



# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Table of Contents**

---

<b>Independent Auditor's Report</b>	_____	Pages 1-2
<b>Combined Statements of Financial Position</b> June 30, 2020 and 2019	_____	Page 3
<b>Combined Statements of Activities</b> Years ended June 30, 2020 and 2019	_____	Page 4
<b>Combined Statements of Changes in Net Assets</b> Years ended June 30, 2020 and 2019	_____	Page 5
<b>Combined Statements of Cash Flows</b> Years ended June 30, 2020 and 2019	_____	Page 6
<b>Notes to Combined Financial Statements</b>	_____	Pages 7-22
<b>Combining Statements of Financial Position</b> June 30, 2020 and 2019	_____	Pages 23-24
<b>Combining Statements of Activities</b> Years ended June 30, 2020 and 2019	_____	Page 25
<b>Combining Statements of Changes in Net Assets</b> Years ended June 30, 2020 and 2019	_____	Page 26
<b>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	_____	Pages 27-28
<b>Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance</b>	_____	Pages 29-30
<b>Schedule of Expenditures of Federal Awards</b> Year ended June 30, 2020	_____	Page 31
<b>Notes to Schedule of Expenditures of Federal Awards</b> Year ended June 30, 2020	_____	Page 32
<b>Schedule of Findings and Questioned Costs and Prior Audit Findings</b> Year ended June 30, 2020	_____	Pages 33-34

### **Independent Auditor's Report**

Council and Board of Trustees  
The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.  
Boulder, Colorado

### **Report on the Financial Statements**

We have audited the accompanying combined financial statements of The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc. (nonprofit organizations), which comprise the combined statements of financial position as of June 30, 2020 and 2019, and the related combined statements of activities, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

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

Management is responsible for the preparation and fair presentation of these combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's 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 auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

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

## **Independent Auditor's Report (continued)**

### **Opinion**

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

### **Other Matters: Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying supplemental combining statements of financial position, activities, and changes in net assets are presented for purposes of additional analysis of the combined financial statements rather than to present the financial position, activities, changes in net assets of the individual organizations, and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the combined financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or the combined 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 basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated September 25, 2020, on our consideration of The Geological Society of America, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering The Geological Society of America, Inc.'s internal control over financial reporting and compliance.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Fort Collins, Colorado  
September 25, 2020

Page 2

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Combined Statements of Financial Position

June 30	2020	2019
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,311,664	\$ 1,864,733
Investments	7,433,520	6,894,933
Accounts receivable, net	749,778	656,749
Contributions receivable, current, net	97,271	140,644
Publications inventory	202,179	184,381
Prepaid expenses and other current assets	34,153	482,708
Total current assets	<u>9,828,565</u>	<u>10,224,148</u>
<b>Property and Equipment, net</b>	<u>1,914,813</u>	<u>2,044,366</u>
<b>Other Assets</b>		
Investments, long-term, unrestricted	16,693,601	19,056,881
Investments, long-term, restricted	32,250,167	30,763,390
Contributions receivable, long-term, net	7,726	32,603
Prepaid expenses, long-term	284,504	107,995
Total other assets	<u>49,235,998</u>	<u>49,960,869</u>
Total assets	<u>\$ 60,979,376</u>	<u>\$ 62,229,383</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 760,588	\$ 297,255
Accrued liabilities	516,262	594,079
Deferred revenue	903,927	1,658,613
Total current liabilities	<u>2,180,777</u>	<u>2,549,947</u>
<b>Net Assets</b>		
Without donor restrictions		
Designated for building repairs and improvement	353,147	462,893
Designated for technology projects	244,862	195,128
Designated reserves	1,250,000	1,250,000
Undesignated	<u>25,801,972</u>	<u>26,812,745</u>
Total unrestricted net assets	<u>27,649,981</u>	<u>28,720,766</u>
With donor restrictions	<u>31,148,618</u>	<u>30,958,670</u>
Total net assets	<u>58,798,599</u>	<u>59,679,436</u>
Total liabilities and net assets	<u>\$ 60,979,376</u>	<u>\$ 62,229,383</u>

The accompanying Notes are an integral part of these financial statements

Page 3

**The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.**

**Combined Statements of Activities**

Years ended June 30

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Support</b>						
Publications	\$ 3,716,166	\$ -	\$ 3,716,166	\$ 4,084,411	\$ -	\$ 4,084,411
Meetings	2,375,467	-	2,375,467	2,165,436	-	2,165,436
Membership dues and services	772,180	-	772,180	853,182	-	853,182
Sections and divisions	228,361	-	228,361	662,419	-	662,419
Grants	209,742	-	209,742	351,452	-	351,452
Contributions	255,999	1,428,349	1,684,348	1,586,283	1,122,355	2,708,638
Education and outreach	747,067	-	747,067	701,759	-	701,759
Other support and revenue	398,052	-	398,052	299,956	-	299,956
Net assets released from restrictions	1,214,825	(1,214,825)	-	1,103,274	(1,103,274)	-
Total revenues and support	<u>9,917,859</u>	<u>213,524</u>	<u>10,131,383</u>	<u>11,808,172</u>	<u>19,081</u>	<u>11,827,253</u>
<b>Expenses</b>						
Program services						
Publications	1,608,422	-	1,608,422	1,754,232	-	1,754,232
Meetings	2,540,793	-	2,540,793	2,026,178	-	2,026,178
Membership	684,403	-	684,403	663,402	-	663,402
Sections and divisions	224,232	-	224,232	550,876	-	550,876
Grants and awards	1,251,005	-	1,251,005	1,316,040	-	1,316,040
Education and outreach	1,294,182	-	1,294,182	1,268,934	-	1,268,934
Total program services	<u>7,603,037</u>	<u>-</u>	<u>7,603,037</u>	<u>7,579,662</u>	<u>-</u>	<u>7,579,662</u>
Supporting services						
Fundraising	313,078	-	313,078	389,752	-	389,752
General and administrative	3,045,193	-	3,045,193	3,190,677	-	3,190,677
Total supporting services	<u>3,358,271</u>	<u>-</u>	<u>3,358,271</u>	<u>3,580,429</u>	<u>-</u>	<u>3,580,429</u>
Total expenses	<u>10,961,308</u>	<u>-</u>	<u>10,961,308</u>	<u>11,160,091</u>	<u>-</u>	<u>11,160,091</u>
Interfund Transfers and Reclassifications	<u>14,301</u>	<u>(14,301)</u>	<u>-</u>	<u>(65,564)</u>	<u>65,564</u>	<u>-</u>
Change in Net Assets Before Investment Income (Loss)	<u>(1,029,148)</u>	<u>199,223</u>	<u>(829,925)</u>	<u>582,517</u>	<u>84,645</u>	<u>667,162</u>
Interest and dividend income	860,558	818,611	1,679,169	818,356	829,035	1,647,391
Net realized gains on investments	355,575	364,342	719,917	635,979	627,224	1,263,203
Net unrealized gains (losses) on investments	(750,970)	(730,093)	(1,481,063)	254,543	284,727	539,270
Investment fees	(506,800)	(462,135)	(968,935)	(124,487)	(124,311)	(248,798)
Net investment income (Loss)	<u>(41,637)</u>	<u>(9,275)</u>	<u>(50,912)</u>	<u>1,584,391</u>	<u>1,616,675</u>	<u>3,201,066</u>
Change in Net Assets	<u>\$ (1,070,785)</u>	<u>\$ 189,948</u>	<u>\$ (880,837)</u>	<u>\$ 2,166,908</u>	<u>\$ 1,701,320</u>	<u>\$ 3,868,228</u>

