AEG Foundation

Annual Report

For Fiscal Year Ending

June 30, 2009

AEG Foundation, PO Box 460518, Denver, CO 80246 * (303) 757-2926 * www.aegfoundation.org
Accomplishments in FY 2008-2009

FISCAL YEAR 2009 AT A GLANCE

- Received over $101,000 in contributions
- Awarded 15 scholarships totaling $13,000, an increase of 4 recipients and $8,650 distributed over the previous fiscal year
- Increased net assets by over $34,000 over the previous fiscal year
- Received a major donation to eventually establish a new scholarship fund (the Beardsley-Kuper Field Camp Scholarship was established October 2009)
- Funded two Shlemon Specialty Conferences in 2009
The AEG Foundation, in spite of the global financial malaise, continues to increase awards, to improve its operations, and to persevere in fiscal transparency. We appreciate our great benefactors, the trust of our profession, and the dedication of the Foundation’s committee members and Directors, who make such progress possible. THANK YOU!

The Foundation continues to receive contributions of all sizes. In this past year two gifts were particularly notable. Mrs. Catheryne Beardsley, mother of AEG Past-President Dorian Kuper, made a $50,000 gift to the Foundation. Over the few months thereafter, Dorian and Tom Kuper recommended to the Board, and the Board approved, the Beardsley-Kuper Field Camp Scholarship. The Kupers sought advice from students and young professionals before making this recommendation. Then, the Kupers worked hard to complete the charter and application so students could apply and the first Beardsley-Kuper Field Camp Scholarship could be awarded in 2010. Another person, who asks to remain anonymous, has now a multiyear chain of large gifts. This person’s generosity has allowed the Foundation to carry out the benefactor’s interests that strengthen the Foundation. These mentioned contributions do not include the regular donations of AEG members and the continued substantial annual contributions of many.

The Foundation has been able to increase its awards in number and monetary sums again in the 2009 fiscal year. The Foundation recognizes both the worthy scholarship applicants and the great work of the scholarship committees. Ed Medley was not only very active, but also very engaging as the Jahn’s Lecturer. We particularly thank Ed, because he took no Jahn’s Lecturer travel stipend. There also were two successful Shlemon Specialty Conferences related to earthquake issues in the fiscal year.

The AEG Foundation strives to be completely open to our donors and the interested public. The Board has been expanded to nine Directors and the number of active Foundation committees, as well as the number of members on each committee, has been increased. We endeavor to improve business operations and conduct our duties in a professional and timely manner.

Thanks to your monetary support and the hard work of the members of the Foundation’s Board and committees and our Executive Director, the Foundation’s assets nearly exceeded a milestone despite the global economic trials. Our Finance Committee, led by John Peck, has been excellent; their chosen asset mix following our Investment Policy has done well. Only the stock market’s decline in value has kept our assets from ending the fiscal year at higher levels. [Since the end of the fiscal year our assets have regained most of their unrealized losses.]

Besides the great effort of the Foundation’s Finance Committee, the Foundation is spreading its workload to other active committees. The Programs Committee and the newly-created Development and Marketing Committees focus attention on specific topics. Committees reporting back to the Board allow the Foundation Board to consider in depth more topics and causes than it could handle within its ranks alone.

The Board authorized a full audit of our fiscal operations for the 2009 fiscal year. While the audit did make recommendations for three particular improvements, the accounting firm found no problems with our internal accounting and policies. One of the recommendations was started before the audit was officially furnished. The other two recommendations have been implemented. Please note the accountant’s audit and financials later in the Annual Report.

The Foundation sincerely hopes that we have been: true to donor intent, good stewards of your funds, ready to pursue and develop worthy programs, anxious to increase awards as their resources allow, and transparent in operation. Please inform any Director of your ideas for new opportunities or means to better serve the profession, our donors and awardees. With the likes of these contributors, award recipients, committee and staff members, and Directors, the AEG Foundation can only improve.

Respectfully submitted,

Gregory L. Hempen, PhD, PE, RG
2008 & 2009 Board of Directors’ President, AEG Foundation
About the AEG Foundation

The AEG Foundation has been a part of the environmental and engineering geology community since 1992 when it was founded by three past-presidents of the Association of Engineering Geologists. Incorporated in California as the Engineering Geology Foundation, the name was changed to AEG Foundation effective October 19, 2004. The Foundation is an independent tax-exempt public charity governed by a nine-person Board of Directors. Our mission is to advance research, education, public awareness, and technology transfer in engineering geology and the related fields of hydrogeology and environmental geology. Our vision is a world with reduced risk from geologic hazards.

