THE GEOLOGICAL SOCIETY OF AMERICA, INC.
AND
THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.

Combined Financial Statements As Of June 30, 2009
(With Summarized Financial Information For
The Year Ended June 30, 2008)

Together With Independent Auditors' Report

JDS professional group
certified public accountants, consultants and advisors

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INDEPENDENT AUDITORS' REPORT

To the Council and Board of Trustees of
The Geological Society of America, Inc. and
The Geological Society of America Foundation, Inc.:

We have audited the accompanying combined statement of financial position of The Geological Society of America, Inc. and The Geological Society of America Foundation, Inc. (the "Organization") as of June 30, 2009, and the related combined statements of activities, and cash flows for the year then ended. These combined financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of The Geological Society of America Foundation, Inc, which statements reflect total assets of $9,077,596 as of June 30, 2009, total liabilities of $146,318, total net assets of $8,931,278, total support and revenues of $2,796,346 and total expenses of $1,434,219 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, in so far as it relates to the amounts included for The Geological Society of America Foundation, Inc, is based solely on the report of the other auditors.

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 combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The combined supplemental schedules of financial position and activities on page 20 and 21 are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

JDS Professional Group

September 21, 2009

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THE GEOLOGICAL SOCIETY OF AMERICA, INC. AND
THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.

Combined Statement Of Financial Position
As Of June 30, 2009
(With Summarized Financial Information As Of June 30, 2008)

	2009	2008
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 428,371	$ 654,895
Investments	2,495,716	2,521,224
Accounts receivable, net of allowance of $18,134	294,292	280,741
Contributions receivable	177,468	162,467
Publications inventory	392,072	617,055
Prepaid expenses and other assets	436,878	570,407
Total Current Assets	4,224,797	4,806,789
Long-term investments		11,847,882
Restricted long-term investments	23,061,878	18,464,606
Long term contribution receivable, net	1,576	33,227
Long term account receivable, net	46,667	
Beneficial interest in charitable trusts	309,048	219,551
Property and equipment, net of accumulated depreciation and amortization of $3,230,196	2,690,651	2,825,569
TOTAL ASSETS	$ 30,334,617	$ 38,197,624
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	$ 316,098	$ 261,954
Accrued expenses	181,227	58,409
Accrued liabilities	279,594	238,884
Deferred revenue	1,979,375	2,402,027
Current portion of bonds payable		225,000
Line of credit	300,000	
Other liabilities	10,242	6,420
Total Liabilities	3,066,536	3,192,694
Net Assets:		
Unrestricted -		
Designated for employee benefits	109,895	150,986
Undesignated	2,860,176	15,699,577
Total Unrestricted	2,970,071	15,850,563
Temporarily restricted	16,500,870	10,823,160
Permanently restricted	7,797,140	8,331,207
Total Net Assets	27,268,081	35,004,930
TOTAL LIABILITIES AND NET ASSETS	$ 30,334,617	$ 38,197,624

The accompanying notes are an integral part of the financial statements.

THE GEOLOGICAL SOCIETY OF AMERICA, INC. AND
THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.

Combined Statement Of Activities
For The Year Ended June 30, 2009
(With Summarized Financial Information For The Year Ended June 30, 2008)