The accompanying Notes are an integral part of these financial statements

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Combined Statements of Changes in Net Assets**

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Years ended June 30, 2020 and 2019

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	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Totals</b>
<b>Net Assets, July 1, 2018</b>	\$ 26,553,858	\$ 29,257,350	\$ 55,811,208
Change in net assets	<u>2,166,908</u>	<u>1,701,320</u>	<u>3,868,228</u>
<b>Net Assets, June 30, 2019</b>	28,720,766	30,958,670	59,679,436
Change in net assets	<u>(1,070,785)</u>	<u>189,948</u>	<u>(880,837)</u>
<b>Net Assets, June 30, 2020</b>	<u><b>\$ 27,649,981</b></u>	<u><b>\$ 31,148,618</b></u>	<u><b>\$ 58,798,599</b></u>

The accompanying Notes are an integral  
part of these financial statements

Page 5

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Combined Statements of Cash Flows

Increase (Decrease) in Cash and Cash Equivalents

Years ended June 30	2020	2019
<b>Cash Flows from Operating Activities</b>		
Change in net assets	\$ (880,837)	\$ 3,868,228
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation and amortization	151,437	170,821
Net realized and unrealized (gains) losses on investments	761,146	(1,802,473)
Reinvested dividends	(793,230)	(1,409,756)
Valuation adjustment to split interest agreements	(3,391)	(66,784)
Provision for doubtful receivables	33,324	5,228
Increase (decrease) in assets and liabilities		
Accounts receivable	(126,353)	(247,521)
Contributions receivable	71,641	498,073
Publications inventory	(17,798)	42,932
Prepaid expenses and other current assets	272,046	(57,050)
Accounts payable and accrued liabilities	385,516	109,314
Deferred revenue	(754,686)	441,234
Net cash provided (used) by operating activities	<u>(901,185)</u>	<u>1,552,246</u>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(4,888,968)	(3,592,155)
Proceeds from the sales of investments	5,258,968	2,017,743
Purchase of property and equipment	(21,884)	(98,275)
Net cash provided (used) by investing activities	<u>348,116</u>	<u>(1,672,687)</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(553,069)</b>	<b>(120,441)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b><u>1,864,733</u></b>	<b><u>1,985,174</u></b>
<b>Cash and Cash Equivalents, End of Year</b>	<b><u>\$ 1,311,664</u></b>	<b><u>\$ 1,864,733</u></b>
<b>Supplemental Information</b>		
Cash paid for income taxes	\$ 14,450	\$ 14,559

The accompanying Notes are an integral  
part of these financial statements

Page 6

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 1 – Summary of Significant Accounting Policies**

*Organization and Activities.* The Geological Society of America, Inc. (the "Society") was incorporated in 1929 to advance the geosciences, to enhance the professional growth of its members, and to promote the geosciences in the service of humankind. The Society's programs include publishing and distributing scientific literature, awarding research grants, sponsoring scientific meetings, providing information and materials for primary level science education and furnishing information to the public about earth science education and the environment. The Society is governed by a board of directors (the Council) elected by the Society's members.

The Geological Society of America Foundation, Inc. (the "Foundation") was founded in 1980 to provide endowment and fundraising resources to advance the mission of the Society. The majority of the Foundation's support and revenue is derived from contributions and investment income. The Foundation is governed by a Board of Trustees appointed by the Board itself from a list of candidates approved by the Council of the Society and the Foundation cannot change certain portions of its governing documents without the approval of the Society.

*Basis of Presentation.* The accompanying combined financial statements include the accounts of The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc. (collectively "the Organization"). The financial statements have been combined due to the significant related party economic interests that exist between the organizations. Intercompany accounts and transactions have been eliminated in combination and the combined organizations are not a separate legal entity.

*Basis of Accounting.* The financial statements of the Organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities.

*Future Accounting Pronouncement.* During May 2020, the Financial Accounting Standards Board issued ASU No. 2020-05, which allowed for the delay of implementing ASU No. 2014-09 (Topic 606) - *Revenue from Contracts With Customers*. Topic 606 provides guidance for revenue recognition that superseded previous guidance. The pronouncement was originally required to be implemented July 1, 2019. Under ASU 2014-09, revenue will be recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods and services. Management has not determined the effects of the adoption of the pronouncement. The new pronouncement requires substantially expanded disclosures for contract assets and liabilities.

The Organization is required to report information regarding financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restrictions.* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 1 – Summary of Significant Accounting Policies (continued)

*Net Assets With Donor Restrictions.* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

*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 reporting period. Actual results could differ from those estimates.

*Cash and Cash Equivalents and Concentration.* The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered. The Organization has cash balances in excess of federally insured limits periodically throughout the fiscal year.

*Investments.* The Organization's investments are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Investment Committee determines the Organization's valuation policies utilizing information provided by the investment advisors and custodians. See fair value measurements below.

Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Investments related to the balances of net assets with donor restrictions are segregated in the statements of financial position.