The AEG Foundation is an Internal Revenue Code Section 501(c) 3 tax-exempt charitable organization. The Foundation's federal tax ID Number is 94-3168991, its California Corporation Number is C1524975, and its California Registry of Charitable Trusts Number is CT87308.

The Foundation operates six scholarship programs with like-named funds: the Beardsley-Kuper, the Lemke, the Marliave, the Texas Section, the Tilford, and the Stout. The Foundation supports a distinguished lectureship in engineering geology, the Richard H. Jahns Distinguished Lecturer, and may support other speaker programs, through its Jahns Fund. The Foundation’s Research Fund, supports small research projects. The Foundation’s Shlemon Fund supports advanced practice meetings called the Shlemon Specialty Conferences. The Foundation’s Legget Fund supports scientific publications. Operations are supported through the Floyd T. Johnston Operations Fund and by small operational support charges. Contributions are accepted to any of these funds, or to the Greatest Need/Memorial Fund. Fund history and operating criteria are described in a Fund Charter for each fund.

The AEG Foundation Board has adopted governance policies to guide operations. Asset management is guided by an Investment Policy. Directors are bound by a Conflict of Interest Policy. The Foundation has a Compliance Policy that guides the preparation and filing of state and federal tax and information returns, and other regulatory filings.

The Board of Directors reviews Fund Charters and all policies on a regular basis. Additional information about the AEG Foundation is available from the Foundation office or at www.aegfoundation.org.

AEG Foundation—Advancing the Science of Environmental and Engineering Geology

www.aegfoundation.org
Introduction

PURPOSE OF THIS REPORT

This report for fiscal year July 1, 2008 through June 30, 2009 is prepared as a management and governance document for the use of the AEG Foundation (pka Engineering Geology Foundation) Board of Directors. In general, this report is intended to provide information required by applicable California law (Corporation Code, Section 6321 et seq., and to provide any additional information required by the Board of Directors. This report is a public document. This report was prepared by Foundation staff, as directed by the Board of Directors. It is based on staff review of the available records of the Foundation. The report of the independent accountant is reproduced on pages 20-23.

HISTORICAL BACKGROUND

Similar to many very small foundations, the AEG Foundation (known as the Engineering Geology Foundation until October 19, 2004) was administered by direct board participation in its early years. Books were kept by a volunteer Treasurer on a cash basis. As the assets and programs of the Foundation grew, the Board recognized two factors: first, good governance required more business management expertise applied on a continuous basis, and second, the Foundation would eventually exceed reporting thresholds for federal information return (Form 990) preparation and filing. Therefore, in 2004 the Board contracted with a management firm to provide business management services, including bookkeeping. A bookkeeping system was adopted that was compatible with typical accounting software used by CPA firms.

In 2009, the Board of Directors contracted for an accountant’s audit of the books and financial operations of the Foundation. That accountant recommended three changes to improve the financial procedures of the Foundation, and all suggested improvements were implemented immediately. The changes included implementing an account number system for the chart of accounts, requiring the Treasurer to review all journal entries, and recognizing outstanding payments and deposits before calculating the income and interest on investments.
The AEG Foundation’s Board of Directors

The AEG Foundation’s success comes from the passion and commitment of its current and previous Directors. Each of the following people has had a tremendous impact on the Foundation and its programs.

2009 AEG Foundation Board of Directors

Gregory L. Hempen, President
Patricia M. Bryan, Treasurer
David F. Fenster, Secretary
Scott F. Burns, Director
Edward O. Church, Director
Jessica P. Humble, Director
H. Tom Kuper, Director
James H. May, Director
Robert E. Tepel, Director

Previous Directors

Thomas G. Bumala
Gerald S. Grainger
Deborah J. Green
Aubrey D. Henley
Finn B. Michelsen
John H. Peck
Gary L. Peterson
Roy J. Shlemon
George F. Sowers
Robert M. Valentine
Charles W. Welby
Susan Steele Wier

Founding Directors

Richard W. Galster
John B. Ivey
John W. Williams
Thanks to the generosity of our donors, more than $101,000 was raised for the AEG Foundation programs in Fiscal Year (FY) 2009. This critical support allowed additional funds to be established and increased the total amount and total number of scholarships awarded in 2009.