	Unrestricted	Temporarily Restricted	Permanently Restricted	2009 Total	2008 Total
Support And Revenue:					
Publications	$ 4,108,531	$	$	$ 4,108,531	$ 4,437,383
Meetings	1,772,018			1,772,018	2,284,809
Membership dues and services	594,815			594,815	627,406
Sections and divisions	446,336			446,336	492,968
Grants	270,027			270,027	250,567
Contributions	989,164	974,874	288,258	2,252,296	988,999
Education and outreach	371,765			371,765	351,320
Change in value of split interest agreements		(7,719)	5,229	(2,490)	1,403
Other revenue	235,198			235,198	96,979
Net Assets Released From Restriction:					
Released by donor			(25,185)	(25,185)	
Satisfaction of program restrictions	1,052,901	(1,027,716)		25,185	
Total Support And Revenue	9,840,755	(60,561)	268,302	10,048,496	9,531,834
Expenses:					
Program services -					
Publications	2,354,176			2,354,176	3,026,440
Meetings	1,869,535			1,869,535	1,657,968
Membership	686,778			686,778	739,012
Sections and divisions	329,097			329,097	313,179
Grants and awards	1,274,368			1,274,368	1,355,152
Education and outreach	746,069			746,069	773,380
Total Program Services	7,260,023			7,260,023	7,865,131
Supporting services -					
Fundraising	199,878			199,878	164,572
General and administrative	3,000,872			3,000,872	2,649,020
Total Supporting Services	3,200,750			3,200,750	2,813,592
Total Expenses	10,460,773			10,460,773	10,678,723
CHANGE IN NET ASSETS BEFORE INVESTMENT INCOME (LOSS)	(620,018)	(60,561)	268,302	(412,277)	(1,146,889)
Interest and dividend income	500,413	437,814		938,227	788,501
Net realized gain(loss) on investments	(211,392)	(257,421)		(468,813)	2,814,000
Net unrealized gain(loss) on investments	948,860	(8,742,846)		(7,793,986)	(3,844,883)
Total investment income(loss)	1,237,881	(8,562,453)		(7,324,572)	(242,382)
CHANGE IN NET ASSETS	617,863	(8,623,014)	268,302	(7,736,849)	(1,389,271)
Net Assets, Beginning Of Year, as previously reported	15,850,563	10,823,160	8,331,207	35,004,930	36,394,201
Reclassifications		802,369	(802,369)		
Cumulative effect of a change in accounting principle - FASB 117-1	(13,498,355)	13,498,355			
Net Assets, Beginning of Year, reclassified	2,352,208	25,123,884	7,528,838	35,004,930	36,394,201
NET ASSETS, END OF YEAR	$ 2,970,071	$ 16,500,870	$ 7,797,140	$ 27,268,081	$ 35,004,930

The accompanying notes are an integral part of the financial statements.

THE GEOLOGICAL SOCIETY OF AMERICA, INC. AND
THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.

Combined Statement Of Cash Flows
For The Year Ended June 30, 2009
(With Summarized Financial Information For The Year Ended June 30, 2008)

	2009	2008
Change in net assets	$ (7,736,849)	$ (1,389,271)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Net realized and unrealized loss on investments	8,262,798	1,557,922
Depreciation and amortization	207,866	150,473
Amortization of bond issue costs	4,230	18,519
Contributions restricted for long-term purposes	(268,302)	(323,254)
Change in value of split interest agreements	2,490	(1,403)
Changes in operating assets and liabilities -		
(Increase) decrease in contributions receivable	(15,001)	11,251
(Increase) decrease in accounts receivable	(28,567)	196,394
Decrease in publications inventory	224,983	66,111
(Increase) decrease in prepaid expenses and other assets	135,768	(141,004)
Increase (decrease) in accounts payable	54,144	(167,038)
Increase (decrease) in accrued expenses	122,817	(64,657)
Increase (decrease) in accrued liabilities	40,710	(6,919)
Increase (decrease) in deferred revenue	(422,652)	527,485
Increase in other liabilities	3,822	325
Net cash provided by operating activities	588,257	434,934
Cash flows from investing activities:		
Purchases of investments, net	(8,077,734)	(7,932,721)
Proceeds from the sales of investments	7,091,053	7,166,663
Distributions of amounts held in charitable trust		767,367
Proceeds from charitable trust	(91,986)	
Purchase of property and equipment	(72,948)	(202,386)
Net cash (used in) investing activities	(1,151,615)	(201,077)
Cash flows from financing activities:		
Bond issue costs	(6,468)	(6,468)
Payment on bonds	(225,000)	(210,000)
Proceeds from Line of credit	300,000	
Contributions for long-term purposes	268,302	323,254
Net cash provided by financing activities	336,834	106,786
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(226,524)	340,643
Cash And Cash Equivalents, Beginning Of Year	654,895	314,252
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 428,371	$ 654,895
Supplemental cash flow information:		
Estimated income tax paid	$ 0	$ 65,000

The accompanying notes are an integral part of the financial statements.

(1) Reporting Entity

The reporting entity referred to as the "Organization" includes the activities of two organizations, The Geological Society of America, Inc. (the "Society") and The Geological Society of America Foundation, Inc. (the "Foundation"). All significant inter-company accounts and transactions have been eliminated in combination. 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 activities include publishing and distributing scientific literature, awarding research grants, sponsoring scientific meetings, providing information and materials for kindergarten through twelfth grade 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 activities of the Foundation have been included in these combined statements because of the Foundation's relationship with the Society. 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. In addition, the Foundation cannot change certain portions of its governing documents without the Society's approval. Furthermore, economic interest factors exist as defined under Statement of Position (SOP) 94-3.

