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FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2015



## Independent Auditors' Report

The Board of Directors  
Geochemical Society  
Washington, DC

### Report on the Financial Statements

We have audited the accompanying financial statements of Geochemical Society, (the "Society") which comprise the statement of financial position as of December 31, 2015 and the related statements of activities and cash flows for the year then ended and the related notes to the financial statements.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Society's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The Board of Directors  
Washington, DC

## Report on the Financial Statements (Continued)

### *Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Geochemical Society, as of December 31, 2015, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Bethesda, Maryland

Certified Public Accountants

July 21, 2016

**Geochemical Society**  
**Statement of Financial Position**  
**December 31, 2015**

**Assets**

**Current Assets**

Cash	\$ 582,632
Inventory	3,637
Prepaid Expenses	<u>33,559</u>

Total Current Assets 619,828

Investments	1,839,378
Property and Equipment, Net	<u>3,075</u>

**Total Assets** \$ 2,462,281

**Liabilities and Net Assets**

**Current Liabilities**

Accounts Payable	\$ 19,928
Deferred Revenues	<u>42,425</u>

Total Current Liabilities 62,353

**Net Assets**

Unrestricted	2,326,729
Temporarily Restricted Net Assets	<u>73,199</u>

Total Net Assets 2,399,928

**Total Liabilities and Net Assets** \$ 2,462,281

See accompanying Notes to Financial Statements.

Geochemical Society

Statement of Activities  
For the Year Ended December 31, 2015

	Unrestricted	Temporarily Restricted	Total
<b>Support and Revenues</b>			
Contributions	\$ 4,355	\$ 111,415	\$ 115,770
Membership Dues	75,446	-	75,446
Sales of Publications - Net	663	-	663
Publications	6,378	-	6,378
Royalties	103,453	-	103,453
Dividends and Interest	112,197	3,210	115,407
Gains and (Losses) on Investments - Net	(147,604)	(5,863)	(153,467)
Other Income	7,860	-	7,860
Temporarily Restricted Net Assets Released from Restrictions	37,513	(37,513)	-
<b>Total Support and Revenues</b>	<b>200,261</b>	<b>71,249</b>	<b>271,510</b>
<b>Expenses</b>			
Program Services	297,736	-	297,736
Supporting Services			
Management and General	97,760	-	97,760
Fundraising	32,587	-	32,587
Total Supporting Services	130,347	-	130,347
Total Expenses	428,083	-	428,083
Changes in Net Assets	(227,822)	71,249	(156,573)
Net Assets, Beginning of Period	2,554,551	1,950	2,556,501
<b>Net Assets, End of Period</b>	<b>\$ 2,326,729</b>	<b>\$ 73,199</b>	<b>\$ 2,399,928</b>

See accompanying Notes to Financial Statements.

**Geochemical Society**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2015**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ (156,573)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by (Used in) Operating Activities	
Depreciation	612
Net (Gains) Losses on Investments	153,467
<u>(Increase) Decrease in Assets</u>	
Accounts Receivable	558,996
Inventory	2,186
Prepaid Expenses	69,192
<u>Increase (Decrease) in Liabilities</u>	
Accounts Payable	(33,065)
Deferred Revenues	(7,902)
	586,913
Net Cash Provided by (Used in) Operating Activities	586,913

**Cash Flows from Investing Activities**

Purchases of Property and Equipment	(3,687)
Purchases of Investments	(157,876)
	(161,563)
Net Cash Provided by (Used in) Investing Activities	(161,563)

Net Increase (Decrease) in Cash	425,350
Cash, Beginning of Period	157,282
	582,632
<b>Cash, End of Period</b>	<b>\$ 582,632</b>

See accompanying Notes to Financial Statements.

# Geochemical Society

## Notes to Financial Statements December 31, 2015

### 1. ORGANIZATION AND PURPOSE

Geochemical Society (the "Society") was founded in 1955 as a nonprofit scientific society to encourage the application of geochemistry to improving our understanding of the Earth and solar system.

Membership is international and diverse in background, encompassing such fields as organic geochemistry, high and low-temperature geochemistry, petrology, meteoritics, fluid-rock interaction, and isotope geochemistry. The Geochemical Society is affiliated with the American Association for the Advancement of Science, the International Union of Geological Sciences, the Council of Scientific Society Presidents and is an allied society of the Geological Society of America

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of Presentation

The Society prepares its financial statements on the accrual basis of accounting. Consequently, revenues are recognized when earned and expenses are recognized when the obligations are incurred.

The Society reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

#### Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year ended December 31, 2015. Actual results could differ from those estimates.

#### Accounts Receivable

Accounts receivable are reported at their outstanding balances, reduced by an allowance for doubtful accounts. The provision for doubtful accounts is based on management's evaluation of the status of existing receivables, historical collections data, the age of the outstanding receivables, and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be uncollectible, then an allowance is adjusted accordingly. Past due receivable balances are written-off when internal collection efforts have been unsuccessful in collecting the amount due.

#### Investments

The Society records investments in marketable securities at their fair market value. Investment income is accounted for as unrestricted or temporarily restricted based on any donor imposed restrictions.

