each Fund could be spent to support Society activities. If the actual balance of a Fund is less than its MRB, nothing should be spent from that Fund. The spreadsheet also includes a line showing what percentage of the actual balance was transferred to the General Fund and spent each fiscal year (limited to no more than 3% of the Fund balance). Numbers and symbols in the column to the right of the YTD FY2017 column indicate footnotes.

It should be noted that all contributions to the Endowment Fund from FY2001 through FY2004, and all contributions to the Bradley Fund from FY2001 through FY2008, were transferred to the General Fund and spent. By the terms under which we solicit these contributions, they are to be invested, not spent as received, so this excessive spending violated the fiduciary responsibility of the Officers and Council. In addition, in FY2007 and FY2008, when Fund balances were high because the stock market was doing very well, there were additional transfers from the Bradley Fund to the General Fund. This excessive spending from the Funds occurred because the Council and Officers were unaware of previous Council decisions and the lifetime total of Fund contributions. The current calculation of Minimum Required Balance takes into account past excessive spending and was instituted in 2010 when the Society adopted an Investment Policy. The Investment Policy was formulated by the Finance Committee after the Treasurer found the minutes of the fall 2000 Council meeting, which gave numbers for lifetime contributions to the Funds and instituted the requirement of Fund growth at least as great as inflation. The excessive transfers from the invested Funds to the General Fund since FY2000 (\$7562 from the Endowment Fund, \$3403 from the Bradley Fund) put the Society in the situation for several years that there could be no transfers from either invested Fund to the General Fund to help pay for meetings or awards. GSW in fall 2011 sponsored a regional meeting of the AAPG and the profits from that meeting were transferred from the General Fund to the Endowment and Bradley Funds to compensate these Funds for past excessive transfers to the General Fund. In FY 2013, small additional transfers from the Endowment and Bradley Funds to the General Fund completed the compensation for past overspending.

Below the Statements of Activities for the Endowment and Bradley Funds there is additional information related to these Funds, as follows. 1) The CPI-U numbers are used for calculation of the inflation rate, which is used to calculate the MRB if contributions have not kept pace with

inflation. 2) The amounts of the Bradley and Endowment Funds that are in the checking account represent recent contributions to the Funds and are kept in the checking account to provide a cushion to pay for the fall meetings before dues income begins to arrive (the Investment Policy indicates that the balance of the checking account should not fall below an amount equal to 50% of the budgeted expenses for the fiscal year). These amounts also provide the annual transfers to the General Fund and are included in the balances of the relevant Fund even though they are in the checking account. 3) Total of contributions for all three Funds for the fiscal year. 4) A calculation of the net difference between the sum of the actual balances of both Funds minus the sum of contributions for both Funds; if this number is negative, prudence would indicate that there should be no further spending from either Fund.

The third page of sheet "2001-2017" is a Statement of Financial Position (balance sheet) that reconciles the Fund balances with the balances in the Society's checking and investment accounts. The value of our publications inventory is given for the sake of completeness.

The fourth page of sheet "2001-2017" shows additional information concerning the investments (used primarily for our annual report to the IRS) and explains the footnotes and color coding.

The sheet titled "operations\_only" shows the operational deficit ("net profit or loss") for each year. This deficit is the amount that must be made up by contributions to the General Fund, transfers from the Endowment and Bradley Funds, or spending down the balance of the General Fund. The sheet titled "Budget\_vs.\_Actual" compares the annual budgets with the actual profit and loss statements for recent years.

#### **GSW current financial status:**

*Status of the General Fund:* (See page 1 of sheet "2001-2017" of the spreadsheet).

Thus far, my projection for fiscal year 2017 suggests that this fiscal year will be a reasonable year for GSW, though possibly the worst in nearly a decade. It appears that dues income will be about \$1000 less and contribution income will be about \$740 less than in the last fiscal year, although total operating income (before any transfers from the invested Funds) will be about \$13000, close to the budgeted amount (the budget shows higher dues and lower contributions than the projections, but the total ends up about the same). Miscellaneous income will be about \$271; this includes \$180 royalty income from the 18 GSW members who still have GeoCare insurance policies, \$20 credit from our bank to correct a past deposit error, and \$71 refunded to us by a USGS meeting speaker who felt he could not accept a free dinner from GSW.

Overall expenses will probably be lower than budgeted, though higher than in the last fiscal year. Costs of meetings and speaker dinners will be higher than last year, in part because we had only 11 meetings last fiscal year compared to 12 this year, but the actual costs will probably be a bit lower than budgeted. The budget provided \$1000 for Bradley speaker travel, and we will not have a Bradley lecture this fiscal year, so we will not have that expense. Administrative costs paid to MSA will probably be slightly higher than last year and slightly higher than budgeted.

As specified by a recent change to our Investment Policy, at the end of the fiscal year the General Fund balance should be about 60% of annual expenses. The projected year-end balance will be 64% of annual expenses even if there are no transfers from the invested Funds, indicating that there will probably be no need to transfer any money from the invested Funds this fiscal year. Accordingly, I propose that at the end of the fiscal year, I will transfer only that amount from the invested Funds to the General Fund that is required so that the balance of the General Fund is 60% of the expenses for FY2017; if the General Fund balance is greater than 60% of expenses at the end of the fiscal year, there will be no transfer between Funds. Next year, however, the balance of the General Fund will start out at about the desired 60% level, so what is acceptable as a loss of about \$2900 this fiscal year will have to be made up next year by transfers from the invested Funds. Although the Society is currently in good financial condition, finances will need to be monitored closely in the future to maintain this status. The Society's financial situation appears to be close to stable at present and there appears to be no need for a dues increase for 2018. If the level of contributions remains above \$3000 per year, and the investments remain strong, we can continue to hold 12 meetings per year at least through 2018.

Overall cost per meeting increased significantly each year through FY2011, dropped through FY2014, and began to rise again in FY2015. Because of increases in hall rental rate for the last fiscal year, cost per meeting has risen considerably recently. An average meeting cost \$945 in FY2009, \$1052 in FY2010, \$1099 in FY2011, \$1146 in FY2012, \$1079 in FY2013, \$971 in FY2014, \$1095 in FY2015, \$1211 in FY2016, and \$1199 thus far in FY2017 (these averages include costs of hall rental, beverages consumed at the meeting, three speaker dinners, and the fee to MSA to send out the meeting announcement). Most of the variations in per-meeting cost are the result of variations in beverage consumption at the meetings and increases in menu prices at the Cosmos Club for speaker dinners (it should be noted that some of the Cosmos Club members who host the speakers pay the costs of the pre-dinner drinks themselves and there are no tip costs, so the cost to GSW is commonly much less than the actual cost). The hall rental rates for meetings had been nearly constant for many years until FY2016, when they increased by \$100 per meeting. As it is, however, we still pay a strongly discounted rate for hall rental.