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.

(2) Summary Of Significant Accounting Policies

Method Of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis Of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations.* Under SFAS No. 117, the Organization is required to report information regarding financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted amounts are those currently available at the discretion of the Council and the Board of Trustees for use in the Organization's operations and those resources invested in property and equipment.

Temporarily restricted amounts are monies restricted by donors to be used for various scientific programs, or specific time periods.

Permanently restricted amounts are assets that are required by donor restriction to be invested in perpetuity, the income from which is available for use in operations or various scientific programs in accordance with donor restrictions.

Use Of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reported period. Actual results could differ from those estimates.

Cash And Cash Equivalents

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's cash demand deposits are held at financial institutions at which interest bearing deposits are insured up to $250,000 per institution by the FDIC. As of June 30, 2009, excess of the FDIC limits amounted to $120,253.

Accounts Receivable

Accounts receivable are generated from the 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.

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.

Investments

Investments in equity securities with readily determinable fair values and debt securities are recorded at their fair values in the statements of financial position. Investments in certificates of deposit are stated at cost which approximates market value. Investments in limited partnerships are valued at estimated fair value based upon the underlying net assets of the limited partnership. Because of the inherent uncertainty of valuation of these investments, fair values of the partnerships may differ from the values that would have been used had a ready market for these investments existed, and the differences could be material.

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 unrestricted net assets 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 temporarily and permanently restricted net assets are segregated as restricted investments in the statements of financial position.

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.

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.

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 either 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.

Bonds And Bond Issue Costs

The Organization records a liability for its bonds payable at the face amount of bonds outstanding. Issue costs associated with the bonds are capitalized and amortized over the life of the bonds, 16 years. Annual remarketing costs for the bonds are capitalized and amortized over a period of one year. The bond costs are recorded under other assets.

Contributions

Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or 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 restrictions.

Grants and Awards

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

Reclassifications

Certain accounts in the prior- year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year statements.

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.

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

Fair Value Measurements

The Organization adopted Statement of Financial Accounting Standards No. 157 (FAS), *"Fair Value Measurements"* as of July 1, 2008, 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. That 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 under FASB Statement No. 157 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.

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 measurement. 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.

Corporate Stocks, Mutual Funds, International Equities, Domestic Fixed income securities, Commodity funds, Bank loan funds and money market funds: Valued at the closing price reported on the active market on which the individual securities are traded.

Limited partnership fund: Valued as reported by the limited partnership based upon the underlying net assets of the limited partnership.

Private equity portfolio: Valued at the closing price reported on the active market on which the individual securities are traded and valued as reported by the private equity.

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.

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 balance sheets.

The carrying amount reported in the statement of financial position for cash and cash equivalents, accounts receivable, inventory, accounts payable and accrued liabilities, approximate fair value because of the immediate or short-term maturities of these financial instruments.

(3) Tax Exempt Status

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 Society incurred $58,000 as income tax expenses from these unrelated activities for the year ended June 30, 2009.

(4) Investments

The following table presents the Organizations's fair value hierarchy for those assets measured at fair value on a recurring basis as of June 30, 2009:

	Level 1	Level 3	Total
Investments:			
Corporate Stock	$ 11,357,032	$	$ 11,357,032
International Equities	3,630,498		3,630,498
Domestic Fixed Income	2,173,878		2,173,878
Limited Partnerships		3,152,799	3,152,799
Mutual Funds	565,868		565,868
Private Equity Portfolio	579,104	356,595	935,699
Commodity Fund	1,187,051		1,187,051
Floating Interest rate Bank Loan Fund	2,132,846		2,132,846
Money Market Fund	421,923		421,923
Total	$ 22,048,200	$ 3,509,394	$ 25,557,594

The changes in the investments for which Organization has used Level 3 inputs to determine the fair values are as follows:

Balance as of July 1, 2008	$ 4,090,758
Investment income	7,602
Total gains or losses (realized and unrealized)	(703,025)
Purchases and sales (net)	114,059
Balance as of June 30, 2009	$ 3,509,394

Investments are presented on the Statement of Financial Position as of June 30, 2009 as follows:

Investments	$ 2,495,716
Restricted long-term investments	23,061,878
	$ 25,557,594

During fiscal year ended June 30, 2008, the Society made a commitment to invest $1,750,000 in a limited partnership investment. The limited partnership will make capital calls as needed. During the fiscal year ended June 30, 2009, the Society met capital calls of $114,059.