The AEG Foundation is grateful to all its donors and is committed to continuing to serve the profession of environmental and engineering geology through scholarships, education and information dissemination.

**PROGRESS IN GOVERNANCE**

The AEG Foundation through its Board of Directors, staff and volunteers strives to maintain the highest standards among non-profit charitable organizations. As part of this effort, AEG Foundation uses accepted industry measures to evaluate its programs and administrative functions. The Better Business Bureau has developed a set of standards for charitable organizations and, while the Foundation does not meet the gross revenue minimum (yet), the Foundation’s Board of Directors use the standards as a measure of performance for the organization. At this time, AEG Foundation meets 19 of the 20 standards. The Foundation is moving closer to meeting the remaining standard (spending 65% of its expenses on program activities) by 2011.

The BBB Wise Giving Alliance Standards for Charity Accountability were developed to assist donors in making sound giving decisions and to foster public confidence in charitable organizations. The standards seek to encourage fair and honest solicitation practices, to promote ethical conduct by charitable organizations and to advance support of philanthropy. For more information on the standards, go to us.bbb.org.
Contributions

The AEG Foundation has experienced excellent growth in the number of donors and size of donations in recent years. Much of the effort is due to the tireless efforts of volunteers. The average individual donation over the previous twelve months was $235. In addition to seeking donations through AEG membership renewals, the AEG Foundation Directors host Board Challenges throughout the year and generously match funds donated at particular events, such as AEG Board Meetings, Section Meetings and Section Student Nights.

The following AEG Sections accepted the challenge of the AEG Foundation Directors and together raised over $9,100 for the Foundation in Fiscal Year 2009.

- Arizona
- Baltimore-Washington Harrisburg
- North Central
- Oregon
- Rocky Mountain
- Sacramento
- San Francisco
- Southern California
- Southern Nevada
- St. Louis
- Texas
- Washington

AEG Foundation also received a generous donation of $50,000.00 from Cathryne Beardsley, the mother of AEG Past President Dorian Kuper. The Beardsley-Kuper Field Camp Scholarship Fund was officially establish in October 2009. The Foundation and its Directors are grateful to Ms. Beardsley, Dorian and Tom Kuper for their amazing generosity. You can read more about this fund later in this report.

AEG Foundation has planned giving information for anyone who is interested in donating through their wills, estates or trusts. For more information, please contact AEG Foundation at staff@aegfoundation.org.
Beardsley-Kuper Field Camp
Scholarship Fund

Ms. Cathryne Beardsley was born into an old Arizona family on a cattle ranch where she learned to ride, herd cattle and grow crops. She has lived in many places including the northwest, the south, Japan and the Philippines and worked in New York City as a model, but always has come back to her native Arizona. She is the mother of Dorian Kuper (Past AEG President) and mother in law of Tom Kuper (AEG member and AEG Foundation Director). She supported Dorian through her schooling and was especially supportive of her attending summer field camp. Cathryne continued to be supportive of Dorian and Tom as they traveled to various countries on landslide field trips, having joined them herself on one in Spain!

Cathryne’s life lessons stem from her roots in Arizona, modeling, traveling and living within various cultures as well as her “hands on” experiences. She is an avid rock hound, not feeling shy to pick up a rock hammer to dig out a specimen from an outcrop. Her idea of a camping trip was to camp among the rocks or visit old mine sites to bring home “pretty rocks”. As a result, her home is surrounded by “pretty rocks” both inside and out, which she has collected over the years. Cathryne has seen the love Dorian and Tom have for geology, for mentoring students and for the field. Her contribution to the AEG Foundation Fund will help support future geologists secure a solid summer field camp experience which is so important to the basics of geology.

PURPOSE AND SCOPE

The Beardsley-Kuper Geology Field Camp Scholarship provides funding support for summer geologic field camp. The scholarship is made available to undergraduates and post baccalaureate students on a yearly basis to fund the field camp cost at an accredited school. Students are required to be an AEG Student Member, and complete an application, that includes two professor references and an essay discussing their future goals and how the geology summer field camp is applicable.

