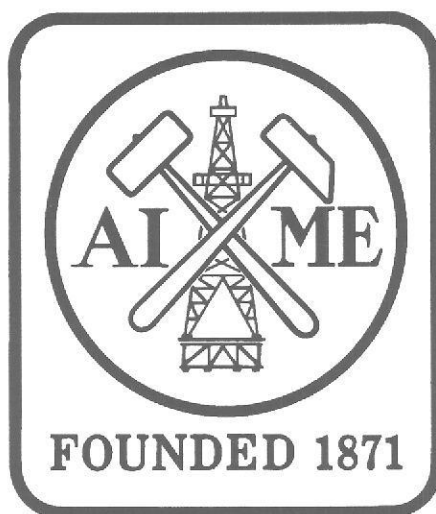
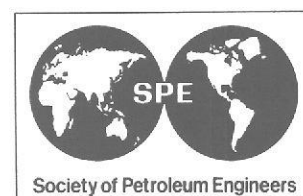


AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC.

1995 ANNUAL REPORT



TMS
Minerals • Metals • Materials



AMERICAN INSTITUTE OF MINING, METALLURGICAL,
AND PETROLEUM ENGINEERS, INC.

1995 Annual Report

One hundred and twenty-fourth year

December 1, 1994 - November 30, 1995



Contents

Report of the President	1
Board of Trustees.....	4
Report of the 124th Annual Meeting	8
Honors and Awards	9
Past Presidents and Honorary Members	11
Legion of Honor – Fifty-Year Members.....	12
Report of the WAAIME (Woman’s Auxiliary to AIME)	13
Statement of Independent Accountants.....	15
Financial Statements	16
Notes to Financial Statements	21

A Founder Society of the

United Engineering Trustees, Inc.

Established in 1904 for

American Society of Civil Engineers
American Institute of Mining, Metallurgical, and Petroleum Engineers
American Society of Mechanical Engineers
Institute of Electrical and Electronics Engineers
American Institute of Chemical Engineers

Report of the 1995 President



Frank V. Nolfi, Jr., President – 1995
American Institute of Mining,
Metallurgical, and Petroleum Engineers

Last year, 1994 AIME President Noel D. Rietman reported on the accomplishments in several important areas. Among these were the establishment of a “member direct” policy and updating the AIME Long Range Plan. I am pleased to report to the AIME Member Societies and their members on the significant progress in these areas and on other developments.

1995 AIME ANNUAL MEETING

A highly successful AIME Annual Meeting was held in Denver, Colorado in March hosted by the Society for Mining, Metallurgy and Exploration. The AIME Keynote Session, chaired by 1996 President Donald W. Gentry featured three distinguished speakers and was very well received. The annual banquet served to recognize the recipients of Honorary Membership as well as the other prestigious AIME Awards. An account of the 124th Annual Meeting may be found on page 8, followed by the names of the award winners.

TRADITION

As part of the AIME Long Range Plan, the Board approved the recommendation that the hosting of AIME Annual Meetings will rotate among the Member Societies to coincide with the presidential rotation, e.g., TMS in 1996, SME in 1997, ISS in 1998 and SPE in 1999. I thank all Member Societies who have so graciously hosted AIME and acknowledge their cooperation in planning for the future.

EDUCATION

With the generous support of both time and funds from many organizations and individuals, the *Transformations* Project continues to successfully support the partnerships which have been established between middle school teachers and practicing technologists and engineers. It has become increasingly apparent that AIME has launched a program that will continue to make important contributions to educational excellence for years to come. We are all indebted to the AIME Board of Trustees for their foresight in developing first the Video Series and then continuing to support the Project with matching funds over the years.

During 1995 we took steps to safeguard the investment that AIME and the co-sponsors have made in the program by separately incorporating the project and launching a fund drive to make it self-sustaining.

GOVERNMENT AFFAIRS THROUGH AAES

AIME government affairs activities continued during 1995 through the American Association of Engineering Societies (AAES) located in Washington, DC. These efforts involved a total of ten volunteers, each representing a Member Society, serving on the various AAES Councils, Commissions and Task Forces. As in previous

years, AAES held its annual meeting during November 1995. I wish to thank Robert Reynik and his committee for their continued efforts and express AIME's gratitude to all Washington-based volunteers for their active participation in AAES.

OVERARCHING AND MEMBER-DIRECT PROGRAMS

At the August 1994 Board meeting, the Trustees agreed to a policy that would provide funding to AIME overarching programs and member-direct programs. Overarching programs are defined as those which carry out the purposes of the Institute and may include participation by one or more of the Member Societies; whereas member-direct programs are those that are carried out by the Member Societies. Approval of specific programs will be limited to those which clearly carry out the purpose of AIME as described in its bylaws. This selection of specific projects and the balancing of programs will be the responsibility of the Board of Trustees.

1995 saw the implementation of this policy with a total of \$665,300 approved by the Board for overarching and member-direct programs.

INTER-SOCIETY AFFAIRS

ESL Transfer to Linda Hall Library

The transfer of the Engineering Societies Library (ESL) Collection to Linda Hall Library (LHL) of Kansas City was completed during August and the engineering Societies Information Center, located at the United Engineering Center, reached operational status. Member Societies were given the opportunity to retrieve their own volumes or others of interest to them from the duplicates and other materials not taken by LHL. Users may research the collection directly with LHL at Kansas City or via the Engineering Societies Information Center.

I am also pleased to report that AIME continues its effective involvement in the governing of the UET with members of AIME Member Societies serving as AIME representatives on the Board of the United Engineering Trustees.

ABET

The Institute also retained its relationship with the Accreditation Board for Engineering and Technology (ABET), as an Affiliate Body, and is represented by its Executive Director who serves as an official observer at ABET Board meetings.

Founder Societies

I am pleased to report our continued interaction with the Founder Society officers and Executive Directors in matters of common interest. I've found this interaction has provided the President-Elect, the Executive Director and myself with an important opportunity to become aware of the broad spectrum of issues affecting the engineering profession. This continuous dialogue is becoming increasingly important in light of ASCE's announcement to relocate the majority of its staff to the Washington, DC area and vacate the bulk of the space it now occupies in the United Engineering Center (UEC) in New York City. In addition, with ASCE, IEEE and AIME having moved the majority of their staffs out of the UEC, disparate interests in the UEC have emerged at the UET Board level, requiring good communications among the Founder Societies.



AUSTRALIAN INTERCHANGE

AIME and AusIMM (Australasian Institute of Mining and Metallurgy) have had a long standing exchange program of distinguished lecturers from both countries taking turns each year visiting each other's country. During September AIME and its Member Societies had the pleasure of hosting James R. May and his spouse when the 1995 Distinguished Lecturer visited Tucson, Salt Lake City, St. Louis, Washington, DC and Denver. I was pleased to have had the opportunity to welcome the Mays and on behalf of AIME present Dr. May with the 1995 Distinguished Lecturer plaque.

LONG-RANGE PLAN

The AIME ad hoc Long Range Plan Committee commenced its task on May 1, 1995 and submitted its recommendations in the areas of (1) maintaining and enhancing the traditions of AIME, (2) facilitating the sale of the United Engineering Center, (3) developing policies to use income from AIME endowment and formalizing the implementation strategy for the overarching and member-direct program initiatives, and (4) strengthening the interactive working relationship among AIME Member Societies. The AIME Board of Trustees at its November meeting approved these recommendations together with a plan to implement them.

FINANCES

You are invited to review the audited financial statement for the AIME Corporation for the fiscal year 1995 (ending November 30, 1995) contained on pages 16-24 of this report. Due to favorable market conditions, AIME assets increased from \$11,481,857 at the end of the previous fiscal year to \$14,750,196 at the end of fiscal year 1995. Therefore we continue to build the financial resources required to undertake programs in support of the Member Societies and their members, and to protect against the effects of inflation.