(5) Endowment Net Assets

The State of Colorado has enacted a new law which is the State Prudent Management of Institutional Funds Act (SPMIFA) which was effective on September 1, 2008. SPMIFA prescribes new guidelines for expenditure of a donor-restricted endowment fund in the absence of overriding, explicit donor stipulations and eliminates SPMIFA's historic-dollar value threshold. Based upon this new law, FASB issued FASB No. 117-1, *Endowments of Not-for-Profit Organizations: Net Assets Classification of Funds Subject to an Enacted Version of the UPMIFA, and Enhanced Disclosures for All Endowment Funds*. The Organization adopted this new standard for the year ended June 30, 2009. The effect on the net assets of the Organization based on the implementation of FASB No. 117-1 increased the temporarily restricted net assets by $13,498,355 and decreasing unrestricted net assets by $13,498,355.

General

The Organization's Endowment Funds were established by action of the Society's Board of Directors and Foundation's 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 Generally Accepted Accounting Principles (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 Board interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) 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 permanently restricted net assets (a) the original value of gifts donated to the permanent endowment and (b) the original value of subsequent gifts to the permanent endowment. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, 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.

Changes in endowment net assets as of June 30, 2009, consisted of the following:

	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year after reclassification	$ 15,318,844	$ 7,528,838	$ 22,847,682
Investment return:			
Interest income, net of fees	610,973		610,973
Net gain/loss on securities (realized/unrealized)	(5,469,198)		(5,469,198)
Total investment return	(4,858,225)		(4,858,225)
Contributions		293,487	293,487
Appropriation of endowment assets for expenditure	(2,154,074)	(25,185)	(2,179,259)
Endowment net assets, end of year	$ 8,306,545	$ 7,797,140	$ 16,103,685

As of June 30, 2009, endowment net assets consisted of the following:

	Temporarily Restricted	Permanently Restricted	Total
Donor restricted endowment net assets	$ 8,306,545	$ 7,797,140	$ 16,103,685

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 SPMIFA requires the Organization to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets. These deficiencies result from unfavorable market fluctuations that may occur after the investment of permanently restricted contributions and appropriation that was deemed prudent by the Board. As of June 30, 2009, no funds had deficiencies.

Return Objectives and Risk Parameters

The Society's investment policy was adopted by the Board in March 2004. The Foundation has adopted an investment policy for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Permanently 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 loan 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 in 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.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Society has a policy of appropriating for distribution each year 5% of the rolling 12 quarter moving average of total investments on December 31st of the current fiscal year in which the distribution is planned. The Foundation has a policy of appropriating for distribution each year 5% of the fair value of a fund's net assets from two years prior to the current fiscal year. 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 CPI 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.

(6) Contributions Receivable And Concentration Of Credit Risk

Contributions receivable consisted of the following unconditional promises to give as of June 30, 2009:

Due in less than one year	$ 182,968
Due in one to five years	1,576
	184,544
Less allowance for uncollectible contributions	(5,500)
	179,044
Less current portion	(177,468)
Long-term contributions receivable	$ 1,576

As of June 30, 2009, three donors accounted for 44%, 24% and 19% of contributions receivable. In addition, one donor accounted for 67% of contributions revenue .

(7) Publications Inventory

Publications inventory consisted of the following as of June 30, 2009:

Finished goods	$ 332,082
Work in process	59,990
Total publications inventory	$ 392,072

(8) Property And Equipment

Property and equipment consisted of the following as of June 30, 2009:

Land	$ 428,065
Land improvements	89,557
Headquarters building and improvements	3,687,236
Residential property	145,344
Furniture and equipment	1,561,458
Vehicles	9,187
	5,920,847
Less: accumulated depreciation and amortization	(3,230,196)
Net property and equipment	$ 2,690,651

(9) Line Of Credit

The Society entered into a line of credit agreement with a financial institution. The maximum principal available on the line of credit is $300,000, and is uncollateralized. Outstanding principal is due at maturity on December 31, 2009, with interest due monthly at the prime rate plus 0.25% (3.50% as of June 30, 2009). As of June 30, 2009, the entire amount was owed.