*Status of the Endowment and Bradley Funds:*

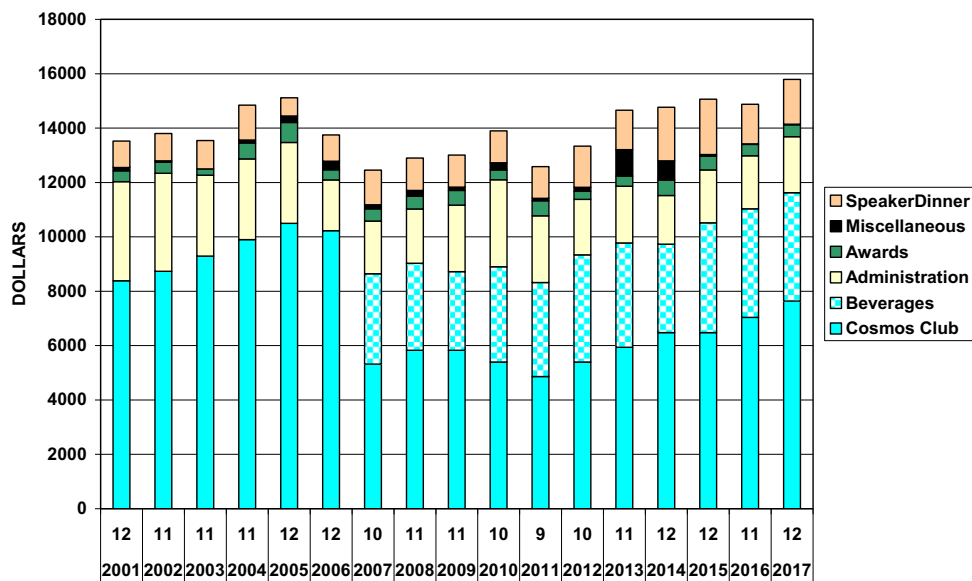
During the recession a decade ago, the value of our invested Funds showed a steep decline, but subsequently our portfolio recovered considerably. Because our Investment Policy specifies that we are not allowed to transfer any money into the General Fund from an invested Fund if the actual balance of this Fund is less than its Minimum Required Balance (MRB), we were not able to take any money from the two Funds for several years. The money from the AAPG meeting proceeds in FY2012, however, brought the Fund balances up so that they are well above their MRBs, and we are once again able to transfer money from the invested Funds to the General Fund to help support Society activities. Such transfers are not necessary for the current fiscal year but will be necessary in following years. It is clear that our investments will need to be closely monitored in the future, because we will be depending upon them for approximately \$3000-4000 per year in income.

*Graphs:* On the next few pages I've included several charts that show the current status, compared to the past, in graphical form.



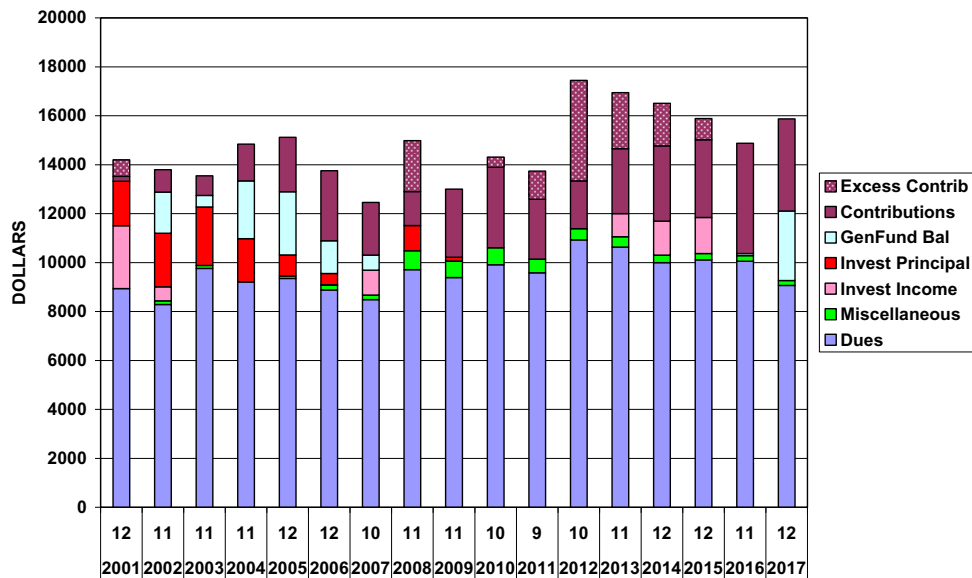
The chart below shows expenses for the past 16 fiscal years and projected expenses for the current FY. The number of meetings during the fiscal year is shown above the year. The Miscellaneous category includes the cost of mailing meeting cards (2005-2011), registration as a DC corporation (even-numbered years), bank charges, lawyer fees (2013-14) and AGI membership (2001 only). The Administration category consists of PayPal (2010-2016) charges and payments to MSA for business office expenses (these decreased significantly when we eliminated mailing meeting cards to all members in FY2005; the large increase for FY2010 reflects the costs of setting up the website to accept membership renewals). The Awards category includes costs relating to Science Fairs as well as awards for meeting presentations. Meeting beverage costs are split out from hall rental costs for the Cosmos Club for FY2007-17. Beverage costs increased for the second half of FY2014 to their current rates: Sierra Nevada, Heineken, or Amstel Lite, \$7.80 each; Budweiser or Miller Lite, \$6.60 each; and soft drinks, \$4.20 each. Rental of the hall plus projection and sound equipment was \$530 per meeting up to and including FY2009, \$540 per meeting in FY2010-15, and is \$640 per meeting for FY2016-7.