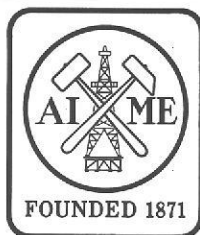


IN APPRECIATION

It has been an honor for me to serve as your AIME President, to have had the opportunity to associate with and be assisted by many fine people who comprise the AIME family, and to have had the privilege to represent AIME at many occasions. I reflect with great affection on my visits to the local sections and on the opportunity to firm up AIME's ties with its Member Societies.

I appreciate the cooperation of the Board of Trustees, the decision-making body of AIME. I also extend my sincere appreciation to the Member Societies' Boards of Directors, the staffs of AIME and the Member Societies, committee members and others for their dedicated support during the past year. I also congratulate and pledge my full support to the 1996 President Donald W. Gentry and the new Board of Trustees, all of whom are depicted on the following pages.

AIME



OFFICERS AND TRUSTEES 1996

OFFICERS

PRESIDENT AND TRUSTEE



Donald W. Gentry is Professor of Mining Engineering at the Colorado School of Mines in Golden, CO. He joined the CSM faculty in 1972 as Assistant Professor of Mining Engineering after working several years in industry. He received a BS in Mining Engineering from the University of Illinois in 1965, as well as an MS from the University of Nevada in 1967 and a PhD from the University of Arizona in 1972, also in Mining Engineering. Dr. Gentry has presented many short courses and published extensively on the financial aspects of project and new mine-property valuation. He is co-author of *Mine Investment Analysis* and has consulted on investment decision analysis, new property evaluation and project financing. He is past chairman of the Engineering Accreditation Commission of the Accreditation Board for Engineering and Technology (ABET). Dr. Gentry was the 1987 AIME Henry Krumb Lecturer and received the 1990 AIME Mineral Industry Education Award. Named a Distinguished Member of the Society for Mining, Metallurgy and Exploration in 1992, he was the 1993 President of the Society.

PRESIDENT-ELECT AND TRUSTEE



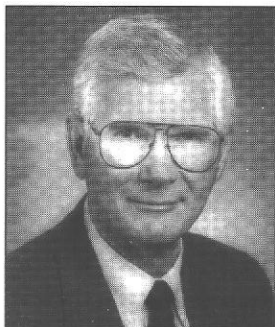
Leonard G. Nelson, Jr. is General Manager, Direct Hot Charge Complex at the Cleveland Works of LTV Steel Co. He joined Republic Steel Corp. in 1959 as a technical trainee; in 1984 with the merger of Jones and Laughlin and Republic Steel he was named general superintendent, Cleveland Works and was responsible for the plant's primary operations. Mr. Nelson has had more than thirty years experience in open hearth, BOF, primary operations and melt, cast and rolling operations. He earned his BS in biology and chemistry from Muskingum College and is a graduate of Republic Steel's Advanced Management Program at the University of Michigan. Mr. Nelson is a lifetime member and Distinguished Member of the Iron & Steel Society; he was President of the Society in 1988; he was a 1989 AIME Board Member. He is also a member of the Association of Iron and Steel Engineers and the American Iron and Steel Institute's sub-committee on steelmaking. Since 1990 he has been Vice President of the ISS Foundation and was an ad hoc member of the Advanced Technology Committee, Human Resource Group.

PAST PRESIDENT AND TRUSTEE



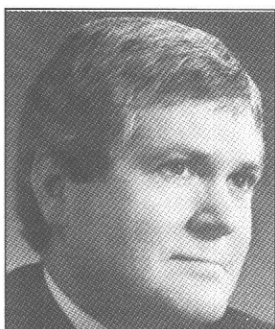
Frank V. Nolfi, Jr. co-founded Beacon Venture Management Corporation in 1990 and is a Managing Director. He is a Director of Blue Oak Materials Corporation and Li Technology, Inc. and is Chair of the AIME Public Issues Committee, which has produced *Transformations*, a video-based supplement to middle-school science education. He was Vice President-Technology for Alcan Aluminum Corporation in 1988-90. While at Alcan, he was also Chairman of Technical Ceramics Laboratories (TCL) and served on the Boards of Advanced Forming Technology, Inc., TCL, Manlabs, C-Axis Technologies and Co-Spray, and was technical liaison between Alcan and Duralcan Corporation, Lanxide Corporation, Alanx Corporation and Superconducting Technology, Inc. From 1983-88 he managed DOE's Metallurgy and Ceramics Program, and has held research and management positions at Argonne National Laboratory and Ames Laboratory, where he founded and was the first Director of the Materials Preparation Center. He was 1988 TMS President and has been active on the Boards of both TMS and AIME, and was the 1994 recipient of the AIME Distinguished Service Award. He holds a BS from Drexel University and an MS and PhD from Carnegie-Mellon University.

PRESIDENT-ELECT DESIGNATE AND TRUSTEE

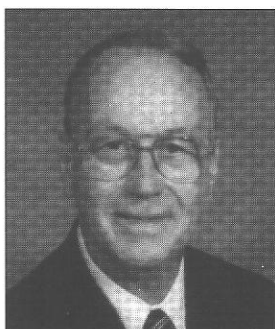


Roy H. Koerner is Manager Production Technology with Texaco Exploration and Production Inc. in Denver, CO. He joined Texaco in 1958 as a field engineer and has held increasingly responsible positions in operations, management and staff during his career. He earned BS and MS degrees in petroleum engineering from the University of Tulsa in 1958 and from Louisiana Tech University in 1968 respectively. Mr. Koerner joined SPE as a student member in 1957 and has held many Society-wide and section positions. He helped establish the South Louisiana Section and his Permian Basic Section offices included chairman and program chairman. He chaired the 1991 SPE Task Force on Board Structure and also served on the Reserve Fund (1991) and 5-Year Income and Expense task forces (1991). Koerner was a member of the US Council Committee on Public Affairs in 1991 and he served as chairman of the US Council during 1993-94. He was the 1995 President of SPE.

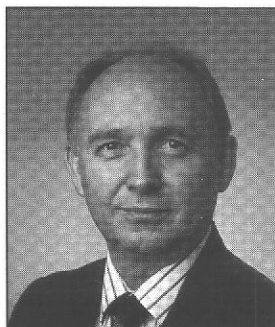
TRUSTEES



J. Keith Brimacombe holds the Alcan Chair in Materials Process Engineering and is Director of the Centre for Metallurgical Process Engineering at the University of British Columbia (UBC), where he has been a faculty member since 1970. The author of more than 250 publications in process analysis and design, Dr. Brimacombe has received nineteen best paper awards and numerous other honors including TMS Fellowship, ISS Distinguished Membership, TMS Extractive Metallurgy Lecturer and ISS Howe Memorial Lecturer. He received his undergraduate education at UBC, earning a BAsC. in 1966, and attended graduate school at Imperial College, where he received a PhD in 1970. Dr. Brimacombe is a Fellow of the Royal Society of Canada, a Fellow of the Canadian Academy of Engineering, a Fellow of the CIM and an Officer of the Order of Canada. In 1994 he was awarded an Honorary Doctorate of Engineering by the Colorado School of Mines. He is a Past President of the CIM Metallurgical Society and was the first Chairman of the TMS Extraction and Processing Division. Dr. Brimacombe was the 1993 President of TMS and the 1995 ISS President.