(10) Operating Leases

The Society leases equipment under non-cancelable operating leases with monthly payments totaling approximately $7,500 that expire from 2010 through 2013. The equipment may be purchased at the termination of the lease for its fair value.

Future minimum lease payments as of June 30, 2009, are as follows:

For the Year Ended June 30,	
2010	$ 66,321
2011	48,566
2012	27,222
2013	17,293
	$ 159,402

Rent expense for operating leases was approximately $79,000 for the year ended June 30, 2009.

(11) Commitments

Meeting Reservations

The Organization has entered into various contracts for reservation of meeting and convention area space for its annual meetings, to be held through October 2011, totaling $3,829,762. The maximum penalty for cancellation of these contracts as of June 30, 2009, was $1,659,113.

(12) Split-Interest Agreements

As of June 30, 2009, the Foundation is a beneficiary of four charitable reminder trusts. Under the terms of the split-interest agreements, at the time of the donor's death, the trust is to terminate and the remaining trust assets are to be distributed to the Foundation and other beneficiaries. Based on donor life expectancy and the use of a 5.25% discount rate, the present value of future benefits expected to be received by the Foundation was estimated to be $309,048.

(13) Restricted Net Assets

Temporarily restricted net assets: Temporarily restricted net assets are restricted for the following purposes as of June 30, 2009:

Foundation -		
	Research grants and awards	$ 649,255
	Travel support	572,086
	Other GSA program support	2,018,270
Society -		
	Research, study and education (Pardee)	4,991,110
	Research grants (Lipman)	44,989
	Penrose endowment earnings	8,225,160
		$ 16,500,870

Permanently restricted net assets: Permanently restricted net assets are to provide a permanent endowment, with investment income restricted for the following purposes as of June 30, 2009:

Foundation -		
	Research grants and awards	$ 3,657,610
	Travel support	46,034
	Other GSA program support	209,111
Society -		
	Penrose endowment	3,884,385
		$ 7,797,140

(14) Pension Plan

The Organization has a qualified defined contribution plan that consists of individual annuity policies. 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 amounted to $247,221 during the year ended June 30, 2009.

(15) 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-company accounts and transactions are eliminated in combination. The detail of the inter-company transactions prior to elimination for the year ended June 30, 2009 are as follows:

Foundation Support of Society

Society reported transfer revenue from Foundation	$ 476,787
Publications funds transfer to Foundation	30,000
Sections & Divisions transfer to Foundation	65,000
Other net transfers	2,800
Tri-Societies Revenue sharing agreement	69,549
Total Foundation transfer to Society	$ 644,136

Society Support of Foundation

Foundation payroll	$ 200,677
Foundation benefits	54,636
Foundation overhead	113,688
Total	$ 369,001

(16) **Reclassification**

The beginning net assets have been reclassified between permanently restricted net assets and temporarily restricted net assets in the amount of $802,369. Such reclassification consist of reflecting contributions in the correct net asset category.

**THE GEOLOGICAL SOCIETY OF AMERICA, INC. AND
THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.**

Combined Supplemental Schedule Of Financial Position
As Of June 30, 2009
(With Summarized Financial Information For The Year Ended June 30, 2008)

	Society	Foundation	Eliminations
ASSETS			
Cash and cash equivalents	$ 81,347	$ 347,024	$
Investments	947,469	1,548,247	
Accounts receivable, net	407,423		(113,131)
Contributions receivable	25,000	152,468	
Publications inventory	392,072		
Prepaid expenses and other assets	433,997	2,881	
Total Current Assets	2,287,308	2,050,620	(113,131)
Long-term investments			
Restricted long-term investments	16,349,463	6,712,415	
Long-term contributions receivable, net		1,576	
Long-term accounts receivable, net	46,667		
Beneficial interest in charitable trusts		309,048	
Property and equipment, net	2,686,713	3,938	
TOTAL ASSETS	$ 21,370,151	$ 9,077,597	$ (113,131)
LIABILITIES AND NET ASSETS			
Liabilities:			
Accounts payable	$ 319,260	$ 109,969	$ (113,131)
Accrued expenses	144,877	36,350	
Accrued liabilities	279,594		
Deferred revenue	1,979,375		
Current portion of bonds payable			
Line of credit	300,000		
Other liabilities	10,242		
Total Current liabilities	3,033,348	146,319	(113,131)
Bonds payable, net of current portion			
Total Liabilities	$ 3,033,348	$ 146,319	$ (113,131)
Net Assets:			
Unrestricted -			
Designated for employee benefits	109,895		
Undesignated	1,081,265	1,778,911	
Total Unrestricted Net Assets	1,191,160	1,778,911	
Temporarily restricted	13,261,258	3,239,612	
Permanently restricted	3,884,385	3,912,755	
Total Net Assets	18,336,803	8,931,278	
TOTAL LIABILITIES AND NET ASSETS	$ 21,370,151	$ 9,077,597	$ (113,131)