*Fair Value Measurements.* The Organization reports using fair value measurements, which among other things requires enhanced disclosures about investments that are measured and reported at fair value and establishes a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1     Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 1 – Summary of Significant Accounting Policies (continued)

- Level 2     Inputs to the valuation methodology include:
- Quoted prices for similar assets or liabilities in active markets;
  - Quoted prices for identical or similar assets or liabilities in inactive markets;
  - Inputs other than quoted prices that are observable for the asset or liability;
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3     Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Mutual Funds and Money Market Funds.* Valued at the quoted prices in active markets for identical assets held by the Organization at year end.

*Pooled Private Investment Company, Limited Partnership and Real Estate Funds.* Valued at the NAV, without adjustment, of units held by the Organization at year-end. The NAV, as provided by the investment managers, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the Fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV.

*Private Equity Portfolio.* Portfolios primarily are invested in private equity limited partnerships. Investments are valued at NAV, without adjustment, as reported by their underlying investment manager. The portfolios also invest in total return swaps that are valued based upon the underlying investment's NAV, without adjustment. In the event that the Organization is unable to obtain the value of any portfolio investment from the applicable investment manager, the fair value of such portfolio investment shall be determined by the investment general partner, subject to approval by the advisory board of the investment fund.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 1 – Summary of Significant Accounting Policies (continued)

In general, investments are exposed to various risks, such as interest rate, credit and overall market volatility risk. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term and that such changes could materially affect the investment balances and the amounts reported in the statements of financial position.

*Accounts Receivable.* Accounts receivable include administrative fees and reimbursable costs due on federal grant agreements and amounts due from sales of the Organization's products and services. At the time accounts receivable are originated, the Organization considers an allowance for doubtful accounts based on the creditworthiness of the customer. The allowance is continually reviewed and adjusted to maintain the allowance at a level considered adequate to cover future uncollectible amounts.

The allowance is management's best estimate of uncollectible amounts and is determined based on historical performance that is tracked by the Organization on an ongoing basis. The Organization has recorded allowances of \$44,620 and \$20,288 at June 30, 2020 and 2019, respectively.

*Contributions Receivable.* Contributions receivable are recorded at their net realizable value. Contributions receivable expected to be collected in future years are recorded at net present value. The discounts on those amounts are computed using an imputed interest rate applicable to the year in which the pledges are received. Amortization of the discount will be included in contribution revenue. Conditional contributions receivable are not included as support until the conditions are substantially met. The Organization records an allowance based on management's estimate of uncollectible amounts.

*Publications Inventory.* Publications inventory consists of books, maps, charts and other publications valued at the lower of cost or market. Cost is determined by the first-in, first-out method.

*Property and Equipment.* All property and equipment is stated at cost or if donated, at fair value at the date of transfer, and depreciated using the straight-line method over estimated useful lives which range from three to forty years. Expenditures for property and equipment that exceed \$5,000 are capitalized. Depreciation expense for the years ended June 30, 2020 and 2019 was \$151,437 and \$170,821, respectively.

*Long-Lived Assets.* The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recovered. The Organization looks primarily to the undiscounted future cash flows in its assessment of whether or not long-lived assets have been impaired.

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 1 – Summary of Significant Accounting Policies (continued)**

*Collections and Works of Art.* The Organization has various collections and works of art that are on exhibit at the headquarters building. Collection items acquired through purchase or donation are not capitalized. Contributions of collection items are not recognized in the statements of activities. Proceeds from sales or insurance recoveries are classified on the statements of activities based on the absence or existence and nature of donor-imposed restrictions.

*Deferred Revenue.* Membership dues, conference registrations, subscriptions and other receipts relating to future periods are deferred and recognized as revenue in the applicable future period when the related services are rendered and expenses are incurred.

*Contributions.* Contributions received are recorded as with donor restriction or without donor restriction, depending on the existence or nature of any donor restrictions.

The Organization distinguishes between contributions received for each net asset category in accordance with donor-imposed restrictions. The Organization complies with established standards for external reporting by not-for-profit organizations, which requires that resources be classified for reporting purposes into two net asset categories according to externally (donor) imposed restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets released from restrictions in the statement of activities.

*Grants and Awards.* Grants and awards are recorded as expenses when the recipients are notified.

*Functional Allocation of Expenses.* The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefitted. Salaries and related fringe benefits are allocated to all services based on actual time expended. Allocations of certain overhead costs are also allocated to services on a pro-rata basis of total direct expenses incurred.

*Shipping and Handling Costs.* Shipping and handling charges are included in revenues and the related costs are charged to various programs and activities on a functional basis in the combined statement of activities.

*Income Taxes and Change in Estimate.* The Society is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code except for amounts representing unrelated business income. The Foundation is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization other than a private foundation under Section 509(a). As such, donors are entitled to a charitable deduction for their contribution to both the Society and Foundation. The Society is subject to tax on its net unrelated business taxable income for certain activities.

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 1 – Summary of Significant Accounting Policies (continued)**

The Organizations utilize the provisions of ASC 740, pertaining to accounting for uncertainty in income taxes. The pronouncement requires the use of a more-likely-than-not recognition criteria before and separate from the measurement of a tax position. An entity shall initially recognize the financial statement effects of a tax position when it is more likely than not, based on the technical merits, that the position will not be sustained upon examination. With respect to the Organizations, this would primarily relate to the determination of unrelated business taxable income, and to the maintenance of its tax exempt status.

Management has evaluated the adopted policies and procedures that have been implemented to provide assurance that income is properly characterized and activities that jeopardize its tax exempt status are within limits established under existing tax code and regulations. Management has determined the effects of uncertain tax positions are not material to the Organizations for recognition or disclosure in the accompanying financial statements and, accordingly, no income tax liability has been recorded for uncertain income tax positions in the accompanying financial statements.

All income tax years open for examination are subject to taxation at corporate tax rates. The years ended June 30, 2019, 2018, and 2017 are available for examination at June 30, 2020. Additionally, penalties and interest may be assessed on income taxes that are delinquent. The assessment of uncertain income taxes is subject to estimate, and it is reasonably possible that the estimate may change in the near term and the change may be material.

*Subsequent Events.* Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through September 25, 2020, which is the date the financial statements were available to be issued.