### GENERAL FUND EXPENSES



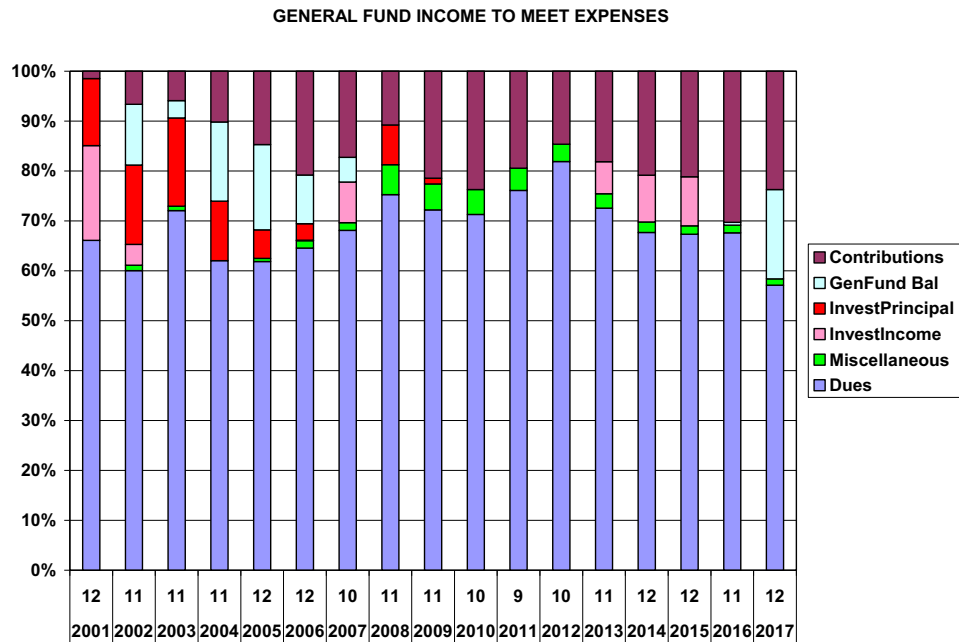
The chart below shows the sources of income that paid for the expenses shown in the previous chart. Amounts transferred from the Bradley and Endowment Funds that took their actual balances below their Minimum Required Balances are plotted as Investment Principal. In FY2001-6, contributions to the Bradley and Endowment Funds (Principal) paid General Fund expenses, leading to the situation in which spending from both Funds was limited. In FY2002-7, the General Fund's balance was drawn down to \$500 and no more could be taken from this source. In FY2003, FY2008, and FY2012, dues increases let dues pay for more of the expenses. For FY2008-16, increased Miscellaneous income mostly is royalty income from GeoCare, which the Society had not previously been receiving; the rest of miscellaneous income comes from mailed meeting cards and book sales. The bars for contributions show two patterns: the portions that were spent to meet expenses are shown in solid color; and the portions that exceeded expenses are patterned. For FY2008-9, all investment transfers were from the Bradley Fund. For FY2008, the transfer from the Bradley Fund paid for awards and part of the cost of the Bradley Lecture, but for FY2009, the Fund paid only for the net loss in the General Fund (the remaining costs of the awards and Bradley Lecture were paid by the General Fund). For FY2013, transfers from the Endowment paid for one meeting and from the Bradley Fund paid for meeting presentation awards and part of the Bradley lecture meeting, but these transfers were offset by transfers from the General Fund to compensate for the remainder of past overspending; the bar shows the net of all transfers. For FY2014 and FY2015, transfers from the Endowment paid for one meeting and from the Bradley paid for meeting presentation awards because there were no Bradley lectures in these fiscal years. For FY2016 and 2017, there are no transfers from the invested Funds and the losses are made up by drawing down the General Fund balance.

### GENERAL FUND INCOME

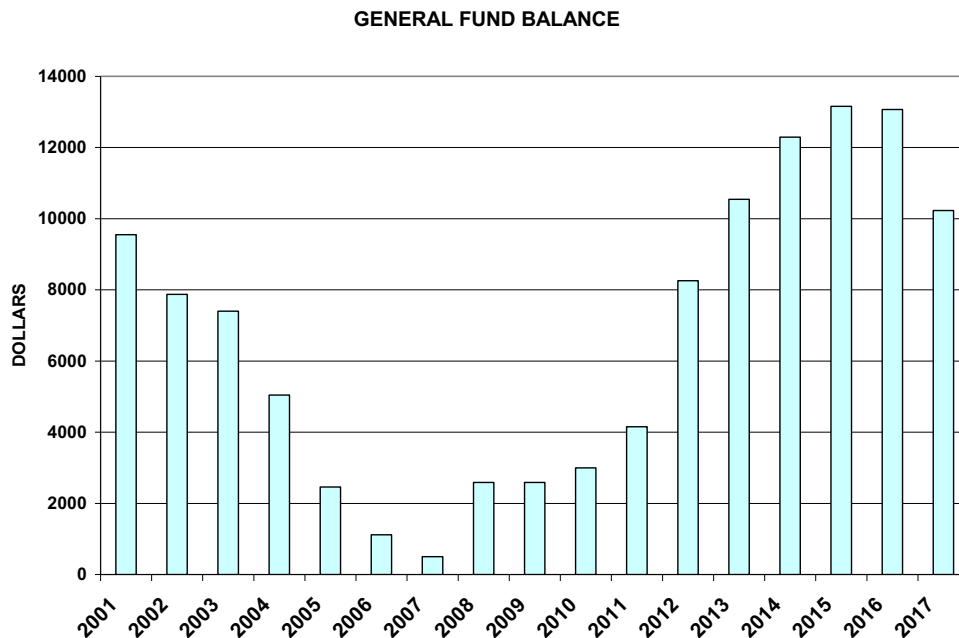


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The chart below shows items in the above chart expressed as percent of the total (any income that increased the General Fund balance is not plotted). Dues paid for 82% of our expenses for FY2012, the highest percentage since I have been keeping track. My projection for FY2017 suggests that dues will pay for only about 57% of our expenses, the lowest percentage in the time interval plotted and perhaps the lowest ever.

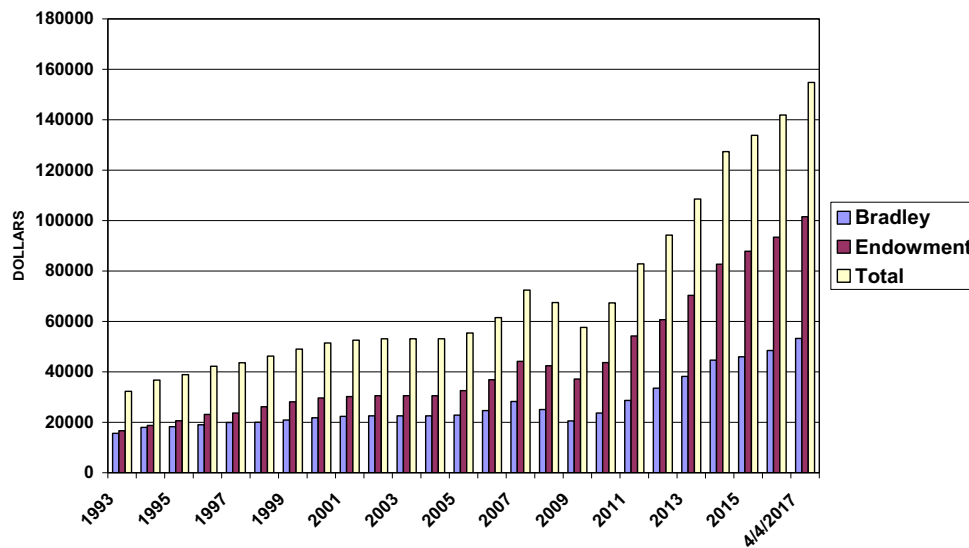


The chart below shows the balance of the General Fund, including the projection for the end of FY2017. We were spending the Fund balance down to pay for operating expenses from FY2002 through FY2007. In FY2008, the Fund balance once again increased, partly because of large contributions to this Fund, partly because there was a dues increase, and partly because we once again were receiving GeoCare royalties. In addition, in FY2008, \$1039 was transferred to the General Fund from the Bradley Fund to pay for the awards and to pay part of the cost of the Bradley Lecture; the year-end General Fund balance would have been much lower without this transfer but would still have increased over the previous year. In FY2009, only \$153 was transferred from the investments (from the Bradley Fund to pay part of the costs of the awards); this amount was calculated so that the General Fund would exactly break even. For FY2010, the General Fund showed a small profit without a transfer from either invested Fund, so its balance increased. For FY2011-15, there were significant profits in the General Fund. In FY2016 there was no transfer of money from the invested Funds, and I project that there will probably also be no transfer in FY2017, so the General Fund balance decreases through FY 2016-7, in order to bring it to the 60% of expenses level specified in the Investment Policy.