Combined	
2009 Total	2008 Total
$ 428,371	$ 654,895
2,495,716	2,521,224
294,292	280,741
177,468	162,467
392,072	617,055
436,878	570,407
4,224,797	4,806,789
	11,847,882
23,061,878	18,464,606
1,576	33,227
46,667	
309,048	219,551
2,690,651	2,825,569
$ 30,334,617	$ 38,197,624
$ 316,098	$ 261,954
181,227	58,409
279,594	238,884
1,979,375	2,402,027
	225,000
300,000	
10,242	6,420
3,066,536	3,192,694
$ 3,066,536	$ 3,192,694
109,895	150,986
2,860,176	15,699,577
2,970,071	15,850,563
16,500,870	10,823,160
7,797,140	8,331,207
27,268,081	35,004,930
$ 30,334,617	$ 38,197,624

THE GEOLOGICAL SOCIETY OF AMERICA, INC. AND THE GEOLOGICAL SOCIETY OF AMERICA FOUNDATION, INC.

Combined Supplemental Schedule Of Activities
For The Year Ended June 30, 2009
(With Summarized Financial Information For The Year Ended June 30, 2008)

	Society	Foundation
Support And Revenue:		
Publications	$ 4,108,531	$
Meetings	1,772,018	
Membership dues and services	594,815	
Sections and divisions	446,336	
Grants	270,027	
Contributions	478,362	2,787,071
Education and outreach	371,765	
Change in value of split interest agreements		(2,490)
Other revenue	223,433	11,765
Total Support And Revenue	8,265,287	2,796,346
Expenses:		
Program services -		
Publications	2,354,176	
Meetings	1,869,535	
Membership	686,778	
Sections and divisions	329,097	
Grants and awards	1,167,465	751,039
Education and outreach	746,069	
Total Program Services	7,153,120	751,039
Supporting services -		
Fundraising	9,182	190,696
General and administrative	2,877,389	492,484
Total Supporting Services	2,886,571	683,180
Total Expenses	10,039,691	1,434,219
CHANGES IN NET ASSETS BEFORE INVESTMENT INCOME (LOSS)	(1,774,404)	1,362,127
Interest and dividend income	642,653	295,574
Net realized gain(loss) on investments	(311,540)	(157,273)
Net unrealized gain(loss) on investments	(5,683,891)	(2,110,095)
Total investment income (loss)	(5,352,778)	(1,971,794)
CHANGES IN NET ASSETS	$ (7,127,182)	$ (609,667)

	Combined	
Eliminations	2009	2008
$	$ 4,108,531	$ 4,437,383
	1,772,018	2,284,809
	594,815	627,406
	446,336	492,968
	270,027	250,567
(1,013,137)	2,252,296	988,999
	371,765	351,320
	(2,490)	1,403
	235,198	96,979
(1,013,137)	10,048,496	9,531,834
	2,354,176	3,026,440
	1,869,535	1,657,968
	686,778	739,012
	329,097	313,179
(644,136)	1,274,368	1,355,152
	746,069	773,380
(644,136)	7,260,023	7,865,131
	199,878	164,572
(369,001)	3,000,872	2,649,020
(369,001)	3,200,750	2,813,592
(1,013,137)	10,460,773	10,678,723
	(412,277)	(1,146,889)
	938,227	788,501
	(468,813)	2,814,000
	(7,793,986)	(3,844,883)
	(7,324,572)	(242,382)
$	$ (7,736,849)	$ (1,389,271)