### **Note 2 – Availability and Liquidity**

The Organization has \$9,892,233 and \$9,857,059 of financial assets available to be used within one year of June 30, 2020 and 2019, respectively. The Organization has a significant balance of net assets with donor restrictions for the support of the Organization's programs. Additionally, the Organization has invested its significant reserves into long term investments, that could be liquidated if necessary. Of the long term investments, \$16,693,601 and \$19,056,881 are without donor restrictions and could be used to meet general operating needs if liquidated.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 3 – Investments

The Organization's fair value hierarchy for those investment assets measured at fair value on a recurring basis is as follows at June 30:

	<b>2020</b>	<b>2019</b>
Quoted Prices in Active Markets for Identical Assets (Level 1)		
Mutual funds:		
Domestic fixed income	\$ 13,341,421	\$ 10,430,250
Domestic equity	23,336,321	18,999,947
International	3,970,046	8,772,726
Money market funds	<u>2,507,063</u>	<u>1,465,784</u>
	<u>\$ 43,154,851</u>	<u>\$ 39,668,707</u>
Investments measured at net asset value	<u>13,222,437</u>	<u>17,046,497</u>
Total Investments at fair value	<u><b>\$ 56,377,288</b></u>	<u><b>\$ 56,715,204</b></u>

Investments are presented on the statement of financial position as follows at June 30:

	<b>2020</b>	<b>2019</b>
Investments	\$ 7,433,520	\$ 6,894,933
Long-term investments, unrestricted	16,693,601	19,056,881
Long-term investments, restricted	<u>32,250,167</u>	<u>30,763,390</u>
	<u><b>\$ 56,377,288</b></u>	<u><b>\$ 56,715,204</b></u>

The Organization has invested \$1,856,338 in limited real estate partnerships with a total commitment of \$3,000,000. The limited real estate partnership may make capital calls as needed.

The Organization has invested \$6,188,611 in private equity portfolio funds with a total commitment of \$9,050,000. The private equity portfolio funds may make capital calls as needed.

*Changes in Fair Value Levels.* The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

The Organization evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets available for benefits. For the year ended June 30, 2020 and 2019, there were no significant transfers in or out of hierarchy levels.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 3 – Investments (continued)

#### Fair Value of Investments in Entities that Use NAV

The following table summarizes investments measured at fair value based on NAV per unit/share as of June 30, 2020.

Investment	Fair Value as of June 30, 2020	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled private investment company funds	\$ 4,899,374	None	Monthly, Quarterly, Semi-annually	60 days for monthly, 90 days for quarterly, and 100 days for semi-annual
Real estate funds	\$ 2,977,467	\$ 1,143,662	Quarterly	30 and 60 days
Private equity portfolio funds	\$ 5,345,596	\$ 2,861,389	None	None

The following table summarizes investments measured at fair value based on NAV per unit/share as of June 30, 2019.

Investment	Fair Value as of June 30, 2019	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Pooled private investment company funds	\$ 6,251,581	None	Monthly, Quarterly, Semi-annually	60 days for monthly, 90 days for quarterly, and 100 days for semi-annual
Limited partnership funds	\$ 3,534,433	None	Monthly	30 days
Real estate funds	\$ 3,003,700	\$ 327,000	Quarterly	30 and 60 days
Private equity portfolio funds	\$ 4,256,783	\$ 3,361,657	None	None

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 4 – Contributions Receivable and Concentrations**

The Foundation has contributions receivable with expected collections as follows as of June 30:

	<b>2020</b>	<b>2019</b>
Due in less than one year	\$ 97,271	\$ 140,644
Due in one to five years	8,520	36,790
Less unamortized discount	(794)	(4,187)
	<b><u>\$ 104,997</u></b>	<b><u>\$ 173,247</u></b>

As of June 30, 2020 and 2019, a single donor accounted for 39% and 32% of contributions receivable, respectively.

### **Note 5 – Publications Inventory**

Publications inventory consisted of the following at June 30:

	<b>2020</b>	<b>2019</b>
Finished goods	\$ 162,672	\$ 154,822
Work in process	39,507	29,559
	<b><u>\$ 202,179</u></b>	<b><u>\$ 184,381</u></b>

### **Note 6 – Property and Equipment**

Property and equipment consisted of the following at June 30:

	<b>2020</b>	<b>2019</b>
Land	\$ 428,065	\$ 428,065
Land improvements	105,007	105,007
Headquarters building and improvements	4,559,742	4,448,771
Furniture and equipment	1,233,003	1,237,941
Construction in progress	-	94,589
	<b><u>6,325,817</u></b>	<b><u>6,314,373</u></b>
Less accumulated depreciation	(4,411,004)	(4,270,007)
Net property and equipment	<b><u>\$ 1,914,813</u></b>	<b><u>\$ 2,044,366</u></b>

### **Note 7 – Line of Credit**

The Society has a \$300,000 line of credit agreement with JP Morgan Chase Bank, N.A. with no outstanding borrowings as of June 30, 2020 and 2019. Advances under agreement bear interest at the bank's index rate plus 0.25%. The agreement is collateralized by all property and matures in January 2021.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 8 – Functional Expenses

Expenses by functional classification for the year ended June 30, 2020 consist of the following:

	Programs	Fundraising	General and Administrative	Total
Wages	<u>\$ 1,410,161</u>	<u>\$ 170,330</u>	<u>\$ 2,861,814</u>	<u>\$ 4,442,305</u>
Publications cost	<u>1,367,057</u>	<u>-</u>	<u>-</u>	<u>1,367,057</u>
Contract services	<u>831,923</u>	<u>-</u>	<u>506,203</u>	<u>1,338,126</u>
Grants, awards	<u>1,085,907</u>	<u>-</u>	<u>-</u>	<u>1,085,907</u>
Travel	<u>320,126</u>	<u>11,997</u>	<u>76,858</u>	<u>408,981</u>
Benefits	<u>261,588</u>	<u>19,405</u>	<u>98,791</u>	<u>379,784</u>
Payroll taxes	<u>104,909</u>	<u>12,937</u>	<u>209,089</u>	<u>326,935</u>
Depreciation	<u>17,627</u>	<u>-</u>	<u>133,810</u>	<u>151,437</u>
Rent	<u>8,919</u>	<u>-</u>	<u>52,459</u>	<u>61,378</u>
Legal	<u>32,226</u>	<u>1,917</u>	<u>40,455</u>	<u>74,598</u>
Advertising	<u>15,990</u>	<u>-</u>	<u>21,593</u>	<u>37,583</u>
Allocated to programs	<u>1,254,338</u>	<u>-</u>	<u>(1,254,338)</u>	<u>-</u>
Other	<u>892,266</u>	<u>96,492</u>	<u>298,459</u>	<u>1,287,217</u>
	<u><b>\$ 7,603,037</b></u>	<u><b>\$ 313,078</b></u>	<u><b>\$ 3,045,193</b></u>	<u><b>\$ 10,961,308</b></u>