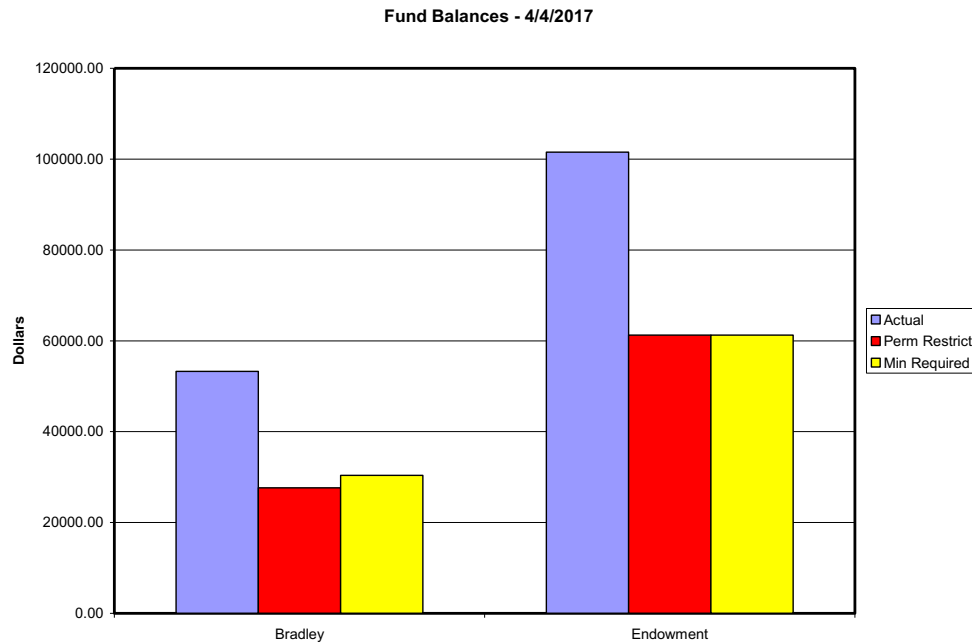
The chart below shows the change in net assets of the Bradley and Endowment Funds since 1993; the 2012 bars include the money received from the AAPG regional meeting. During FY2001-2005, the Funds were invested in money-market accounts with Merrill Lynch. The stock market soared in 2003, but we did not benefit because the interest rates earned by our money-market accounts were very low (also all contributions were being spent). At the end of FY2005, the bulk of both Funds was invested with Wachovia Securities (now Wells Fargo Advisors), but some of each Fund from FY2007 to the present has been retained in the checking account. At the end of FY2010, the account with Wells Fargo Advisors was closed and the Endowment and Bradley Funds were invested in separate moderate-allocation balanced mutual funds; in April 2013, the mutual fund in which the Endowment assets were invested was changed. The Endowment and Bradley Fund totals are now at historic highs. The values plotted below reflect contributions to and withdrawals from each Fund as well as performance of the investments. The increases in Fund balances for FY2012 are due almost entirely to the proceeds from the AAPG meeting, and without the contributions to the Funds in FY2016, both Funds would have dropped in value relative to their values at the end of the previous FY. Since the ascension of Donald Trump to the Presidency, however, the markets and our Funds have soared. The Bradley Fund overall has not performed as well as the Endowment Fund because: 1) it receives less in contributions, and 2) from FY2005 through FY2009, nearly all of the money transferred from the invested Funds to the General Fund came from the Bradley Fund.

**TOTAL BRADLEY AND ENDOWMENT FUNDS**  
**4/4/2017**



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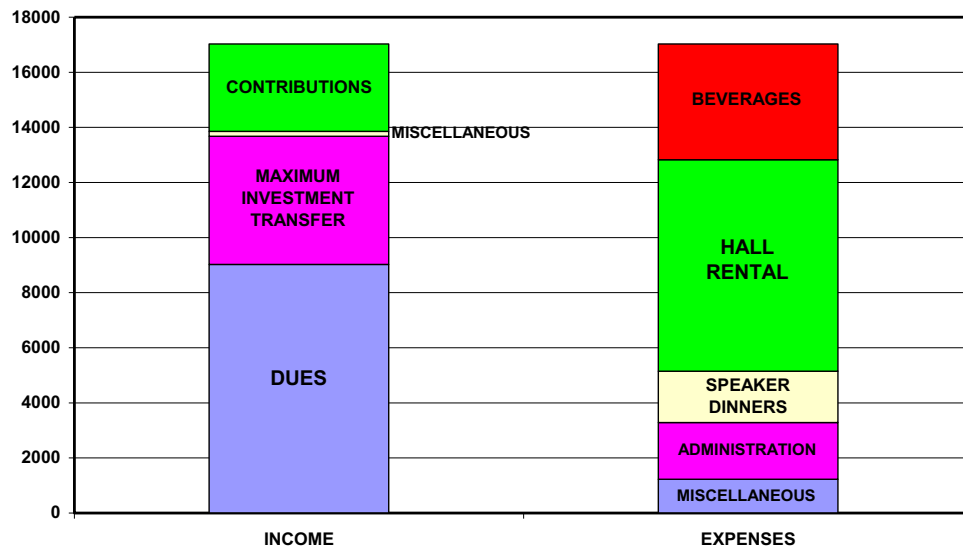
The chart below shows the current actual balance of each Fund relative to its Minimum Required Balance and its Permanently Restricted Balance (total of contributions received). As is evident, thanks to the proceeds from the AAPG Regional Meeting, the actual balance of each Fund is now well above its MRB so that we are now able to spend from both invested Funds. Unless the stock market once again crashes, we should be able to finance two meetings per year from the Endowment Fund and use Bradley Fund money to pay for the awards and part of the expenses of the Bradley lecture meeting or defray some of the costs of Bradley speaker travel.