John F. (Jack) Burst is a principal in IMMI Consulting Group, and industrial minerals property evaluation and market research organization and is President of Triangle Environmental Science & Engineering, Inc. specializing in environmental site assessments and environmental remediation. He received BS and MS degrees from the Missouri School of Mines, now the University of Missouri at Rolla, and a PhD in Geology and Clay Mineralogy from the University of Missouri at Columbia. Prior to establishing Triangle in 1990 his career had been divided between the petroleum and ceramics industries. After several years of basic research studies at Shell Development he held management positions with General Refractories, Magcobar Minerals, Dresser Industries' Harbison Walker Division and Dresser Minerals. He is a Past President of the Clay Minerals Society, a Fellow of both the Geological Society of America and the Mineralogical Society of America and is currently Adjunct Professor of Geology and Geophysics at UMR. He has published over 50 refereed professional papers. He is a Distinguished Member of the Society for Mining, Metallurgy and Exploration and will serve as its President in 1996.

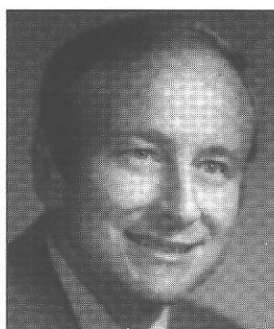


Paul G. Campbell, Jr. is Senior Vice President and General Manager of Alumax of South Carolina, one of the world's leading primary aluminum companies. He has been associated with Alumax since 1978 when he joined the management cadre responsible for engineering, construction and startup of the Mount Holly company. Prior to his association with Alumax, he held key management positions with Revere Copper and Brass Corp. Mr. Campbell is a graduate of Clemson University with a BS in Chemical Engineering and he earned his MBA from Jacksonville State University. He is the author of numerous technical articles, as well as editor of *Light Metals*, technical handbook of the aluminum industry. His industrial honors include service as president and director of The Minerals, Metals & Materials Society as well as membership in the American Institute of Chemical Engineers and ASM International. Mr. Campbell is very active in educational and community affairs and in 1993 Governor Carroll Campbell appointed him to a two-year term as chairman of the Board of Regents, "Leadership in South Carolina." He is the 1996 TMS President.

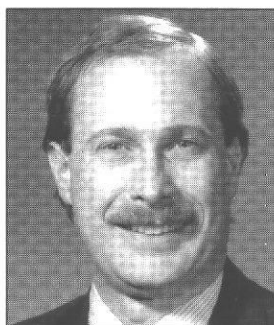
Officers and Trustees



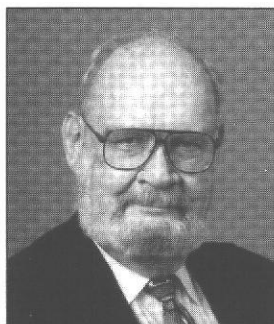
Raja V. Ramani is Professor and Head of the Mineral Engineering Department at The Pennsylvania State University. He is a registered professional engineer in Pennsylvania and a certified first class mine manager in India. He has worked for six years in supervisory positions in coal mines and has written more than 150 research papers on mine environment, health and safety, management and computer applications. Ramani has edited 10 books and has contributed chapters to 25 others including SME's Mining Engineering Handbook (1st and 2nd editions), and Surface Mining (2nd edition). Ramani has served on mining industry-related expert panels for the National Academy of Sciences, the US Departments of the Interior, the US Department of Labor and the US Department of Health and Human Services. He is a consultant for national and international agencies on mineral industry issues. Among his awards are a Fulbright Scholarship to the Soviet Union, the AIME/SME Henry Krumb Lecture, the SME Howard N. Eavenson Award, the AIME Environmental Conservation Award and the AIME/ASME Percy W. Nichols Award. A Distinguished Member of SME, Class of 1989, he was the 1995 SME President.



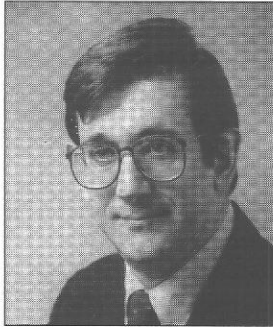
George H. Sawyer presently consults in the international petroleum industry. He retired from Exxon International in September 1993 where he was Manager of Production Operations; his 40-year career has been split about 50-50 between US and international business. Mr. Sawyer graduated from the University of Texas in 1956 with a BS in petroleum engineering. While there he was a member of the SPE student chapter and worked actively with Drs. Kermit Brown and Frank Jessen in chapter programming and promoting the university program with high schools and the affiliated San Antonio SPE section. In 1966 Mr. Sawyer coordinated Humble's reservoir schools in Houston and went on the help Exxon implement a US-wide Management by Objectives program which lasted for 25 years; he also served as Executive Assistant to the Chairman of Exxon Company, USA. During this period he worked with the SPE staff in planning and implementing the first Off-Shore Technology Conference which was held in May 1969. He also served on numerous API committees, one of which was the API ad hoc Committee on USA Spare Producing Capacity which was assembled just after the 1967 Middle East conflict. Mr. Sawyer served on the AIME Board of Trustees from 1988-1990 and remains active in SPE and in assisting several universities with MBA and engineering programs.



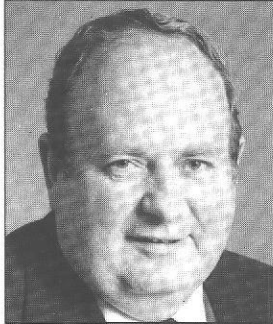
John H. Scheel is the general manager—design engineering at AK Steel Corporation, a position he assumed in 1993. He began his steel industry career in 1977 when he joined the former Armco Steel Company and moved up to positions with ever increasing responsibility. He earned his BS and MS degrees in metallurgical engineering from Purdue University in 1976 and 1977, respectively, and a second master's degree in finance and international business in 1981 from Xavier University. He has been a member of the Iron and Steel Society since 1977 and has served in such positions as chairman of the Ironmaking Division and as a member of the board of directors. He also is a member of other professional and community organizations including the Governor's Labor-Management Council for the Commonwealth of Kentucky. Mr. Scheel has written 16 technical articles and has one patent. He has also received several honors and awards including the ISS J.E. Johnson Jr. Award (1984) and Purdue University's Distinguished Engineering Alumnus Award (1990).



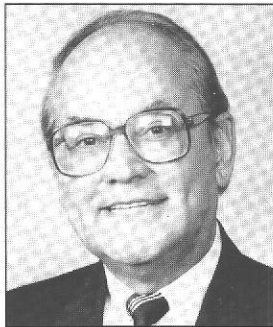
Arlie M. Skov retired from BP Exploration in 1992 after serving in many engineering and management positions in Sohio Petroleum Co., BP Alaska, and BP Exploration. His last few appointments include Director Production Technology (1983-1989) responsible for US-based technology development, transfer, and application in oil and gas production, Manager Production Planning (1975-1980) responsible for the development planning of the giant Prudhoe Bay oil field on Alaska's North Slope, Technical Advisor (1980-1919) to ANGTS (the Alaska Gas Pipeline), and Manager New Technology (1981-1983) responsible for developing oil and gas drilling and production capabilities in Arctic pack ice. He received his BS degree in petroleum engineering, with special distinction, in 1956 from the University of Oklahoma. Mr. Skov has wide experience in SPE and AIME including President of SPE in 1991, twice a member of the Boards of Directors of both organizations, and AIME Vice President (1978-1980). He is a Distinguished Member of SPE. After retirement, Skov incorporated his own Petroleum Engineering consulting firm in Houston, Texas. He is a registered professional engineering in Oklahoma and Texas, and lives in Santa Barbara, CA.