Expenses by functional classification for the year ended June 30, 2019 consist of the following:

	Programs	Fundraising	General and Administrative	Total
Wages	<u>\$ 1,310,166</u>	<u>\$ 193,061</u>	<u>\$ 2,821,514</u>	<u>\$ 4,324,741</u>
Publications cost	<u>1,511,142</u>	<u>-</u>	<u>-</u>	<u>1,511,142</u>
Contract services	<u>787,905</u>	<u>38,752</u>	<u>479,679</u>	<u>1,306,336</u>
Grants, awards	<u>1,125,699</u>	<u>-</u>	<u>-</u>	<u>1,125,699</u>
Travel	<u>298,703</u>	<u>21,745</u>	<u>235,020</u>	<u>555,468</u>
Benefits	<u>252,142</u>	<u>26,041</u>	<u>92,585</u>	<u>370,768</u>
Payroll taxes	<u>92,951</u>	<u>15,578</u>	<u>198,112</u>	<u>306,641</u>
Depreciation	<u>19,883</u>	<u>-</u>	<u>150,938</u>	<u>170,821</u>
Rent	<u>9,121</u>	<u>-</u>	<u>64,826</u>	<u>73,947</u>
Legal	<u>31,320</u>	<u>-</u>	<u>33,905</u>	<u>65,225</u>
Advertising	<u>26,096</u>	<u>-</u>	<u>15,957</u>	<u>42,053</u>
Allocated to programs	<u>1,225,976</u>	<u>-</u>	<u>(1,225,976)</u>	<u>-</u>
Other	<u>888,558</u>	<u>94,575</u>	<u>324,117</u>	<u>1,307,250</u>
	<u><b>\$ 7,579,662</b></u>	<u><b>\$ 389,752</b></u>	<u><b>\$ 3,190,677</b></u>	<u><b>\$ 11,160,091</b></u>

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 9 - Leasing Activities**

*Operating Leases.* The Society leases equipment under noncancelable operating leases with monthly payments totaling \$4,293. The leases expire through March 2025, at which time the equipment may be purchased for its fair value. Rent expense and related charges under noncancelable operating lease agreements totaled \$61,378 and \$73,947 for the years ended June 30, 2020 and 2019, respectively.

Future minimum payments required under the noncancelable operating lease agreements are as follows at June 30, 2020:

Year	Amount
2021	\$ 33,836
2022	6,636
2023	6,636
2024	6,636
2025	4,977
	<hr/> <u>\$ 58,721</u>

### **Note 10 – Endowment Funds**

*General.* The Organization's Endowment Funds were established by action of the Society's Board of Councilors and Foundations' Board of Trustees to be maintained in perpetuity. The Endowment Fund includes donor-restricted funds and may be utilized for either specific purposes or general operating use. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with Endowment Funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law.* The Organization Boards have interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets restricted in perpetuity (a) the original value of gifts donated to the perpetual endowment and (b) the original value of subsequent gifts to the perpetual endowment.

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 10 – Endowment Funds (continued)**

The remaining portion of the donor-restricted endowment funds that is not classified in net assets restricted in perpetuity is classified as net assets available for expenditure until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund.
- (2) The purpose and intent of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization.

*Funds with Deficiencies.* From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. In connection with the implementation of FASB ASU 2016-14, *Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, generally accepted accounting principles require accumulated losses to be presented together with the funds to which they relate. These deficiencies result from unfavorable market fluctuations that may occur after the investment of perpetually restricted contributions and appropriation that was deemed prudent by the Board. As of June 30, 2020 and 2019, no funds had deficiencies.

*Return Objectives and Risk Parameters.* The Organization has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. Perpetually restricted assets are invested as a portion of the total Endowment Fund, which seeks to optimize the total rate of return to meet spending requirements of the Organization.

The Endowment Fund also seeks sufficient flexibility to meet unanticipated demands and changing environments. The Endowment Fund is invested with a long-term strategy, which includes a balanced portfolio of equity, bonds, limited partnership, commodity funds, bank loans funds and temporary cash investments.

*Strategies Employed for Achieving Objectives.* To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy on which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 10 – Endowment Funds (continued)

*Spending Policy and the Relationship to Investment Objectives.* The Society has a policy of appropriating for distribution each year 4% of the rolling 12 quarter moving average of total unrestricted investments on December 31st of the current fiscal year in which the distribution is planned if the adjusted unrestricted investments exceed one half of the budgeted annual operating expenses. The Foundation has a policy of appropriating for distribution each year a percentage, as determined by the Board of Trustees, of the fair value of a fund's net assets from two years prior to the current fiscal year. The distribution percentage determined by the Board of Trustees amounted to 5% in 2020 and 2019. In establishing this policy, the Organization considered the long-term expected return on the Endowment Fund. Accordingly, over the long term, the Society expects the current spending policy to allow its endowment to grow at an average of at least the Consumer Price Index annually and the Foundation expects the current spending policy to allow its endowment to grow at an average of 3% annually. This is consistent with the Organization's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment returns. Expenditures may be made through the Organization's operating budget on an annual basis.

Endowment funds consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Endowment net assets available for appropriation and subject to time restrictions under UPMIFA Society		
Pardee endowment, board designated Foundation	\$ 3,162,746 3,977,030	\$ 3,480,237 4,366,399
Total time restricted endowments	<u>7,139,776</u>	<u>7,846,636</u>
Endowment net assets required to be retained in perpetuity either by explicit donor stipulation or by UPMIFA Society, Pardee endowment, board		
Designated, non-expendable	4,300,000	4,300,000
Society, Penrose endowment Foundation	3,884,385 12,918,371	3,884,385 11,747,252
Total perpetually restricted endowments	<u>21,102,756</u>	<u>19,931,637</u>
Total endowment fund net assets	<u><u>\$ 28,242,532</u></u>	<u><u>\$ 27,778,273</u></u>

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 10 – Endowment Funds (continued)

The following summarizes the changes in endowment net assets for the years ended June 30, 2020 and 2019:

	With Donor Restrictions		
	Available for Appropriation	In Perpetuity	Total
Endowment net assets, July 1, 2018	\$ 7,184,033	\$ 18,746,920	\$ 25,930,953
Interest income, net of fees	677,844	-	677,844
Net realized and unrealized losses	710,451	-	710,451
Contributions	128,808	637,950	766,758
Transfers of funds from Sections and Divisions	-	105,000	105,000
Interfund transfers and reclassifications	(98,677)	441,767	343,090
Amounts appropriated for expenditure	(755,823)	-	(755,823)
Change in endowment net assets	<u>662,603</u>	<u>1,184,717</u>	<u>1,847,320</u>
Endowment net assets, June 30, 2019	7,846,636	19,931,637	27,778,273
Interest income, net of fees	677,371	-	677,371
Net realized and unrealized gains	(705,031)	-	(705,031)
Contributions	96,426	999,069	1,095,495
Transfers of funds from Sections and Divisions	-	10,000	10,000
Interfund transfers and reclassifications	-	162,050	162,050
Amounts appropriated for expenditure	(775,626)	-	(775,626)
Change in endowment net assets	<u>(706,860)</u>	<u>1,171,119</u>	<u>464,259</u>
Endowment net assets, June 30, 2020	<u>\$ 7,139,776</u>	<u>\$ 21,102,756</u>	<u>\$ 28,242,532</u>

# The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.

## Notes to Combined Financial Statements

June 30, 2020 and 2019

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### Note 11 – Restricted Net Assets

Net assets with donor restrictions, listed by purpose, as of June 30:

	<u>2020</u>	<u>2019</u>
<u>Society</u>		
Available for appropriation		
Research, study and education	\$ 3,162,746	\$ 3,480,237
Restricted in perpetuity		
Pardee endowment, board designated, non-expendable	4,300,000	4,300,000
Penrose endowment	<u>3,884,385</u>	<u>3,884,385</u>
	<u><u>\$ 11,347,131</u></u>	<u><u>\$ 11,664,622</u></u>
<u>Foundation</u>		
Available for appropriation		
Research grants and awards	\$ 3,061,541	\$ 3,383,189
Travel support	1,295,447	1,413,853
Other GSA program support	2,526,127	2,749,754
Restricted in perpetuity		
Research grants and awards	8,184,799	7,759,652
Travel support	611,972	544,210
Other GSA program support	<u>4,121,601</u>	<u>3,443,390</u>
	<u><u>19,801,487</u></u>	<u><u>19,294,048</u></u>
Total net assets with donor restrictions	<u><u>\$ 31,148,618</u></u>	<u><u>\$ 30,958,670</u></u>

### Note 12 - Commitments

*Meeting Reservation Commitments.* The Society has entered into various contracts totaling \$6,693,205 for reservation of meeting and convention area space for its annual meetings, to be held through October 2025. The maximum penalty for cancellation of these contracts at June 30, 2020 totaled \$1,210,717.

# **The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc.**

## **Notes to Combined Financial Statements**

June 30, 2020 and 2019

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### **Note 13 - Related Party Transactions**

The Organization has transactions that consist of transfers between the Foundation and the Society for support of and investment in future advancement of the geosciences. All significant inter-organizational accounts and transactions are eliminated in combination. The detail of the inter-organizational transactions prior to elimination are as follows for the years ended June 30:

	<b>2020</b>	<b>2019</b>
Grants and awards		
Foundation program grants to Society	\$ 1,047,463	\$ 1,006,612
Society Sections and Divisions transfers to Foundation	<u>10,000</u>	<u>105,000</u>
	<u><u>\$ 1,057,463</u></u>	<u><u>\$ 1,111,612</u></u>
Supporting services		
Society funding of Foundation payroll	\$ 230,676	\$ 230,676
Society funding of Foundation benefits	72,240	72,250
Society funding of Foundation overhead	129,500	129,500
Fundraising contact services and related expenses	-	38,752
	<u><u>\$ 432,416</u></u>	<u><u>\$ 471,178</u></u>

### **Note 14 – Retirement Plan**

The Organization has a qualified 403(b) defined contribution plan. The plan is available to employees with at least six months of service. All contributions to the plan, including those made by the Organization, are fully vested to the employee. The Organization's contributions to the plan totaled \$327,076 and \$290,901 for the years ended June 30, 2020 and 2019, respectively.

### **Note 15 – Uncertainty**

During 2020, a health care pandemic has occurred in the United States and internationally. In response to the crisis, the federal, state, and municipal governments have enacted various policies to curtail group gatherings until the risk has diminished. The closings have cause a significant rise in unemployment and have severely negatively impacted many large and small organizations. Additionally, the local and global economies have been negatively impacted. No reliable estimate of the potential future financial impacts of this uncertainty on the Organization can be made at this time.

**The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.**

**Combining Statements of Financial Position**

June 30	2020			2019				
	Society	Foundation	Eliminations	Combined Totals	Society	Foundation	Eliminations	Combined Totals
<b>ASSETS</b>								
<b>Current Assets</b>								
Cash and cash equivalents	\$ 750,564	\$ 561,100	\$ -	\$ 1,311,664	\$ 841,596	\$ 1,023,137	\$ -	\$ 1,864,733
Investments	2,596,864	4,836,656	-	7,433,520	2,509,015	4,385,918	-	6,894,933
Accounts receivable, net	1,068,309	-	(318,531)	749,778	684,480	-	(27,731)	656,749
Contributions receivable, current, net	-	97,271	-	97,271	-	140,644	-	140,644
Publications inventory	202,179	-	-	202,179	184,381	-	-	184,381
Prepaid expenses and other current assets	34,153	-	-	34,153	482,708	-	-	482,708
Total current assets	<u>4,652,069</u>	<u>5,495,027</u>	<u>(318,531)</u>	<u>9,828,565</u>	<u>4,702,180</u>	<u>5,549,699</u>	<u>(27,731)</u>	<u>10,224,148</u>
Property and Equipment, net	<u>1,914,813</u>	<u>-</u>	<u>-</u>	<u>1,914,813</u>	<u>2,044,366</u>	<u>-</u>	<u>-</u>	<u>2,044,366</u>
<b>Other Assets</b>								
Investments, long-term, unrestricted	16,693,601	-	-	16,693,601	19,056,881	-	-	19,056,881
Investments, long-term, restricted	12,597,130	19,653,037	-	32,250,167	11,664,623	19,098,767	-	30,763,390
Contributions receivable, long-term, net	-	7,726	-	7,726	-	32,603	-	32,603
Prepaid expenses, long-term	284,504	-	-	284,504	107,995	-	-	107,995
Total other assets	<u>29,575,235</u>	<u>19,660,763</u>	<u>-</u>	<u>49,235,998</u>	<u>30,829,499</u>	<u>19,131,370</u>	<u>-</u>	<u>49,960,869</u>
Total assets	<u><b>\$ 36,142,117</b></u>	<u><b>\$ 25,155,790</b></u>	<u><b>\$ (318,531)</b></u>	<u><b>\$ 60,979,376</b></u>	<u><b>\$ 37,576,045</b></u>	<u><b>\$ 24,681,069</b></u>	<u><b>\$ (27,731)</b></u>	<u><b>\$ 62,229,383</b></u>