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The chart below demonstrates how much we will rely on investment income and contributions in the future, now that dues pay only a bit over 50% of our expenses. The expense bars are based on the FY2017 projection, with 12 meetings, and some increases for anticipated future expenses. Costs of Speaker Dinners and Beverages are increased slightly relative to the FY2017 projection, assuming that in the future we will have more three-speaker meetings than in FY2017 and a slightly greater attendance at meetings. The Miscellaneous expenses bar assumes that in the future we will be paying \$1000 for Bradley speaker travel and \$100 for AGI regional affiliation. The income bars are also based on the FY2017 projection. Dues income is the same as currently projected for FY2017, the Maximum Investment Transfer is 3% of the value of the Bradley and Endowment Funds at present, and Miscellaneous is income from royalties for GeoCare insurance policies. The chart assumes that the General Fund balance is at 60% of expenses, so we will not be able to take any money from the balance of that Fund to pay for any shortfall. The remaining money to pay for expenses must come from contributions, and the bar for contributions is calculated accordingly. It is clear that in the future we will need to continue to receive a bit over \$3000 in contributions to the General Fund annually, if we continue to have 12 meetings and do not raise dues. Of course, if there is another recession and there is a large drop in the value of our investments, the amount of money we can take from the investments will decrease and a cut in number of meetings and/or increase in dues will become absolutely necessary.

**PROJECTED 2017 INCOME COMPARED TO EXPENSES - 12 MEETINGS**



**Details of investment portfolio performance:**

The spreadsheet and charts above show the current values of the Endowment and Bradley Funds and document their recovery from the recession. Vanguard's Wellington (VWELX), in which the Bradley Fund was invested on June 30, 2010, is currently rated as a 5-star, "gold" fund by Morningstar and its return over the time we have held the fund has significantly surpassed the average of similar mutual funds. As of March 22, 2017, during the 6 years 9 months we have held this Fund, a "growth of \$10K" chart shows that the Fund has appreciated by 100.0% (Morningstar's average of similar funds appreciated by 70.6%). On April 18, 2013, we transferred the Endowment assets to Vanguard's Balanced Index mutual fund (VBIAX), as recommended by the Finance Committee and approved in April 2013 by Council. (During the period we have held Vanguard's Wellington, the Balanced Index fund appreciated by 94.6%, slightly less than the appreciation shown by Wellington and much more than the appreciation shown by Morningstar's average of similar funds.) Vanguard's Balanced Index mutual fund is currently rated as a 4-star, "gold" fund by Morningstar. In the 3 years 11 months since we reinvested the Endowment assets, Wellington (Bradley) has appreciated by 40.7% and the Balanced Index fund (Endowment) has appreciated by 38.3% (Morningstar's average of similar funds appreciated by 27.3%). All of these numbers represent gains in the investments alone and do not include gains derived from contributions. Both mutual funds appear to have been good choices.

The Finance Committee meets twice yearly to evaluate the investments and will continue to monitor performance of these funds. Such monitoring will be especially important because we will be depending to a much greater extent on money from these investments to support our meetings, once we have slightly decreased the balance of the General Fund.

**Recommendations and action items:**

The actions required at this time are: 1) approving this report; 2) approving keeping dues at current levels for 2018 (given the current health of our investments, increasing dues does not seem desirable); 3) approving the number of meetings for the upcoming fiscal year (it may be necessary to hold only 11 meetings if no suitable site can be found for a September meeting or a second November meeting cannot be arranged at the Cosmos Club); and 4) approving the proposal that at the end of FY2017 we transfer only that money from the invested Funds to the General Fund that will allow the General Fund balance not to drop below 60% of expenses for FY2017. Unless there are significant decreases in contribution income, membership, or value of our investments, we should be able to hold dues at the current rates for at least another year and have 11-12 meetings next fiscal year.