Bruce W. Wessels is Professor of Materials Science and Engineering at Northwestern University in Evanston, IL. He also holds a joint appointment in Electrical Engineering and Computer Science and serves as the coordinator of the Electronic Materials Program. He received a BS in metallurgy and materials science from the University of Pennsylvania in 1968 and a PhD in materials science from MIT in 1973. He started his career in industry with General Electric Research and Development Center before joining the faculty at Northwestern. He has published over 140 technical articles and has edited four books. Dr. Wessels was the 1995 vice president of TMS and is the 1996 TMS President. Other activities in TMS include his membership in the Electronic, Magnetic and Photonic Division Council as division chair. He also serves on the Nominations Committee and is active in several technical committees. He has served on the editorial board of the Journal of Electronic Materials, published by TMS and is a member of ASM International, The Electrochemical Society and The Materials Research Society.



John K. Hammes, AIME Vice President-Finance, is Chief Operating Officer and a Director of Santa Elina Gold Corporation. He was with Citibank's Mining Department from 1968 until June 1994. From 1965 to 1968, he was employed by the Metal Mining Division of Kennecott Copper Corp. Prior to that, he worked for the U.S. Bureau of Mines under a fellowship program supporting research on the Lake Superior iron pellet industry. Mr. Hammes received his Bachelor's degree from the University of Missouri and his MS and PhD in Mining Engineering from the University of Minnesota. He is a Past Chairman of the New York Section of SME and has served as AIME Vice President-Finance since 1977. Mr. Hammes was the first recipient of the AIME Distinguished Service Award, presented in 1989.



Alfred Weiss, AIME Executive Director and Secretary, assumed this position in March, 1992, after having served for 13 years as President and Chief Executive Officer of Mineral Systems International in Stamford, CT. His prior experience includes Kennecott Copper Corporation, Exxon Corporation and the U.S. Department of the Interior Bureau of Mines. He received his BS in Mining Engineering and MS in Mining Engineering/Mineral Economics from the Henry Krumb School of Mines, Columbia University, and a DBA in Management, Marketing and International Business from the Lubin School of Business, Pace University. A Distinguished Member of the Society for Mining, Metallurgy and Exploration (SME), Dr. Weiss served as 1981 President of the Society and was named to AIME Honorary Membership in 1987.

AMERICAN INSTITUTE OF MINING, METALLURGICAL, AND PETROLEUM ENGINEERS, INC.
345 East 47th Street, 14th Floor
New York, New York 10017-2396
Telephone: 212/705-7695
Fax: 212/371-9622
e-mail: AIME NY@aol.com

Member Societies

Society for Mining, Metallurgy, and Exploration
PO Box 625002
Littleton, CO 80162-5002
Telephone: 303/973-9550
Fax: 303/973-3945

Gary D. Howell, Executive Director

The Minerals, Metals & Materials Society
420 Commonwealth Drive
Warrendale, PA 15086
Telephone: 412/776-9000
Fax: 412/776-3770

Alexander R. Scott, Executive Director

Iron and Steel Society
410 Commonwealth Drive
Warrendale, PA 15086
Telephone: 412/776-1535
Fax: 412/776-0430

Charles E. Slater, Executive Director

Society of Petroleum Engineers
PO Box 833836
Richardson, TX 75083-3836
Telephone: 214/952-9393
Fax: 214/952-9435

Dan K. Adamson, Executive Director

***Report of the 124th Annual Meeting
Denver , CO – March 1995***

The 124th AIME Annual Meeting was held in Denver, Colorado, March 6-9, 1995, in conjunction with the Annual Meeting of the Society for Mining, Metallurgy, and Exploration (SME). The Hyatt Regency Denver was the headquarters hotel for both AIME and SME, and the WAAIME group was headquartered at the Brown Palace. The Colorado Convention Center was the location of the SME technical sessions and exhibit as well as the Keynote Session.

Annual Meeting activities designed to appeal to all attendees commenced with the Keynote Session on Monday, March 6, at 12:30 P.M. ***Global Mining Strategies*** was the focus of attention of the three distinguished speakers: Glen A. Barton, Group President, Caterpillar Inc., spoke on *Supplying Equipment to the Global Mining Industry*; Philip C.F. Crowson, Chief Economist and Head of RTZ's Economics Department, discussed *The Risks and Rewards of Investment in the World's Minerals Industry*; and Jerry Ellis, Executive General Manager and Chief Executive Officer, BHP Minerals, presented BHP's *Global Mining Strategies*. The session was extremely well received.

The 124th AIME Annual Banquet and Awards Ceremony was held on Monday evening, March 6 at the Hyatt. 1 9 9 4

President Noel D. Rietman served as Master of Ceremonies for the Awards program during which the major AIME awards were presented, Honorary Memberships were conferred, and Dr. Frank V. Nolfi, Jr. was installed as 1995 AIME President.

The 125th AIME Annual Meeting will be held in Anaheim, California, February 4-8,



Frank V. Nolfi, Jr., 1995 President, presents gift to outgoing AIME President, Noel D. "Bud" Rietman (right)



AIME Presidents, left to right. Top Row, standing: Leonard G. Nelson (1997), Roshan B. Bhappu (1992), Thomas V. Falkie (1988), Donald W. Gentry (1996), Frank V. Nolfi, Jr. (1995), Noel D. Rietman (1994). Bottom Row, seated: Norman T. Mills (1985), Robert H. Merrill (1981), Lloyd E. Elkins (1962), Edward E. Runyan (1983), Nelson Severinghaus, Jr. (1984)

1996 in conjunction with the Annual Meeting of the The Minerals, Metals & Materials Society (TMS). A joint AIME/TMS Annual Banquet and Awards Ceremony will be held on Monday evening, March 5, in the Pacific Ballroom of the Anaheim Hilton & Towers.

Recipients of Honors and Awards Presented by AIME in 1995

1994 HONORARY MEMBERS

James R. Jordan

Shell Oil Company/SPE

"For career-long service and contributions to the Institute, Society, and the petroleum engineering profession; for exceptional foresight in encouraging interdisciplinary and intersociety initiative for outstanding professional leadership."

Hossein Kazemi

Marathon Oil Company/SPE

"In recognition of distinguished service in the advancement of petroleum engineering technology through written, oral, and volunteer efforts."

JAMES DOUGLAS GOLD MEDAL

Peter Tarassoff

Noranda Inc. (Retired)/TMS

"For his numerous notable achievements and leadership in nonferrous research and development, particularly in the area of continuous copper smelting, and for his dedicated service to the metallurgical profession."

BENJAMIN F. FAIRLESS AWARD

Thomas C. Graham

AK Steel Corp./AISI

"In recognition of his managerial courage, extensive industry knowledge and independent thinking in the successful restructuring of several steel companies to international competitiveness."

HAL WILLIAMS HARDINGE AWARD

Lawrence F. Rooney

USGS (Retired)/SME

"For exemplary service as a scientist, author, editor and administrator serving the minerals industry and the Industrial Minerals Division, especially for contributions to "In the Aggregate" and Industrial Minerals and Rocks."

ANTHONY F. LUCAS GOLD MEDAL

Fred I. Stalkup

ARCO Oil and Gas Co./SPE

"In recognition of outstanding contributions in petroleum reservoir engineering in the area of miscible enhanced oil recovery."

ROBERT EARL MCCONNELL AWARD

Ronald L. Geer

Shell Oil Company (Retired)

"For his pioneering contributions to deep water oil and gas production including developments of the first deep-sea semi-submersible drilling vessel."

ERSKINE RAMSAY MEDAL

J.E. "Jack" Katlic

American Electric Power Service Corp. (Retired)

"For his outstanding leadership and innovation in all aspects of the coal industry, achieving cultural change in both productivity and safety, and for his special role as an outstanding and effective emissary for the coal industry spanning his entire career."