**The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.**

**Combining Statements of Financial Position**

June 30	2020			2019				
	Society	Foundation	Eliminations	Combined Totals	Society	Foundation	Eliminations	Combined Totals
<b>LIABILITIES AND NET ASSETS</b>								
<b>Current Liabilities</b>								
Accounts payable	\$ 763,522	\$ 315,597	\$ (318,531)	\$ 760,588	\$ 300,827	\$ 24,159	\$ (27,731)	\$ 297,255
Accrued liabilities	467,983	48,279	-	516,262	538,380	55,699	-	594,079
Deferred revenue	903,927	-	-	903,927	1,658,613	-	-	1,658,613
Total current liabilities	<u>2,135,432</u>	<u>363,876</u>	<u>(318,531)</u>	<u>2,180,777</u>	<u>2,497,820</u>	<u>79,858</u>	<u>(27,731)</u>	<u>2,549,947</u>
<b>Net Assets</b>								
Without donor restrictions								
Designated for building repairs and improvements	353,147	-	-	353,147	462,893	-	-	462,893
Designated for technology projects	244,862	-	-	244,862	195,128	-	-	195,128
Designated reserves	1,250,000	-	-	1,250,000	1,250,000	-	-	1,250,000
Undesignated	20,811,545	4,990,427	-	25,801,972	21,505,582	5,307,163	-	26,812,745
Total without donor restrictions	<u>22,659,554</u>	<u>4,990,427</u>	<u>-</u>	<u>27,649,981</u>	<u>23,413,603</u>	<u>5,307,163</u>	<u>-</u>	<u>28,720,766</u>
With donor restrictions	<u>11,347,131</u>	<u>19,801,487</u>	<u>-</u>	<u>31,148,618</u>	<u>11,664,622</u>	<u>19,294,048</u>	<u>-</u>	<u>30,958,670</u>
Total net assets	<u>34,006,685</u>	<u>24,791,914</u>	<u>-</u>	<u>58,798,599</u>	<u>35,078,225</u>	<u>24,601,211</u>	<u>-</u>	<u>59,679,436</u>
Total liabilities and net assets	<b><u>\$ 36,142,117</u></b>	<b><u>\$ 25,155,790</u></b>	<b><u>\$ (318,531)</u></b>	<b><u>\$ 60,979,376</u></b>	<b><u>\$ 37,576,045</u></b>	<b><u>\$ 24,681,069</u></b>	<b><u>\$ (27,731)</u></b>	<b><u>\$ 62,229,383</u></b>

**The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.**

**Combining Statements of Activities**

Years ended June 30

	2020			2019				
	Society	Foundation	Eliminations	Combined Totals	Society	Foundation	Eliminations	Combined Totals
<b>Revenues and Support</b>								
Publications	\$ 3,716,166	\$ -	\$ -	\$ 3,716,166	\$ 4,084,411	\$ -	\$ -	\$ 4,084,411
Meetings	2,375,467	-	-	2,375,467	2,165,436	-	-	2,165,436
Membership dues and services	772,180	-	-	772,180	853,182	-	-	853,182
Sections and divisions	228,361	-	-	228,361	662,419	-	-	662,419
Grants	209,742	-	-	209,742	351,452	-	-	351,452
Contributions	1,047,463	2,116,764	(1,479,879)	1,684,348	1,006,612	3,179,816	(1,477,790)	2,708,638
Education and outreach	742,367	4,700	-	747,067	679,839	21,920	-	701,759
Other support and revenue	397,896	156	-	398,052	299,956	-	-	299,956
Total revenues and support	<u>9,489,642</u>	<u>2,121,620</u>	<u>(1,479,879)</u>	<u>10,131,383</u>	<u>10,103,307</u>	<u>3,201,736</u>	<u>(1,477,790)</u>	<u>11,827,253</u>
<b>Expenses</b>								
Program services								
Publications	1,608,422	-	-	1,608,422	1,754,232	-	-	1,754,232
Meetings	2,540,793	-	-	2,540,793	2,026,178	-	-	2,026,178
Membership	684,403	-	-	684,403	663,402	-	-	663,402
Sections and divisions	224,232	-	-	224,232	550,876	-	-	550,876
Grants and awards	1,085,907	1,212,561	(1,047,463)	1,251,005	1,158,523	1,164,129	(1,006,612)	1,316,040
Education and outreach	1,294,182	-	-	1,294,182	1,268,934	-	-	1,268,934
Total program services	<u>7,437,939</u>	<u>1,212,561</u>	<u>(1,047,463)</u>	<u>7,603,037</u>	<u>7,422,145</u>	<u>1,164,129</u>	<u>(1,006,612)</u>	<u>7,579,662</u>
Supporting services								
Fundraising	4,955	308,123	-	313,078	38,752	389,752	(38,752)	389,752
General and administrative	3,085,298	392,311	(432,416)	3,045,193	3,244,828	378,275	(432,426)	3,190,677
Total supporting services	<u>3,090,253</u>	<u>700,434</u>	<u>(432,416)</u>	<u>3,358,271</u>	<u>3,283,580</u>	<u>768,027</u>	<u>(471,178)</u>	<u>3,580,429</u>
Total expenses	<u>10,528,192</u>	<u>1,912,995</u>	<u>(1,479,879)</u>	<u>10,961,308</u>	<u>10,705,725</u>	<u>1,932,156</u>	<u>(1,477,790)</u>	<u>11,160,091</u>
Sections and Divisions Funds Transferred	<u>(10,000)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>(105,000)</u>	<u>105,000</u>	<u>-</u>	<u>-</u>
<b>Change in Net Assets Before Investment Income</b>								
Interest and dividend income	961,538	717,631	-	1,679,169	968,052	679,339	-	1,647,391
Net realized gains on investments	415,025	304,892	-	719,917	762,263	500,940	-	1,263,203
Net unrealized gains on investments	(836,313)	(644,750)	-	(1,481,063)	284,020	255,250	-	539,270
Investment fees	(563,240)	(405,695)	-	(968,935)	(148,993)	(99,805)	-	(248,798)
Net investment income	<u>(22,990)</u>	<u>(27,922)</u>	<u>-</u>	<u>(50,912)</u>	<u>1,865,342</u>	<u>1,335,724</u>	<u>-</u>	<u>3,201,066</u>
Change in Net Assets	<u>\$ (1,071,540)</u>	<u>\$ 190,703</u>	<u>\$ -</u>	<u>\$ (880,837)</u>	<u>\$ 1,157,924</u>	<u>\$ 2,710,304</u>	<u>\$ -</u>	<u>\$ 3,868,228</u>