GEOLOGICAL SOCIETY OF WASHINGTON FINANCIAL STATEMENTS

Fiscal Year (July 1-June 30)	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	YTD FY2017	PROJ FY2017	FY2017 BUDGET	FY2017 BUDGET
Treasurer	Ehlen- Kotra	Kotra	Kotra	Kotra- Belkin	Belkin	Belkin	Belkin- James	James	James	James	James	James	James	James	James	James	James			
<b>BRADLEY FUND (board-designated)</b>																				
Revenue																				
Contributions	502.00	697.00	512.00	211.00	902.00	471.00	97.77	185.00	235.00	300.00	215.00	320.00	190.00	395.00	205.00	330.00	370.00		2017-02-28	
Transfer to/from Gen. Fund	-502.00	-697.00	-512.00	-211.00	-902.00	-471.00	-455.00	-1038.86	-153.42	0.00	0.00	3070.00	-367.00	-350.00	-380.00	0.00	0.00			
Net change bef. invest. chg.	0.00	0.00	0.00	0.00	0.00	0.00	-357.23	-853.86	81.58	300.00	215.00	3390.00	-177.00	45.00	-175.00	330.00	370.00			
Investment net total return	557.62	227.60	6.16	-16.33	275.36	1788.77	3993.19	-2346.26	-4614.81	2847.08	4769.34	1471.36	4836.86	6406.30	1519.91	2149.61	4448.33			
Change in net assets	557.62	227.60	6.16	-16.33	275.36	1788.77	3635.96	-3200.12	-4533.23	3147.08	4984.34	4861.36	4659.86	6451.30	1344.91	2479.61	4818.33			
Net assets, begin FY	21784.15	22341.77	22569.37	22575.53	22559.20	22834.58	24623.35	28259.31	25059.19	20525.96	23673.04	28657.38	33518.74	38178.60	44629.90	45974.81	48454.42		2017-04-04	
Net assets, current/end FY	22341.77	22569.37	22575.53	22559.20	22834.56	24623.35	28259.31	25059.19	20525.96	23673.04	28657.38	33518.74	38178.60	44629.90	45974.81	48454.42	53272.75			
Min. Req. Bal. (MRB)	22002.00	22699.00	23211.00	23448.20	24350.20	25079.81	25753.71	27047.01	27282.01	27582.01	27900.76	28365.03	28862.67	29460.80	29665.80	29995.80	30365.80	@		
Differen. bet. MRB & actual	339.77	-129.63	-635.47	-889.00	-1515.64	-456.46	2505.60	-1987.82	-6756.05	-3908.97	756.62	5153.71	9315.93	15169.10	16309.01	18458.62	22906.95			
Perm. Restricted Balance	22002.00	22699.00	23211.00	23422.00	24324.00	24795.00	24892.77	25077.77	25312.77	25612.77	25827.77	26147.77	26337.77	26732.77	26937.77	27267.77	27637.77	#		
(Sum of contributions)																				
% expended during FY	2.25	3.09	2.27	0.94	3.95	1.91	1.61	4.15	0.75	0	0	0	0.96	0.78	0.83	0.00	0.00			
CPI-U	178.00	179.90	183.70	189.70	194.50	202.90	208.35	218.82	215.69	217.97	225.722	229.478	233.504	238.343	238.638	241.038	243.603	@	2017-02-28	
Endowment Fund in checking acct							1069.52	2070.66	4174.66	6550.27	6212.27	5197.27	2516.04	2336.04	1086.04	3191.04	4126.04			
Bradley Fund in checking acct							0.00	0.00	81.58	529.02	744.02	1064.02	887.02	932.02	757.02	1087.02	1457.02			
Total contributions	3901.00	3677.00	3307.00	3399.50	4761.00	5093.00	4150.54	5515.00	5126.00	6146.04	6631.00	8335.00	7100.00	7370.00	6397.77	6937.77	5067.77			
EF+BF bal. - total contrib.				-8078.40	-8297.55	-4426.50	4473.93	-2482.10	-14687.77	-7433.83	6058.89	16138.81	28277.27	44545.42	48673.59	54304.79	65906.15			
<b>STATEMENT OF FINANCIAL POSITION</b>																				
<b>ASSETS</b>																				
Current Assets:																				
Cash (checking account)	11213.17	20208.07	17263.30	18141.00	6840.31	9162.97	2526.18	5665.73	8029.99	10558.58	12070.04	15345.34	14699.82	16990.01	15672.94	18048.94	23675.82		2017-02-28	
Publications inventory (Centennial volume)									778.37	778.37	761.75	753.44	750.67	750.67	739.59	731.28	731.28	&		
Accounts receivable										385.05	0.00						0.00		2017-02-28	
Total Current Assets	11213.17	20208.07	17263.30	18141.00	6840.31	9162.97	2526.18	5665.73	8808.36	11722.00	12831.79	16098.78	15450.49	17740.68	16412.53	18780.22	24407.10			
Total Investment Portfolio	52544.53	53097.52	53129.45	53108.60	55428.45	59770.50	71362.95	65445.78	53393.53											
Endowment (Oakmark Eq & Inc 2010-4/18/13 -- Vanguard Bal Ind after 4/18/13)										37118.40	47997.78	55506.34	67821.17	80368.02	86751.28	90232.87	97385.90		2017-04-04	
Bradley ( Vanguard Wellington)										23144.02	27913.36	32454.72	37291.58	43697.88	45217.79	47367.40	51815.73		2017-04-04	
TOTAL ASSETS	63757.70	73305.59	70392.75	71249.60	62268.76	68933.47	73889.13	71111.51	62201.89	71984.42	88742.93	104059.84	120563.24	141806.58	148381.60	156380.49	173608.73			
<b>LIABILITIES AND NET ASSETS</b>																				
Current liabilities:																				
Accts payable (uncash. checks)	1661.01	12336.25	9862.69	13098.32	4382.66	6284.48	956.66	1009.26	1187.94	865.85	962.50	825.36	750.17	1431.76	671.83	699.78	5332.24		2017-04-04	
Total Current Liabilities	1661.01	12336.25	9862.69	13098.32	4382.66	6284.48	956.66	1009.26	1187.94	865.85	962.50	825.36	750.17	1431.76	671.83	699.78	5332.24			
Net Assets:																				
Publications inventory									778.37	778.37	761.75	753.44	750.67	750.67	739.59	731.28	731.28		2017-02-28	
General Fund	9552.16	7871.82	7400.61	5043.67	2457.65	1117.49	500.00	2585.81	2585.81	2998.49	4151.25	8258.69	10546.59	12290.19	13158.05	13071.10	12760.52			
Endowment Fund	30202.76	30528.15	30553.92	30549.40	32593.89	36908.15	44173.16	42457.25	37123.81	43668.67	54210.05	60703.61	70337.21	82704.06	87837.32	93423.91	101511.94			
Bradley Fund	22341.77	22569.37	22575.53	22559.20	22834.56	24623.35	28259.31	25059.19	20525.96	23673.04	28657.38	33518.74	38178.60	44629.90	45974.81	48454.42	53272.75			
TOTAL NET ASSETS	62096.69	60969.34	60530.06	58152.27	57886.10	62648.99	72932.47	70102.25	61013.95	71118.57	87780.43	103234.48	119813.07	140374.82	147709.77	155680.71	168276.49			
TOTAL LIAB+NET ASSETS	63757.70	73305.59	70392.75	71250.59	62268.76	68933.47	73889.13	71111.51	62201.89	71984.42	88742.93	104059.84	120563.24	141806.58	148381.60	156380.49	173608.73			

## GEOLOGICAL SOCIETY OF WASHINGTON FINANCIAL STATEMENTS

Fiscal Year (July 1-June 30)	FY2001	FY2002	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	YTD FY2017	PROJ FY2017	FY2017 BUDGET	FY2017 BUDGET
Treasurer	Ehlen- Kotra	Kotra	Kotra	Kotra- Belkin	Belkin	Belkin	Belkin- James	James	James	James	James	James	James	James	James	James	James			

## SUPPLEMENTAL INFORMATION

## Investment earnings on melded account with Wells Fargo Advisors (formerly Wachovia Securities)

	6/30/10																			
Deposits & withdrawals	54874.00		1761.00																	
Interest, distributed dividends & short-term capital gain	53.94	1408.64	1706.84	2284.60	1935.97	1191.90	inc 5.05 div on 7/1													
Distributed long-term gain	7.02	918.78	1732.75	3057.23	1276.63	33.64														
Investment management fee	-52.76	-580.33	-634.04	-704.33	-541.54	-657.51														
Realized long-term capital gain from sales	0.00	102.51	1527.56	713.95	-8823.18	-1518.76														
Realized short-term capital gain from sales	0.00	42.50	0.00	-540.81	-1669.17	3248.17														
Change in investment value				-10727.81	-4230.96	6047.62														
Net total return				-5917.17	-12052.25	8345.06														
Total unrealized capital gain						0.00														
Total basis plus cash account						59757.68														

## Investment earnings, Oakmark Equity &amp; Income to 4/11/13, Vanguard Balanced Index after 4/18/13 -- Endowment Fund

	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	2015-06-30	2016-06-30	2017-03-31
Deposits & withdrawals	38114.26	3156.00	7980.00	4068.23	1300.00	2300.00		
Interest, distributed dividends & short-term capital gain	0.00	339.04	653.38	916.04	1458.99	1666.42	1847.95	1535.17
Distributed long-term gain	0.00	0.00	819.12	1521.53				
Realized long-term capital gain from sales	0.00	0.00	0.00	9479.16				
Realized short-term capital gain from sales	0.00	0.00	0.00					
Change in investment value	-995.86	10879.38	7508.56	12314.83	12546.85	6383.26	3481.59	7153.03
Net total return	-995.86	7723.38	-471.44	8246.60	11246.85	4083.26	3481.59	7153.03
Basis	38114.26	41609.30	51061.80	67046.76	69805.75	73772.17	75620.12	77155.29
Unrealized capital gain	-995.86	6388.48	4444.54	774.41	10562.27	12979.11	14612.75	20230.61