Part of the selection criteria includes the applicability of field skills taught at the specific accredited school field camp with emphasis on traditional detailed mapping and rock descriptions, as well as newer mapping techniques with GPS and GIS techniques incorporated into the daily routine. Where possible, priority is given in selection of a student for the award, who would desire to take a field camp preparing the student for the specific occupation as an Environmental or Engineering Geologist, with the field camp teaching engineering and environmental geology techniques such as drilling methods and sampling techniques.

BEARDSLEY-KUPER FUND BALANCE AS OF JUNE 30, 2009 $45,000

AEG Foundation—Advancing the Science of Environmental and Engineering Geology
www.aegfoundation.org
The Greatest Need Fund is one of the first six funds created by the Foundation. It was established in 1993 and called the “General [non-designated] Fund.” The general purpose was to support foundation administrative needs and provide the Board with a non-designated asset it could use to support current expenditures and grants, or supplement the corpus of other funds. Unrestricted contributions in memory of a person were placed in the Greatest Need Fund, and for ease of administration, the Foundation often listed a “Memorial Fund” in its giving literature. Tribute donations, made to honor a person on a special occasion, are placed in the Greatest Need Fund. Our Honor Roll recognizes those in whose name contributions totaling $1,000 or more have been received.

PURPOSE AND SCOPE

The Greatest Need and Memorial Funds provide a way for donors to make unrestricted donations that will generally be used to support the grants awarded by the Foundation or to build balances in program funds, but can be used for any purpose determined by the Board. By virtue of the published description of these funds, donor intent is deemed to make an unrestricted donation.

In the terminology of Statement of Financial Accounting Standards No. 117, the Greatest Need and Memorial Funds are Unrestricted Net Assets and the earnings of these funds are Unrestricted Support.

MEMORIAL FUND HONOR ROLL

| George H. Davis       | John B. Ivey       |
| Edwin B. Eckel        | Robert A. Matthews |
| William I. Gardner    | Noel M. Ravneberg  |
| Stephen L. Garrison   | C. Michael Scullin |
| Richard C. Harding    | Sigmund Schwarz    |
| Onys Burke Henley     | Eugene K. Shaw     |
| Seena N. Hoose        | Richard C. Thompson|
| Taylor Dwight Hunt    |                    |

GREATEST NEED/MEMORIAL FUND BALANCE AS OF JUNE 30, 2009 $51,628
The Richard H. Jahns Fund of the AEG Foundation (the “Jahns Fund”) was established by the Foundation (then the Engineering Geology Foundation) in 1993 to support speakers in engineering geology. The fund name honors the work and contributions of Dr. Richard H. Jahns (1915-1983), a professor who taught many engineering geologists and who played an important role in the establishment of solid and thorough practice in the public interest through the development of guidelines for regulatory reviewers of geologic reports.

PURPOSE AND SCOPE

The Richard H. Jahns Fund of the AEG Foundation supports the travel expenses or honoraria, or both, of selected speakers who present information about engineering geology and environmental geology to a diverse practitioner, student, faculty, and public audience. The first priority of the Jahns Fund is support of the Richard H. Jahns Distinguished Lecturer, who is selected annually and supported by the Association of Environmental & Engineering Geologists and the Engineering Geology Division of the Geological Society of America. The AEG Foundation will also consider other requests to support speakers on the topics of engineering geology and environmental geology as available resources permit.

PAST RICHARD H. JAHNS LECTURERS

1899—James E. Slosson
1990—Robert L. Schuster
1991—Ellis L. Krinitzsky
1992—Barry Voight
1993—Roy J. Shlemon
1994—James F. Quinlan
1995—Robert S. Yeats
1996—J. David Rogers
1997—Don U. Deere
1998—Thomas L. Holzer
1999—Mavis Kent

2000—Allen W. Hatheway
2001—Robert J. Watters
2002—Perry H. Rahn
2003—Chester “Skip” Watts
2004—Jeffrey R. Keaton
2005—Richard Iverson
2006—Jerry Higgins
2007—John Moylan
2008—John Clague
2009—Edmund Medley

RICHARD H. JAHNS FUND BALANCE AS OF JUNE 30, 2009: $42,398
Johnston Operations Fund

A Floyd T. Johnston Fund was established by the Foundation (then the Engineering Geology Foundation) in 1993 to support foundation administrative needs. The fund name and function honor the work and contributions of Floyd T. Johnston, who demonstrated exemplary service to the profession in serving as the first Executive Director of the Association of Engineering Geologists from 1974 to 1982.