**The Geological Society of America, Inc. and  
The Geological Society of America Foundation, Inc.**

**Combining Statements of Changes in Net Assets**

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Years ended June 30, 2020 and 2019

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	<u>Society</u>	<u>Foundation</u>	<u>Eliminations</u>	<u>Combined Totals</u>
<b>Net Assets, July 1, 2018</b>	\$ 33,920,301	\$ 21,890,907	\$ -	\$ 55,811,208
Change in net assets	<u>1,157,924</u>	<u>2,710,304</u>	<u>-</u>	<u>3,868,228</u>
<b>Net Assets, June 30, 2019</b>	35,078,225	24,601,211	-	59,679,436
Change in net assets	<u>(1,071,540)</u>	<u>190,703</u>	<u>-</u>	<u>(880,837)</u>
<b>Net Assets, June 30, 2020</b>	<u><b>\$ 34,006,685</b></u>	<u><b>\$ 24,791,914</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 58,798,599</b></u>

**Independent Auditor's Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an Audit  
of Financial Statements Performed in Accordance with  
Government Auditing Standards**

Council  
The Geological Society of America, Inc.  
Boulder, Colorado

We have audited, in accordance with the auditing standards generally accepted in United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of The Geological Society of America, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, changes in net assets, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 25, 2020. The financial statements of The Geological Society of America Foundation, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with The Geological Society of America Foundation, Inc.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered The Geological Society of America, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Geological Society of America, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether The Geological Society of America, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Fort Collins, Colorado  
September 25, 2020

**Independent Auditor's Report on Compliance for  
Each Major Program and on Internal Control Over  
Compliance Required by the Uniform Guidance**

Council  
The Geological Society of America, Inc.  
Boulder, Colorado

**Report on Compliance for Each Major Federal Program**

We have audited The Geological Society of America, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Society's major federal programs for the year ended June 30, 2020. The Society's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of The Geological Society of America, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Geological Society of America, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of The Geological Society of America, Inc.'s compliance.

## **Opinion on Each Major Federal Program**

In our opinion, The Geological Society of America, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## **Report on Internal Control over Compliance**

Management of The Geological Society of America, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered The Geological Society of America, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Geological Society of America,

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Brock and Company, CPAs, P.C.*

Certified Public Accountants

Fort Collins, Colorado  
September 25, 2020

# The Geological Society of America, Inc.

## Schedule of Expenditures of Federal Awards

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Year ended June 30, 2020

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Federal Grantor and Program Title	Federal CFDA Number	Identifying Number	Total Expenditures
<b>Major Programs</b>			
<b><u>GeoCorps Cluster</u></b>			
<u>U.S. Department of Interior</u>			
Direct Programs			
Bureau of Land Management			
GeoCorps America	15.XXX	Various	\$ 254,015
GeoCorps America	15.225	Various	9,001
GeoCorps America	15.236	Various	10,962
<u>U.S. Department of Agriculture</u>			
Direct Program			
Forest Service			
GeoCorps America	10.XXX	16-PA-11132428-080	289,051
GeoCorps America	10.699		8,189
			<u>571,218</u>
<b><u>Research and Development Cluster</u></b>			
<u>National Science Foundation</u>			
Direct Programs			
Matching Research Grant Program	47.050	EAR-1354519	142,500
Collaborative Research: Awards for Geochronology Student Research Program: Democratizing Access to Geochronology and Promoting Interdisciplinary Science	47.050	EAR-1759201	12,014
Social Capital and Mentoring: Building a Diverse Workforce for Earth System Science in the 21st Century	47.050	RC105254GSA	<u>12,862</u>
			<u>167,376</u>
<b>Other Federal Awards</b>			
<u>United States Geological Survey</u>			
Direct Program			
Congressional Science Fellow	15.808	08HQGR0141	<u>42,366</u>
			<u>42,366</u>
			<u>\$ 780,960</u>

The accompanying Notes are an integral  
part of this schedule

# **The Geological Society of America, Inc.**

## **Notes to Schedule of Expenditures of Federal Awards**

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Year ended June 30, 2020

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### **Method of Accounting**

The schedule of expenditures of federal awards has been prepared on an accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts in or used in the preparation of the financial statements. The Organization has not elected to charge the de minimis rate of 10% of modified total direct costs (MTDC).

# The Geological Society of America, Inc.

## Schedule of Findings and Questioned Costs and Prior Audit Findings

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Year ended June 30, 2020

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### Section I - Summary of Auditor's Results

#### **Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  no

Noncompliance material to financial statements noted?

yes  no

#### **Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?  yes  no
- Significant deficiency(s) identified that are not considered to be material weakness(es)?  yes  no

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

yes  no

Identification of major programs:

CFDA	Identifying Number	Name of Federal Program or Cluster
15.931	P13AC00336	National Park Service, GeoCorps America Program
15.XXX	Various	Bureau of Land Management, GeoCorps America Program
15.225	Various	Bureau of Land Management, GeoCorps America Program
15.236	Various	Bureau of Land Management, GeoCorps America Program
10.XXX	16-PA-11132428-080	Forest Service, GeoCorps America Program
10.699		Forest Service, GeoCorps America Program
47.050	Various	National Science Foundation, Research and Development Cluster

Dollar threshold used to distinguish between type A and type B programs

\$750,000

Auditee qualified as low-risk auditee?

yes  no

# **The Geological Society of America, Inc.**

## **Schedule of Findings and Questioned Costs and Prior Year Audit Findings (continued)**

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Year ended June 30, 2020

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### **Section II - Financial Statement Findings**

#### **Findings Relating to Financial Statements**

No matters reported.

### **Section III - Federal Award Findings and Questioned Costs**

#### **Findings Relating to Federal Awards**

None.

#### **Prior Year Findings**

None.