Honors and Awards

CHARLES F. RAND MEMORIAL GOLD MEDAL

Pertti Voutilainen

Kansallis-Osake-Pankki

"For his leadership of Outokumpu Oy during a period of globalization and diversification to emerge as a worldwide leader in mining and minerals technology."

ROBERT H. RICHARDS AWARD

Brij M. Moudgil

University of Florida, Gainesville

"For his significant contributions and innovations to the theory and technology of phosphate beneficiation, selective flocculation of minerals and solid/liquid separation."

WILLIAM LAWRENCE SAUNDERS GOLD MEDAL

J. Burgess Winter

Magma Mining Company

"For his innovative leadership in bringing union and management together as a team that revitalized Magma Copper Company as an efficient and low cost copper producer."

AIME DISTINGUISHED SERVICE AWARD

Gerald E. Sherrod

Citibank (Retired)/SPE

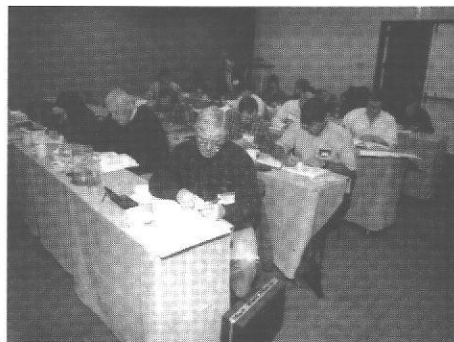
"In recognition of years of exemplary and dedicated service to AIME as a Director and Officer, for his contributions to the financial stability of the Institute and for his representation on the Engineers Joint Council and United Engineering Trustees."

MINERAL INDUSTRY EDUCATION AWARD

Thomas P. Meloy

West Virginia University

"To a gifted inspiring educator for his exceptional ability to educate through his outstanding research, brilliant lectures, illuminating defining papers, and innovative imaginative courses. A Renaissance Educator."



Future Award Recipients?
SME Short Course at 1995 Annual Meeting
Denver, CO

AIME Past Presidents

Active List					
Carl E. Reistle, Jr.	1956	William H. Wise	1979	Thomas V. Falkie	1988
Lloyd E. Elkins	1962	M. Scott Kraemer	1980	Howard N. Hubbard, Jr.	1989
Walter R. Hibbard, Jr.	1967	Robert H. Merrill	1981	Donald G. Russell	1990
John C. Kinnear	1970	Harold W. Paxton	1982	Milton E. Wadsworth	1991
John S. Bell	1971	Edward E. Runyan	1983	Roshan B. Bhappu	1992
Wayne E. Glenn	1974	Nelson Severinghaus, Jr.	1984	G. Hugh Walker	1993
Julius J. Harwood	1976	Norman T. Mills	1985	Noel D. Rietman	1994
H. Arthur Nedom	1977	Arlen L. Edgar	1986	Frank V. Nolfi, Jr.	1995
Wayne L. Dowdey	1978	Alan Lawley	1987		

AIME Honorary Members

Honorary Membership is awarded in appreciation of outstanding service to the Institute or in recognition of distinguished scientific or engineering achievement in fields embracing, broadly speaking, the activities of AIME and its Member Societies.

Active List with Year of Election.

Frank F. Aplan	1991	William A. Griffith	1986	Harold W. Paxton	1991
Nathaniel Arbiter	1975	H. J. Gruy	1987	Albert J. Phillips	1972
Charles W. Arnold	1991	Michel T. Halbouty	1972	William N. Poundstone	1982
Edmund C. Babson	1985	John P. Hammond	1988	Michael Prats	1989
Charles L. Bare	1992	Julius J. Harwood	1980	Nathan E. Promisel	1974
Charles S. Barrett	1979	John F. Havard	1984	Carl E. Reistle, Jr.	1960
John S. Bell	1976	Claude R. Hocott	1974	Joseph G. Richardson	1987
William E. Brigham	1993	Howard N. Hubbard	1991	Kenneth W. Robbins	1988
Kermit E. Brown	1989	William Hurst	1989	Edward E. Runyan	1987
John C. Calhoun, Jr.	1975	James R. Jordan	1994	Donald G. Russell	1986
John M. Campbell, Sr.	1993	Basil P. Kantzer	1990	Harrison H. Schmitt	1972
Ben H. Caudle	1986	Marvin L. Katz	1992	Nelson Severinghaus, Jr.	1987
Morris Cohen	1980	Hossein Kazemi	1994	Cyril Stanley Smith	1973
Lawrence B. Curtis	1986	G. William Kneppshield	1989	T. Don Stacy	1990
Donald A. Dahlstrom	1985	M. Scott Kraemer	1983	Marshall B. Standing	1990
Wayne L. Dowdey	1983	Plato Malozemoff	1985	Simon D. Strauss	1980
Robert C. Earllougher	1984	Charles S. Matthews	1992	Michael Tenenbaum	1979
Arlen L. Edgar	1988	Alexander McLean	1991	Alfred Weiss	1986
Lincoln F. Elkins	1977	Sir Ian McLennan	1971	Robert L. Whiting	1987
Lloyd E. Elkins	1969	Robert H. Merrill	1984	William H. Wise	1984
Douglas W. Fuerstenau	1988	Norman T. Mills	1987	M. R. J. Wyllie	1991
Orville D. Gaither	1993	Morris Muskat	1971	David A. Zegeer	1987
Ted M. Geffen	1991	H. Arthur Nedom	1981		
Robert B. Gilmore	1985	Melvin E. Nickel	1978		
Wayne E. Glenn	1979	Earl R. Parker	1982		

Legion of Honor Fifty-Year Members—Class of 1945
78 Society Members added

Society for Mining, Metallurgy and Exploration
38 members

Charles E. Berry	Thomas L. Kesler	Raymond F. Robinson
Jack N. Birk	James L. Lake	Lawrence A. Roe
Charles E. Bronson	Robert I. MacKay Jr.	Sidney M. Runke
A. D. Cerveira	Carl E. Malmgren	Joseph Rosenblatt
Michael Ching	Robert B. McElwaine	Frank A. Seeton
J. Robert Clarkson	John C. Mitchell	Franklin H. Sharp
Edmund G. Crayston	William P. Morris	Edward C. Skinner
Franklin T. Davis	Alfred E. Nugent	R. Harold Stacy
Wayne L. Dowdey	S. Spencer Nye	Donald T. Tarr Jr.
William T. Folwell	Robert A. Paul	Marvin J. Wallway
John P. Hamm	Nolan Probst	Harold B. Wiles
Jack C. Honsberger	Charles P. Purdy Jr.	Edwin T. Wood
Max J. Kennard	John R. Reynolds	

The Minerals, Metals & Materials Society
15 members

Robert W. Cahn	Robert J. Johnson	Ele E. Stansbury
James T. Clenny	Edward A. Loria	Mitchell Silverstein
Harry Czyzowski	Robert E. Mahr	Laurance F. Vanmater
Bartel J. DiSanto	John C. Nixon	Rolf Weil
Thomas W. Frank	Aksel K. Prestrud	Donald H. Wiese

Iron and Steel Society
6 members

Charles M. Kay	Roland B. Snow	John E. Stukel
James W. Owens	M. W. Stevens	Ted J. Wayne

Society of Petroleum Engineers
19 members

Allen D. Acomb	Charles F. Gates	Luis Moran M
Paul F. Barnhart	J. C. Jacobs	Tom E. Morton
Chester A. Davis	Wallace O. Keller	W. A. Schaeffer III
Ray Elner	Joe A. Laird	Bruce Scrafford
Hunter H. Ewing	R. L. Lindauer Jr.	Louis Taubman
K. Marshall Fagin	Milton E. Loy	
E. A. Galvin	Charles C. Miller	

The Woman's Auxiliary
to the
American Institute of Mining, Metallurgical and Petroleum Engineers, Inc.
14th Floor, 345 EAST 47TH STREET, NEW YORK, NY 10017-2304
212-705-7692

Report of the WAAIME



Pauline Dolezal, President
1995 WAAIME

When I came onto the Board a few years ago, WAAIME was undergoing many changes. A subsequent Board ran on the platform of WAAIMES For Change (WFC). Sometimes change is very difficult for one to accept. Often those believing in change, when faced with the reality, become discouraged. We are still working on changes, trying to improve on what we have.