PURPOSE AND SCOPE

The Floyd T. Johnston Operations Fund is an unrestricted fund that is used principally to support the Foundation’s general administrative and fundraising expenses. Gifts to the Floyd T. Johnston Operations Fund reduce the administrative support burden that must be borne by program funds.

An unrestricted fund for this purpose is essential because the Foundation cannot function without paying general administrative and fundraising costs. The Foundation has no fund balance the earnings of which are dedicated to paying general administrative and fundraising costs. Therefore, these costs may be serviced by an operational support fee charged to donations or earnings, by reclassification of excess earnings in program funds, or by donations made specifically to an operations support fund.

ADMINISTRATIVE EXPENSES COVERED BY JOHNSTON FUND

♦ Accounting Services and CPA Reviews
♦ Administrative Contract Fees
♦ Legal Fees
♦ Liability Insurance
♦ Office Supplies
♦ Promotional Materials
♦ Compliance and Filing Fees
♦ Website and Communication Expenses

Note: AEG Foundation Directors are not paid, and they are not reimbursed for travel expenses for Board of Directors Meetings.

JOHNSTON OPERATIONS FUND BALANCE AS OF JUNE 30, 2009 $4,713

Floyd T. Johnston
1906-1991
The Robert F. Legget Fund was established by the Foundation (then the Engineering Geology Foundation) in 1993 to support publications in engineering geology. The fund name honors the work and contributions of Dr. Robert F. Legget (1904-1994), who promoted the application of geology to the design and construction of the built environment through his teaching and books.

**PURPOSE AND SCOPE**

The Robert F. Legget Fund of the AEG Foundation supports publications and public outreach in engineering geology and environmental geology that serve as information resources for the professional practitioner, students, faculty, and (or) the public. The fund also supports public education about the interactions between the works of mankind and the geologic environment.

The subject matter scope of publications supported by the Legget Fund may include original works, reviews, compilations, symposium proceedings, benchmark papers, bibliographies, databases, memorials, biographies and oral history interviews of those who made valuable contributions to the progress of the science and profession of engineering geology, and studies of the demographics of the profession, inter-professional relations, and the role of the profession in society. The publication venue of supported publications may include print media, electronic media, and audio-visual media. The Legget Fund may support reprints of publications within its scope and the conversion of publications in one medium to another. In making grants for these purposes, the Foundation will require an appropriate level of peer review and editorial quality.

Funds from the Legget Fund supported the conversion of *Environmental & Engineering Geoscience* to an online version available for viewing through GeoScience World.

The Legget Fund is currently accepting donations for development of a Geoscience Internet Library. The collection could include: important vintage reports that are provided by companies or out-of-print state and federal documents; full color mapping or cross sections; past AEG Special Reports no longer in print; new, edited documents; copies of public requirements or regulations important to geologists but difficult to acquire; and, other timely or noteworthy unabridged works, such as biographies, memorials or interviews of respected leaders of their fields. The Library would be provided at no charge to the user.

**ROBERT F. LEGGET FUND BALANCE AS OF JUNE 30, 2009**

| ROBERT F. LEGGET FUND BALANCE AS OF JUNE 30, 2009 | $17,475 |

AEG Foundation—Advancing the Science of Environmental and Engineering Geology

www.aegfoundation.org
The Lemke Fund was created by a bequest received in 2007 from the estate of Richard W. and June T. Lemke. The fund name honors the memory of Richard W. Lemke (1913-2003) and June T. Lemke (1919-2005).

After successfully completing the 1st North American Landslide Conference in Vail, Colorado in June 2007, the Association of Environmental & Engineering Geologists donated the majority of the net proceeds to the Lemke Fund to further its purpose.

PURPOSE AND SCOPE

The Lemke Fund supports the scholarly and professional development of student members of the Association of Environmental and Engineering Geologists by awarding grants intended to offset part of the cost of attending and participating in scientific and technical conferences and association meetings. These grants are named “Lemke Scholarships” and may be awarded to students at the undergraduate or graduate levels. Awards will be made by the AEG Foundation to deserving student members who are sole author or first author of a paper or poster that they personally present at the meeting or conference. The number of awards and value of the awards will be determined annually by the Foundation Board.