## Investment earnings, Vanguard Wellington -- Bradley Fund

	6/30/10	6/30/11	6/30/12	6/30/13	6/30/14	2015-06-30	2016-06-30	2017-03-31
Deposits & withdrawals	23649.24	0.00	3070.00					
Interest, distributed dividends & short-term capital gain	192.07	745.47	887.67	1033.95	1262.92	1340.19	1286.56	1043.09
Distributed long-term gain	0.00	0.00	0.00	357.34	1351.90	1433.41	1554.22	827.06
Realized long-term capital gain from sales	0.00	0.00	0.00					
Realized short-term capital gain from sales	0.00	0.00	0.00					
Change in investment value	-697.29	4769.34	4541.36	4836.86	6406.30	1519.91	2149.61	4448.33
Net total return	-505.22	4769.34	1471.36	4836.86	6406.30	1519.91	2149.61	4448.33
Basis	23841.31	24586.78	28544.45	29935.74	32550.56	35324.16	38164.94	40035.09
Unrealized capital gain	-697.29	3326.58	3910.27	7355.84	11147.32	9893.63	9202.46	11780.64

## Gross receipts for IRS 990N

	22540.68	8063.67	19897.06	16855.01	30160.07	31463.02	21748.81	21243.79	21931.50	17048.09
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## Data to be entered with each update

Values changed whenever transfers between Funds are made or Endowment or Bradley money is sent to their mutual funds

&amp;As of 12/31/2008, 281 copies unsold at a cost of \$2.77 each, asset must be reduced by \$2.77 for each copy sold whenever a copy is sold

#Finance Committee searched records in fall 2000 to determine principal of each Fund. Results as follows: \$21500 Bradley; \$29500 Endowment

@ most recent CPI is used to calculate minimum required balances of Endowment and Bradley Funds if contributions have not kept up with inflation

## GEOLOGICAL SOCIETY OF WASHINGTON -- OPERATIONS

FY	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Treasurer	Ehlen-Kotra	Kotra	Kotra	Kotra-Belkin	Belkin	Belkin	Belkin-James	James	James	James	James
<b>GENERAL FUND</b>											
<b>Income</b>											
Dues	8937	8285	9760	9210	9350	8880	8485	9710	9390	9910	9580
Meeting cards					90	175	160	120	124	114	72
Book sales		150	120		10	25	30	35			58
Net invest. income	1361	7	-114	-124	-42	1	84	-13			
Royalties								620	550	580	430
<b>Total</b>	10298	8442	9766	9086	9408	9081	8759	10472	10064	10604	10140
<b>Expenses</b>											
Cosmos Club	8383	8732	9291	9897	10496	10227	8645	9031	8718	8897	8322
Speaker dinners	969	1003	1047	1276	670	971	1274	1192	1178	1172	1167
Meeting cards					243	223	138	140	122	109	80
Admin fees-MSA	3645	3605	2980	2969	2979	1870	1935	1994	2452	3100	2253
Awards etc.	400	410	226	635	730	371	455	468	535	362	550
PayPal fees										105	200
DC registration+lawyer		50		115		75		75		75	
Miscellaneous	125					15	10			80	12
<b>Total</b>	13521	13800	13544	14892	15118	13753	12457	12900	13005	13900	12584
<b>Net loss</b>	-3223	-5357	-3778	-5806	-5710	-4672	-3698	-2428	-2941	-3296	-2444
Number of meetings	12	11	11	11	12	12	10	11	11	10	9
<b>Contributions</b>											
General Fund	875	917	798	1508	2222	2861	2150	3475	2787	3708	3598
Endowment Fund	2524	2063	1997	1681	1637	1761	1903	1855	2104	2138	2818
AAPG to Endowment											
Bradley Fund	502	697	512	211	902	471	98	185	235	300	215
AAPG to Bradley											
<b>Total</b>	3901	3677	3307	3400	4761	5093	4151	5515	5126	6146	6631
<b>Investment net total return</b>											
Endowment	531	325	26	-5	407	2553	5838	-3574	-7437	4407	7723
Bradley	558	228	6	-16	275	1789	3993	-2343	-4615	2847	4769
<b>Differences between actual and minimum required balances</b>											
Endowment						-4255	1107	-2464	-9901	-5494	3229
Bradley						-456	2506	-1988	-6756	-3909	757

**Notes:**

FY 2001: near beginning of FY, all funds invested in money market funds at Merrill-Lynch; investment income not just from General Fund

FY 2002: investment income declined; number of meetings cut from 12 to 11

FY 2003: dues raised to \$30 regular, \$15 student and out-of-area; total investment income negative

FY 2004: investment income negative; large expense for Science Fair ribbons

FY 2005: automatic mailing of meeting cards discontinued and fee for meeting cards instituted; many Science Fair awards;

number of meetings increased to 12; change of investments to Wachovia Securities at end of FY

FY 2006: large decrease in administrative costs due to elimination of most mailed cards; large GF contributions and investment returns

FY 2007: large investment returns; number of meetings decreased to 10

FY 2008: recession; dues raised to \$35 regular, \$15 student and out-of-area; large contributions; royalties resumed

FY 2009: recession depletes invested Funds

FY 2010: market recovery and record high contributions, but new procedure for calculation of Minimum Required Balances greatly reduces available funds

**GEOLOGICAL SOCIETY OF WASHINGTON -- Budgets compared to actual year-end**

<b>FY</b>	<b>2008 BUDGET</b>	<b>2008 ACTUAL</b>	<b>2009 BUDGET</b>	<b>2009 ACTUAL</b>	<b>2010 BUDGET</b>	<b>2010 ACTUAL</b>	<b>2011 BUDGET</b>	<b>2011 ACTUAL</b>	<b>2012 BUDGET</b>
<b>GENERAL FUND</b>									
<b>Beginning balance</b>	500.00	500.00	2585.81	2585.81	2585.81	2585.81	2998.49	2998.49	4151.25
<b>Income</b>									
Dues	9345.00	9710.00	9710.00	9390.00	9390.00	9910.00	9800.00	9580.00	10475.00
Meeting cards	160.00	120.00	140.00	124.00	124.00	114.00	110.00	72.00	
Book sales	25.00	35.00	30.00					57.50	
Contributions	2000.00	3475.00	2200.00	2787.00	2200.00	3708.04	3170.00	4598.00	2800.00
Transfer from Endowment	285.00				1021.19			-1000.00	
Transfer from Bradley	1380.00	1038.86	370.00	153.42	370.00				
Net Interest	0.00	-13.15	-20.00						
Other (royalties)	620.00	620.00	550.00	550.00	580.00	580.00	430.00	430.00	430.00
<b>Total</b>	13815.00	14985.71	12980.00	13004.42	13685.19	14312.04	13510.00	13737.50	13705.00
<b>Expenses</b>									
Cosmos Club	9680.00	9031.38	9100.00	8717.72	8650.00	8896.80	8900.00	8322.00	10000.00
Speaker dinners	1450.00	1191.88	1200.00	1177.94	1200.00	1171.76	1180.00	1167.22	1300.00
Meeting cards	160.00	139.75	140.00	121.83	124.00	108.59	110.00	80.22	
Administrative fees-MSA	2000.00	1993.53	2000.00	2451.55	3180.00	3099.85	2700.00	2252.91	2700.00
Pay Pal fees						105.36	150.00	200.39	220.00
Awards etc.	450.00	468.36	470.00	535.38	470.00	362.00	470.00	550.00	470.00
DC registration + Lawyer	75.00	75.00			75.00	75.00			75.00
Miscellaneous					72.00	80.00		12.00	24.00
<b>Total</b>	13815.00	12899.90	12910.00	13004.42	13771.00	13899.36	13510.00	12584.74	14789.00
<b>Net profit or loss</b>	0.00	2085.81	70.00	0.00	-85.81	412.68	0.00	1152.76	-1084.00
<b>Balance</b>	500.00	2585.81	2655.81	2585.81	2500.00	2998.49	2998.49	4151.25	3067.25
<b>number of meetings</b>	11	11	11	11	10	10	10	9	10