Our membership is the key to our organization being successful. We have several success stories about our members. I will mention just a few.

Maureen Evans, the National SLF Chairman from our West Virginia-Southern Section, gave a very informative presentation at the 1995 SME Student Forum, with information on our scholarship loan program, which was held during the Annual Meeting in Denver.

Scholarship loans totaling \$128,750 were awarded to students of the 1995-96 school year at the May 20th meeting of the WAAIME Board in Pasadena, CA. Recipients were submitted by the Section SLF Chairmen.

The Alabama-Birmingham WAAIME Section with Chairman Cathy Beasley hosted a teacher workshop at the University of Alabama with SME. "If it Can't Be Grown, it Must be Mined" was the title of the workshop for teachers of third through eighth grade students in the Birmingham area. The three-hour workshop, geared to social studies and science teachers, was very successful. Topics presented were: "The Importance of Minerals in Everyday Life" and "Cup-Cake Drilling and Cookie Mining Activities." Samples of gold were shown with an explanation of how it is mined, samples of kaoline and langebeinite were shown with explanations of how they are used, packaged samples of Black Warrior coal were brought and a detailed explanation of Alabama coal and coal mining was given. Each participating teacher received a COMMON GROUND video produced by Caterpillar, an educational packet, a library book on the geosciences and five posters and preprinted materials for each grade level represented. A raffle was held for a set of AIME *Transformations* videos for a middle-school teacher and a CRYSTAL CREATIONS kit for an elementary teacher.

The Central New Mexico Section of SME and the Ambrosia Lake Section of WAAIME helped with a teachers' 3-day workshop sponsored by BHP Minerals in Framington, NM, held at San Juan College. The goal is to educate teachers about mining operations; the teachers in turn take the knowledge back to the classroom. Time was split between the classroom and field trips. Teri Conrad, education coordinator for BHP, took teachers to the Navajo Mine in the morning and the Four Corners Power Plant in the afternoon. The field trips enable

the teachers to see things first hand. Decked out in hard hats, safety glasses and ear plugs, teachers climbed to the top level and heard all about how the plant works. Carl Woolfold, environmental consultant for Arizona Public Service, told about the conversion process of coal to energy. The group also took a guided geology tour of San Juan Concrete, the Dugan mineral collection, a geological driving tour to Silverton, and a tour of Old 100 Mine with an interpretation of different geological formations. All was a big success and the teachers are looking forward to sharing this information with their students and their parents. Benefits accrued to all who attended as the SME and WAAIME members and teachers learned from each other as well.

The National Board presently represents 14 sections. We have 24 sections in the United States with one in Lima, Peru and one in Mexico City, Mexico as well as many Canadian and overseas members. Each section holds eight meetings per year on average, with an average attendance of 17 members per meeting. All sections donated to the National Scholarship Loan Fund and several sections made donations to Education for Tomorrow, Library and Chest; many sections donate to local scholarships as well. Donations have also been given to the Endowment Fund, Arizona Mineral Museum, Earth Science Conference, Science Fair for High School Students, Rescue Mission, Annual Science Fair, Crossroads Urban Community Center, summer school for teachers to promote interest in mining and many other worthwhile educational projects.

WAAIMES For Change accomplished their stated short term objectives, one result being new Bylaws which protect WAAIME funds and finances. My predecessor oversaw WFC which to me made my mission obvious: to spearhead the development of a comprehensive plan or blueprint of where WAAIME wants to be in the year 2000 and beyond and the steps necessary to accomplish it.

WFC is now WAAIME Facing Challenges. WAAIME must be relevant in the 21st Century to the industry and to the changing role of women in our society. I envision the creation of a special WAAIME blue-ribbon committee to be formed in 1996 to focus on where we are, where we want to be, and how to get there. Some of the guidelines given to this committee will be to focus on the role of women, our relationship as the Auxiliary to AIME and how well we have served AIME and its four Member Societies. This relates to Membership, the demographics of our members, and our ongoing relationship with AIME and each of the Member Societies. We need to focus on students – where and how will WAAIME resources best serve the industry? Are our Scholarship Loan Fund (SLF) and Education for Tomorrow (EFT) programs achieving their objectives and are those the appropriate objectives for the year 2000 and beyond? Do some of our Sections have programs that could or should be expanded with support from National? What else? A major charge to the committee will be to identify other areas or activities in which WAAIME should be involved.

There are several goals that I would like to see implemented in WAAIME so we can be strong enough to carry us through to the next century. First, I would like to see Peace and Harmony within our membership so we can get on with the welfare of WAAIME. Our sections must be strong and they need our support to help them with their projects and fund raisers. We must remember that every member's thoughts and ideas are valid and we are here to represent our membership with ideas that can help them grow and prosper within their sections. As Board members we need to be good examples to our membership. If our membership can see a well run Board, with positive things happening, our membership will grow. We can only be as strong as our membership. We can do it, **IF** we work together.

Let's all pull together and make things happen for WAAIME!

Pauline Salazar



Coopers & Lybrand L.L.P.

a professional services firm

Report of Independent Accountants

To the Board of Trustees of the
American Institute of Mining, Metallurgical
and Petroleum Engineers, Inc.:

We have audited the accompanying balance sheets of the AMERICAN INSTITUTE of MINING, METALLURGICAL and PETROLEUM ENGINEERS, INC. ("AIME") as of November 30, 1995 and 1994, and the related statements of revenue and expenses and surplus in operating fund, changes in endowment and quasi-endowment funds, and cash flows for the years then ended. These financial statements are the responsibility of AIME's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of AIME at November 30, 1995 and 1994, and the results of its operations and its cash flows for the years then ended, in conformity with generally accepted accounting principles.

As discussed in Note 1 to the financial statements, AIME has changed its method of accounting for investments in fiscal 1995.

A handwritten signature in cursive script that reads "Coopers & Lybrand LLP".

New York, New York
December 29, 1995.

Financial Statements

AMERICAN INSTITUTE OF MINING, METALLURGICAL AND PETROLEUM ENGINEERS, INC.