LEMKE SCHOLARSHIPS

<table>
<thead>
<tr>
<th>Year</th>
<th>Students</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>Rebecca Brock, Marina Drazba, Deniz Karadeniz, Rachel Pirot, Adam Prochaska, Joshua Theule</td>
</tr>
<tr>
<td>2008</td>
<td>Brendan Fisher, Chesney Gilleland, Kyla Erich, Serin Duplantis, Diana Cook, Ryan Bartingale</td>
</tr>
</tbody>
</table>

2009 LEMKE SCHOLARSHIPS—6 SCHOLARSHIPS FOR $1,500 TOTAL

LEAKE FUND BALANCE AS OF JUNE 30, 2009 $35,271
The Marliave Fund of the AEG Foundation was established by the Foundation (then the Engineering Geology Foundation) in 1993 to accept administration of the Marliave Award given up to that time by the Association of Engineering Geologists, which established its Marliave Fund in 1968. The Foundation also accepted AEG’s Marliave Fund assets and the management responsibilities for that fund. AEG created its Marliave Fund to honor the memory, work, and contributions of Elmer C. Marliave (1910-1967) a founding member of the (California) Association of Engineering Geologists and a pioneering engineering geology consultant in water resources infrastructure design and construction. In early 2007, at the welcomed request of members of the Marliave family, the heritage scope of the Marliave Fund of the AEG Foundation was expanded to include honoring the memory, work, and professional contributions of Chester E. Marliave and Burton H. Marliave in addition to those of Elmer C. Marliave.

PURPOSE AND SCOPE

Marliave Scholarships are intended to support academic activity and reward outstanding scholarship in Engineering Geology and Geological Engineering. Recipients of grants are designated as “Marliave Scholars.” Awards will be made by the AEG Foundation to outstanding students based on demonstrated ability, scholarship, potential for contributions to the profession, character, and activities in student/professional societies.

MARLIAVE SCHOLARS

1985—Michael McKim, Brian Bergeron, and Benjamin Smith
1986—Kerry Cato
1987—Brian G. Hansen
1988—Greg Naugle
1989—Anne E. Clift
1990—Katherine T. Clements
1991—Andrea Volkman
1992—Ed Medley
1993—Francis X. Ashland
1994—Tariq Cheema
1995—Paul M. Santi
1997—Brendan R. Fisher
2000—Martin Woodard
2001—Wei Zhou
2002—Ala Hajdarwich
2003—Jessica Pence Humble
2004—Dawn Schippe
2005—Hiram Henry
2007—Adam Prochaska
2008—Diana Cook
2009—Stephanie Mrozek

2009 MARLIAVE SCHOLARSHIP—$2,500 TOTAL

MARLIAVE SCHOLARSHIP FUND BALANCE AS OF JUNE 30, 2009 $47,482
The AEG Foundation Research Fund was established by the AEG Foundation on September 25, 2007 to support small research projects performed by consultants, retired geologists, university professors, or graduate students. Initial funding was provided by a gift from John and Nancy Peck.

PURPOSE AND SCOPE

The purpose and scope of the AEG Foundation Research Fund, developed in cooperation with the original donors, is to provide financial support for small research projects that advance the science and application of environmental and engineering geology. The Fund will expend $5000 each year for proposed research if one or more projects are approved by a review committee and recommended to the Board for funding. The proposed research must be completed within one year unless special provisions are agreed to by the participant and the Board. A written report on the results of the research, or a progress report on continuing research, will be required to fulfill the terms of the research grant. The grants may be used in conjunction with grants from other professional organizations to support larger projects if warranted by the specific project requirements. The intent is to encourage individuals to propose on research that is not generally funded by other institutions or agencies.

RESEARCH GRANT RECIPIENTS

2008—William C. Haneberg—
Reconnaissance Engineering
Geology of the Laprak Landslide, Gorkha District, Western Nepal

A damaged home in the Gorkha District.

RESEARCH FUND BALANCE AS OF JUNE 30, 2009 $37,370
Roy J. Shlemon Specialty Conference Fund

The Roy J. Shlemon Specialty Conference Fund was established by the Foundation (then the Engineering Geology Foundation) in 1998 to support specialty conferences in engineering geology that would be modeled on the Penrose Conferences of the Geological Society of America. The fund name recognizes the initiative and generosity of Roy J. Shlemon, who donated the initial principal of the fund.