## Geochemical Society

### Notes to Financial Statements December 31, 2015

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### **Property and Equipment**

Property and equipment in excess of \$500 are recorded at cost. Depreciation is recorded using the straight-line method based on the estimated useful lives of the underlying assets. Furniture and equipment are depreciated over three to five years. When assets are sold or otherwise disposed of, the asset and related accumulated depreciation are removed from the accounts, and any remaining gain or loss is recorded on the statement of activities. Repairs and maintenance are expenses when incurred.

##### **Contributions**

Grants and donations are mainly contributions received that are recorded as unrestricted, temporarily restricted or permanently restricted depending on the nature of the donor's restriction. When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restriction.

##### **Functional Allocation of Expenses**

The costs of providing the Society's various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

##### **Income Tax Status**

The Society is exempt from the payment of income taxes on its exempt activities under Section 501(c)(3) of the Internal Revenue Code.

##### **Uncertain Tax Positions**

The Society follows the Financial Accounting Standards Board Accounting Standards Codification, which provides guidance on accounting for uncertainty in income taxes recognized in the Society's financial statements, if any. As of December 31, 2015, the Society had no unrecognized tax benefits related to uncertain tax positions in its information return that would qualify for either recognition or disclosure in its financial statements.

The Society's policy would be to recognize interest and penalties on tax positions related to its unrecognized tax benefits in income tax expense in the financial statements. Through December 31, 2015, there have been no matters that would have resulted in an accrual for interest and/or penalties.

Generally, the tax years before 2012 are no longer subject to examination by federal, state, or local taxing authorities.



## Geochemical Society

### Notes to Financial Statements December 31, 2015

#### 3. CONCENTRATION OF CREDIT RISK

The Society maintains its cash at a federally insured financial institution. As of December 31, 2015, the Society exceeded the FDIC limit by approximately \$270,000.

#### 4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Society has categorized its financial instruments based on a three-level fair value hierarchy as follows:

Level 1 – Values are based on quoted prices for identical assets in active markets.

Level 2 – Values are based on quoted prices for similar assets in active or inactive markets.

Level 3 – Value are based on unobservable inputs to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset at the measurement date.

Investment income consisted of the following as of December 31, 2015:

Dividends and Interest	\$ 115,407
Net Gains (Losses)	<u>(153,467)</u>
Total	<u>\$ (38,060)</u>

As of December 31, 2015 these investments and their fair value measurements were:

	<u>Fair Value</u>	<u>Level 1 Inputs</u>
Invesments		
Money Funds	\$ 3,145	\$ 3,145
Bond Funds	\$ 558,951	\$ 558,951
Equity Funds	<u>1,277,282</u>	<u>1,277,282</u>
Total	<u>\$ 1,839,378</u>	<u>\$ 1,839,378</u>

#### 5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of December 31, 2015:

Furniture and Equipment	\$ 3,687
Less Accumulated Depreciation	<u>(612)</u>
Property and Equipment, Net	<u>\$ 3,075</u>

Depreciation expense was \$612 for the year ended December 31, 2015.

**Geochemical Society**

**Notes to Financial Statements  
December 31, 2015**

**6. RESTRICTED NET ASSETS**

**Temporarily Restricted**

Temporarily restricted net assets activity for 2015 is as follows:

	<u>2014</u>	<u>Contributions</u>	<u>Investment Income</u>	<u>Releases</u>	<u>2015</u>
Endowed Lecture Fund	\$ -	\$ 75,852	\$ (2,653)	\$ -	\$ 73,199
Student Travel Program	<u>1,950</u>	<u>35,563</u>	<u>-</u>	<u>(37,513)</u>	<u>-</u>
Total	<u>\$ 1,950</u>	<u>\$ 111,415</u>	<u>\$ (2,653)</u>	<u>\$ (37,513)</u>	<u>\$ 73,199</u>

**7. SUBSEQUENT EVENTS**

The Society has evaluated subsequent events through June 21, 2016, the date on which the financial statements were available to be issued.

## Supplementary Information

## Geochemical Society

### Schedule of Functional Expenses For the Year Ended December 31, 2015

	Program Services	Management & General	Fundraising	Total
Advertising	\$ 2,549	\$ 1,275	\$ 425	\$ 4,249
Bank and Service Charges	14,744	7,372	2,457	24,573
Depreciation	367	184	61	612
Inventory Shrinkage	1,213	606	202	2,021
Dues and Subscriptions	35,379	17,689	5,897	58,965
Insurance	3,866	1,933	644	6,443
Office Expense	25,605	12,802	4,268	42,675
Personnel	85,697	42,848	14,283	142,828
Professional Fees	12,776	6,388	2,129	21,293
Travel	13,326	6,663	2,221	22,210
Events	14,148	-	-	14,148
Honorarium	8,615	-	-	8,615
Meeting Assistance	6,000	-	-	6,000
Outreach and Promotional	5,648	-	-	5,648
Sponsorship	4,700	-	-	4,700
Student Travel Reimbursement	43,750	-	-	43,750
Royalties	19,353	-	-	19,353
	<b>Total</b>	<b>Total</b>	<b>Total</b>	<b>Total</b>
	<b>\$ 297,736</b>	<b>\$ 97,760</b>	<b>\$ 32,587</b>	<b>\$ 428,083</b>