Financial Statements
as of November 30, 1995 and 1994
and for the years then ended

BALANCE SHEETS

November 30, 1995 and 1994

ASSETS:	1995	1994
Operating fund:		
Cash	\$ 36,794	\$ 87,736
Accounts receivable	4,142	3,582
Equipment, furniture and fixtures, less accumulated depreciation of \$31,416 in 1995 and \$39,743 in 1994 (Note 1d)	18,828	8,538
Prepaid expenses	<u>69,100</u>	<u>87,677</u>
	<u>128,864</u>	<u>187,533</u>
Endowment and quasi-endowment funds:		
Investments, at market quotations plus accrued interest in 1995 and at cost plus accrued interest in 1994 (Notes 1e and 3)	13,395,977	8,979,875
Cash and cash equivalents	426,130	1,410,997
Grant receivable	50,000	17,000
Due from operating fund	43,204	56,729
Inventories (Note 1c)	129,130	198,211
Loans receivable from Member Societies plus accrued interest (Note 2)	245,378	298,565
Prepaid expenses	<u>66,513</u>	<u>67,947</u>
	<u>14,356,332</u>	<u>11,029,324</u>
Property Fund:		
Founder Society advances to United Engineering Trustees, Inc. (Note 4)	<u>265,000</u>	<u>265,000</u>
	<u>\$14,750,196</u>	<u>\$11,481,857</u>

LIABILITIES and FUND BALANCES:	1995	1994
Operating fund:		
Accounts payable and accrued expenses	\$ 44,705	\$ 27,099
Loan payable on behalf of UET (Note 5)	28,953	57,908
Due to endowment fund	43,204	56,729
Surplus - unrestricted	<u>12,002</u>	<u>45,797</u>
	<u>128,864</u>	<u>187,533</u>
Endowment and quasi-endowment funds:		
Accounts payable	157,932	32,259
Accrued over arching and member-direct programs	536,728	
Fund balances (Note 1a)	<u>13,661,672</u>	<u>10,997,065</u>
	<u>14,356,332</u>	<u>11,029,324</u>
Property fund (Note 4)	<u>265,000</u>	<u>265,000</u>
	<u>\$14,750,196</u>	<u>\$11,481,857</u>

The accompanying notes are an integral part of these financial statements

Financial Statements

STATEMENTS of REVENUE and EXPENSES and SURPLUS in OPERATING FUND

for the Fiscal Years ended November 30, 1995 and 1994

	1995	1994
Revenue:		
Contributions by Member Societies for:		
Other engineering federations	\$ 25,639	\$ 38,326
Administrative expenses	16,000	16,000
Appropriations from endowment funds	480,000	534,000
Offshore Technology Conference	40,426	37,608
Meetings	15,854	19,818
Interest, primarily from Founder Society advances to United Engineering Trustees, Inc. (Note 4)	18,037	15,590
Other	<u>163</u>	<u>685</u>
	<u>596,119</u>	<u>662,027</u>
Expenses:		
Federation support	41,139	69,308
Meetings	23,782	29,396
Other programs and administrative expenses (Note 6)	<u>564,993</u>	<u>517,830</u>
	<u>629,914</u>	<u>616,534</u>
(Deficit) excess of revenue over expenses	(33,795)	45,493
Surplus - unrestricted:		
Balance, beginning of year	<u>47,797</u>	<u>304</u>
Balance, end of year	<u>\$ 12,002</u>	<u>\$ 45,797</u>

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

STATEMENTS of CHANGES in ENDOWMENT and QUASI-ENDOWMENT FUNDS

for the Fiscal Years ended November 30, 1995 and 1994

	1995	1994
Balance of fund accounts, beginning of year	<u>\$10,997,065</u>	<u>\$11,302,883</u>
Revenue:		
Project contributions	58,500	130,100
Net realized gains (1995 and 1994) and unrealized gains (1995) on investments (Notes 1e and 1f)	2,805,949	541,333
Interest and dividends, net of investment advisor and custodian fees of \$83,068 in 1995 and \$77,728 in 1994 (Note 1g)	328,459	246,360
Sale of books, volumes, etc.	76,091	51,193
Sale of "Transformations" tapes	13,901	37,769
Royalties from oil and gas deeds	<u>11,065</u>	<u>41,390</u>
	<u>3,293,965</u>	<u>1,048,145</u>
Expenses and appropriations:		
Publication expenses	92,056	52,691
Public Issues Committee	383,572	615,306
Over arching and member-direct programs	710,310	
Other awards	54,918	69,290
AAES dues and travel expenses	60,800	55,570
Free books	16,152	12,891
Sundry expenses	5,042	14,215
Appropriations to operating funds	<u>480,000</u>	<u>534,000</u>
	<u>1,802,840</u>	<u>1,353,963</u>
Net revenue (loss) before cumulative effect of change in accounting	1,491,125	<u>(305,818)</u>
Cumulative effect of change in accounting for investments (Note 1e)	<u>1,173,482</u>	<u>0</u>
Balance of fund accounts, end of year	<u>\$13,661,672</u>	<u>\$10,997,065</u>

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

STATEMENTS of CASH FLOWS

for the Fiscal Years ended November 30, 1995 and 1994

	1995	1994
Cash flows from operating activities:		
(Deficit) excess of revenue over expenses of operating fund	\$ (33,795)	\$ 45,493
Endowment revenue, excluding net gains on sale of investments, less expenses and appropriations of endowment and quasi-endowment funds	<u>(1,314,824)</u>	<u>(847,151)</u>
	<u>(1,348,619)</u>	<u>(801,658)</u>
Adjustments to reconcile the above to net cash used in operating activities:		
Depreciation	7,269	7,593
Changes in assets and liabilities:		
(Increase) in accrued interest on investments	(21,942)	(10,194)
(Increase) decrease in accounts receivable	(33,560)	71,538
Decrease in inventories	69,081	37,835
Decrease (increase) in prepaid expenses	20,011	(37,080)
Increase (decrease) in accounts payable and accrued expenses	<u>651,052</u>	<u>(99,973)</u>
	<u>691,911</u>	<u>(30,281)</u>
Net cash used in operating activities	<u>(656,708)</u>	<u>(831,939)</u>
Cash flows from investing activities:		
Purchases of securities	(9,869,157)	(7,878,300)
Sales of securities	9,454,428	9,058,895
Loans receivable from Member Societies	53,187	52,286
Capital expenditures	<u>(17,559)</u>	<u>0</u>
Net cash (used in) provided by investing activities	<u>(379,101)</u>	<u>1,232,88</u>
Net increase (decrease) in cash	(1,035,809)	400,942
Cash and cash equivalents		
Beginning of year	<u>1,498,733</u>	<u>1,097,791</u>
End of year	<u>\$ 462,924</u>	<u>\$1,498,733</u>

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

NOTES to FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies:

a. *General:*

The financial statements comprise the accounts of the American Institute of Mining, Metallurgical and Petroleum Engineers, Inc. ("AIME"). They do not include the accounts of the Society of Mining, Metallurgy and Exploration Engineers ("SME"), the Society of Petroleum Engineers ("SPE"), The Minerals, Metals and Materials Society ("TMS"), and the Iron & Steel Society ("ISS"), the four Member Societies of AIME.

Quasi-endowment funds of \$10,036,072 and \$8,287,898 at November 30, 1995 and 1994, respectively, represent amounts which have been designated by AIME's Board of Trustees to be retained and invested.

AIME's Board of Trustees periodically makes appropriations from interest and dividend income of endowment funds to the operating fund and the individual Member Societies based on their respective operating requirements.

b. *Cash Equivalents:*

The Company considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

c. *Inventories:*

Salable publications and books are carried at the lower of cost (first-in, first-out) or net realizable value.

d. *Equipment, Furniture and Fixtures:*

Equipment, furniture and fixtures are recorded at cost and are depreciated by the straight-line method over their estimated useful lives. Depreciation expense for fiscal years 1995 and 1994 was \$7,269 and \$7,593, respectively.

e. *Investments:*

Effective December 1, 1994, AIME changed its method of accounting for investments from cost to market or fair value. This change was made to provide a more realistic indication of financial position and investment results. The change was made by reflecting the cumulative adjustment of \$1,173,482 in endowment and quasi-endowment fund balances as of December 1, 1994. The \$2,805,949 gain on investments for the year ended November 30, 1995 is comprised of \$1,309,552 of realized gains and \$1,496,397 of unrealized gains.