Spring, 2017 Report of the Geological Society of Washington (GSW) Finance Committee to the Council

The Finance Committee met 3/29/17 at the Cosmos Club. Chair and Past-President Jamie Allan, President Callan Bentley, Second Vice President Carl-Henry Geschwind, Treasurer Odette James, and Members (and Past-Presidents) Jane Hammarstrom, Brooks Hanson, and Steve Shirey attended.

Treasurer James presented extensive financial data to the Committee, including discussion of data for past years, the current status, a projection for the end of the current fiscal year, and considerations of future situations that might affect our finances, as well as an analysis of financial performance of the Society investments. These investments, held within low-fee Vanguard Wellington and Vanguard Balanced Funds continue to do very well. Current net assets of the Society are \$169,552.99, an increase of \$13,871.87 since the end of FY2016. James noted, nonetheless, that a reduction in dues and contribution income will likely result in an operating loss of about \$3,000 for FY2017. This loss will be made up by spending down the balance of the General Fund, bringing the General Fund balance close to the recommended 60% of annual expenses, as recommended by our Investment Policy.

The Committee recommends to Council that dues for 2018 be kept at the present level and that the Society retain 12 meetings per year, reflecting the current good financial health of GSW. The Committee further recommends no change in investments (such as a move to a more conservative investment strategy), but will monitor the situation given potential financial market turbulence in the future. The Committee will re-examine investment policy at its next meeting and in 2018, when a new GSW Treasurer will then be in place.

The Committee was presented with options for meeting outside of the Cosmos Club for the September 2017 meeting, when the Powell Room will be undergoing renovation. Potential meeting sites at the P Street Carnegie Institution of Washington location and AAAS were discussed, although the exact costs for meeting at these locations is not fully determined. The possibility also exists for the September meeting to be replaced by an additional November date in the newly-renovated Powell Room. The potential for meeting at the renovated AGU headquarters for future meetings was also discussed.

The Committee also considered whether liability insurance was needed for the GSW. We note that meeting at some venues other than the Cosmos Club would require liability insurance. Such insurance can be event-specific and purchased over the web for a reasonable one-time fee near \$100-\$125 (see the website [www.eventhelper.com](http://www.eventhelper.com)). The Carnegie venue will need this for the meeting held there, should we chose to do so. It is also noted that single event insurance can be purchased for "walking/hiking tours" which might be a cost-effective way to insure GSW's field trips, in addition to simply having liability waiver forms signed by participants. The Committee felt that Directors, Officers, and Organization Management Liability insurance was probably not worth purchasing, but there was support for consideration of either General Liability insurance or single-event liability insurance for GSW-sponsored field trips. As the meeting ended, a verbal quote of \$669/year was delivered by phone for the annual premium for General Liability insurance. The Committee considered this amount a reasonable basis for consideration of such insurance by Council, and recommends to Council that a subcommittee be formed to further examine the need for and costs of such insurance.

Finally, the Committee adopted the following resolution:

The Finance Committee expresses gratitude and thanks to retiring Treasurer Odette James for outstanding service to the Geological Society of Washington. Her financial acumen, tireless advocacy for fiscal responsibility, and keen attention to both the financial trees and forest has allowed the GSW's underlying financial base to grow securely AND spectacularly under her care, such that the Society is in excellent position to provide many more decades of science camaraderie and fellowship to our community.

Humbly submitted, Chair Jamie Allan

### Liability Insurance for GSW

In past years, GSW's financial status has not been strong enough to afford liability insurance, nor have we had sufficient assets to worry much about lawsuits. Our financial status has greatly improved over the last decade, however, so at this point we should consider insuring the Society against liability.

The Finance Committee and Treasurer have begun to explore different types of insurance we might purchase. There are two types: general liability; and directors, officers and organization management liability. Thus far we have gotten quotes only from one company of insurance brokers, CIMA, recommended by MSA.

General liability insurance covers bodily injury, property damage, and personal injury (such as slander and libel). Some places, such as the Carnegie Institution, require us to have general liability coverage for \$1,000,000 if we should hold one of our meetings at their facility. This type of insurance would cover us in case of injury on a field trip or in case someone who had consumed too much beer at one of our meetings should be injured, or injure someone else, afterward, and decide that our beer service was to blame. It would cover damage to a facility as a result of one of our meetings. It would also cover us if someone should feel that a speaker we invited to talk had slandered them or their work. We have received a quote from CIMA of \$669 per year for such coverage, but this was using the VA address of our business office (MSA). Because we are a DC corporation and our meetings are in DC, we are also trying to get a quote using the address of our DC registered agent. It is also possible to get single event coverage for our field trips and meetings we might hold in locations other than the Cosmos Club. It appears that single event coverage would cost on the order of \$125 for a single meeting and \$250 for a single field trip. The Finance Committee feels that our field trips expose us to considerable liability and we should continue to investigate purchasing general liability insurance.

Directors, officers, and organization management liability covers "wrongful acts" carried out by GSW or by any of its officers, councilors, or other volunteers in the name of GSW. "Wrongful acts" mostly consist of "actual or alleged breaches of duty, neglect, errors, misstatements, misleading statements, or omissions" or "personal injuries" such as defamation, invasion of privacy, copyright infringement, libel and slander (personal injuries are also covered by general liability insurance). For most organizations, the major need for this kind of insurance arises because they have employees and must conform to all employment laws, manage benefit plans, and deal with potential sexual harassment. We obtained a quote of \$962 per year for \$1,000,000 of such insurance. We felt that this was excessive, but apparently most insurers will not issue smaller policies. Our broker did find one who would issue a \$500,000 policy for \$567 per year. The Finance Committee considered this type of insurance and its cost, and feels that, because we have no employees so are not exposed to the major source of liability that would be covered by this type of insurance, we do not need such insurance.