Prior to December 1, 1994, investments were carried at cost if purchased, or at market value plus accrued interest on date of receipt if acquired by gift. Purchases and sales of securities are reflected on a trade-date basis.

f. *Gains or Losses on Sale of Investments:*

Gains or losses on sale of investments are determined on the basis of market value. Prior to December 1, 1994, gains and losses on the sale of investments were determined on the basis of average cost. Such gains or losses related to investments which are part of the endowment commingled pool of investments are allocated to the individual funds on the basis of their relative book values at the end of each quarter.

g. *Interest and Dividend Income:*

Interest from investments is recorded on the accrual basis. Dividends are recorded on the cash basis; however, such basis of accounting does not differ significantly from the generally accepted accounting method of accruing dividends on the ex-dividend date.

Notes to Financial Statements

1. Summary of Significant Accounting Policies *(Continued)*

h. *New Accounting Standards:*

Effective for the fiscal year ending November 30, 1996, AIME will be required to implement SFAS No. 116 "Accounting for Contributions Received and Contributions Made," and SFAS No. 117, "Financial Statements of Not-for-Profit Organizations." The statements will require significant changes in the way that not-for-profit organizations account for contributions. Additionally, financial display will be required according to net asset classifications rather than by fund group. The impact of the new statements on the financial reports of AIME is currently being analyzed.

i. *Retirement Income Plan:*

The AIME Retirement Income Plan ("Plan"), a defined benefit retirement income plan, covers substantially all full-time employees. Eligible employees receive a non-contributory benefit based on a standard dollar amount per month, irrespective of the amount of compensation, multiplied by the years of benefit service, or may elect to contribute a percentage of their compensation to the Plan and receive an increased benefit. The contributory benefit is based on years of benefit service and the employee's compensation. AIME accounts for the Plan in accordance with the Statement of Financial Accounting Standards No. 87, "Employers' Accounting for Pensions".

The Retirement Income Committee has contracted with Connecticut General Life Insurance Company ("Connecticut General"), through a Group Annuity Contract, to maintain the assets of the Plan and pay pension benefits to the annuitants. The Plan participates in various investment accounts of Connecticut General and Loomis Sayles & Company, L.P. Plan assets are invested in growth common stocks, real estate partnerships, property, mortgage loans, and short-term investments.

The funding policy of AIME is to contribute such amounts as are necessary on an actuarial basis to provide the Plan with assets to meet the benefits expected to be paid to annuitants or their beneficiaries.

The following tables set forth AIME's share of the Plan's funded status and the amounts recognized in AIME's balance sheets at November 30, 1995 and 1994:

	1995	1995
Accumulated benefit obligation, including vested benefits of \$541,469 (1995) and \$546,328 (1994)	<u>\$542,352</u>	<u>\$547,081</u>
Projected benefit obligation	\$562,529	\$566,827
Plan assets at fair value	<u>519,909</u>	<u>566,229</u>
Plan assets (less than) in excess of projected benefit obligation	(42,620)	(598)
Unrecognized prior-service cost	47,141	55,001
Unrecognized net loss (gain)	29,667	(4,997)
Unrecognized net assets at December 1, 1986 being recognized over 12 years	<u>(30,384)</u>	<u>(40,514)</u>
Prepaid retirement income cost included in prepaid expenses of the operating fund	<u>\$ 3,804</u>	<u>\$ 8,892</u>

(Continued)

1. **Summary of Significant Accounting Policies** (Continued)

i. *Retirement Income Plan* (Continued):

Net retirement income cost for 1995 and 1994 included the following components:

	1995	1994
Service cost	\$ 5,684	\$ 5,719
Interest cost	46,101	43,852
Projected return on plan assets	(43,238)	(44,307)
Amortization of unrecognized prior-service cost	7,860	7,860
Amortization of transition asset	(10,130)	(10,130)
Net retirement income plan cost	<u>\$ 6,277</u>	<u>\$ 2,994</u>

The projected benefit obligation was determined using a weighted-average discount rate and an assumed rate of increase in future compensation of 8.5% and 5.5%, respectively, for fiscal 1995 and 8.0% and 5.5% respectively, for fiscal 1994. The expected long-term rate of return on plan assets was 8.5%.

2. **Financing of TMS/ISS and SME Headquarters Facilities:**

TMS/ISS Headquarters:

During 1978, TMS/ISS obtained a \$300,055 loan from the endowment fund, payable over twenty years at a floating interest rate based on the endowment fund's prior year's dividend and interest earnings, net of management fees. At November 30, 1995 and 1994, the balance of the loan plus accrued interest at 2.09% (1995) and 2.06% (1994) per annum was \$60,870 and \$82,152, respectively.

SME Headquarters:

During 1979, SME obtained a \$467,000 loan from the endowment fund, payable over twenty years at a floating interest rate based on the endowment fund's prior year's net earnings after management fees. At November 30, 1995 and 1994, the balance of the loan plus accrued interest at 2.09% (1995) and 2.06% (1994) was \$134,509 and \$166,413, respectively.

SME Foundation:

During 1992, the SME Foundation obtained a non-interest bearing \$50,000 loan from the endowment fund. Five years after achieving financial self-sufficiency, and upon request from AIME, the Foundation will repay the \$50,000 on a schedule to be determined at that time.

3. **Changes in Investments:**

Endowment and quasi-endowment funds:

	1995	1994
Investments, at cost plus accrued interest, beginning of year	\$ 8,979,875	\$ 9,608,943
Purchases of securities	<u>9,869,157</u>	<u>7,878,300</u>
	18,849,032	17,487,243
Sales of securities	<u>9,454,428</u>	<u>9,058,895</u>
	9,394,604	8,428,348

(Continued)

Notes to Financial Statements

3. **Changes in Investments** *(Continued):*

Net realized gains (1995 and 1994) and unrealized gains (1995)	2,805,949	541,333
Net change in accrued interest	21,942	10,194
Cumulative effect of change in accounting for investments (Note 1e)	<u>1,173,482</u>	<u>0</u>
Investments, at market quotations plus accrued interest in 1995 and cost plus, accrued interest in 1994, end of year	<u>\$13,395,977</u>	<u>\$ 8,979,875</u>

4. **Advances to United Engineering Trustees, Inc.:**

In accordance with an agreement between AIME and the United Engineering Trustees, Inc. ("UET"), AIME has agreed to maintain permanently its principal offices in the United Engineering Center Building and to pay a pro rata portion of the operating costs of the building. AIME's share of these costs during 1995 and 1994 was \$74,803 and \$70,782, respectively. The advance to UET, made in connection with the erection of the United Engineering Center Building, is repayable only out of available reserve funds on dissolution of UET and earns interest at an annual rate of 4%.

5. **Assumption of UET Debt:**

During September of 1993, the repayment plan for UET's \$1.5 million loan obligation was approved. Under this plan, AIME's share of the repayment is \$71,667 plus 6% interest payable on or before September 30, 1998. AIME has agreed to pay this amount in equal installments over a 5-year period which began in 1994.

6. **Other Programs and Administrative Expenses:**

Other programs and administrative expenses consist of the following:

	1995	1994
Payroll and employee benefits	\$290,501	\$277,386
Audit and legal services	46,951	37,182
Rent	74,803	70,782
AIME Board activities	22,993	20,342
Supplies, postage, and maintenance and repairs	23,489	18,815
Insurance	13,106	13,370
Depreciation	7,269	7,593
Publications and printing	9,482	9,465
Other	<u>76,399</u>	<u>62,895</u>
	<u>\$564,993</u>	<u>\$517,830</u>

7. **Tax Status:**

AIME is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code.

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American Institute of Mining, Metallurgical, and Petroleum Engineers, Inc.
345 East 47th Street
14th Floor
New York, New York 10017-2396
Tel: (212) 705-7695
Fax: (212) 371-9622