PURPOSE AND SCOPE

The Roy J. Shlemon Specialty Conference Fund supports specialty and advanced practice conferences of interest to the members of the Association of Engineering & Environmental Geologists. The goal of a Shlemon Specialty Conference is to bring together specialists from academia and the consulting world for several days of intensive state-of-the-science sessions, workshops, and field trips devoted to discussion of current knowledge of emerging scientific, technical, regulatory, and practice issues and challenges. Emerging issues may involve novel investigative and analytical techniques, some of which may be controversial or unproven. Presentations and discussions of new approaches to site characterization and regulatory trends are appropriate. A primary characteristic of Shlemon Specialty Conferences is that they are held in locations where field observations can be combined with the subject matter of the conference. The spirit of the conferences is to develop agreement on applicable knowledge, and to advance the practice techniques applied to evolving challenges, with the goal of better and more reliable results. To make the conference expertise available to a wider practitioner and public audience, the conference proceedings are published on CD.

SHLEMON SPECIALTY CONFERENCES

2004—Earth Fissures, El Paso, Texas
2006—Mass Wasting in Disturbed Watersheds, Durango, Colorado
2008—Naturally Occurring Hazardous Substances, Folsom, California
2009—#1 Evaluation, Risk Analysis, & Mitigation of Surface Faulting, Palm Desert, California
#2 Advancing New Madrid Region Time-History Determination, Memphis, Tennessee

2009 SHLEMON SPECIALTY CONFERENCE GRANTS—2 GRANTS FOR $6,000 TOTAL

SHLEMON SPECIALTY CONFERENCE FUND BALANCE AS OF JUNE 30, 2009 $63,504

AEG Foundation—Advancing the Science of Environmental and Engineering Geology www.aegfoundation.org
The Martin L. Stout Scholarship Fund was established by the Southern California Section of the Association of Engineering Geologists in 1994, with the help and guidance of Dr. Stout. In 2004, the Southern California Section transferred its funds and the administrative responsibilities for the scholarship program to the Foundation.

The fund name honors the memory, the teachings, and the writings of Martin L. Stout, a Professor of Geology at California State University, Los Angeles, from 1960 to 1990, and active in retirement to 1994.

PURPOSE AND SCOPE

The Martin L. Stout Scholarship Fund supports geologic studies by students at the undergraduate or graduate levels. Recipients of grants will be designated as “Martin L. Stout Scholars.” Awards will be made by the AEG Foundation to outstanding and deserving students based on demonstrated ability, scholarship, potential for contributions to the profession, character, and activities in student/professional societies.

MARTIN L. STOUT SCHOLARS

1995—Vassilia Angelaki
1996—Jacob Holt
1999—Desiree Dier
2000—Jennifer Knapp
2006—Marina Drazba
2007—Sherry McGee, Undergraduate
        Adam Campbell, Graduate
2008—Chesney Gilleland, Undergraduate
        Rachel Pirot, Graduate 1st Place
        Ryan Davidson, Graduate 2nd Place
2009—Kimmaree Harvath, Undergraduate
        Katherine Ann Michelson, Graduate 1st Place
        Serin Duplantis, Graduate 2nd Place

2009 STOUT SCHOLARSHIPS—3 SCHOLARSHIPS FOR $4,000 TOTAL

| STOUT SCHOLARSHIP FUND BALANCE AS OF JUNE 30, 2009 | $66,312 |

Learn to learn.
Martin L. Stout
1934-1994
The AEG Texas Section Scholarship Fund was established within the AEG Foundation in 2007 at the request of Texas Section of the Association of Environmental & Engineering Geologists (AEG). Initial funding was acquired in a special fundraising event hosted by the Texas Section on February 9, 2008. Major funding came from sponsorships developed by the Texas Section and event ticket sales. The fundraising program was supported by the AEG Foundation and managed by the Texas Section.

The fund was inspired by the many geologists who have dedicated their time, efforts and careers to teaching, research and promotion of the practice of hydrogeology, and environmental and engineering geology in Texas.

PURPOSE AND SCOPE

The AEG Texas Section Scholarship Fund supports geologic studies by students at the undergraduate and graduate levels. Recipients of grants must be students enrolled in an accredited Texas college or university, or graduate students enrolled in an accredited university outside Texas but conducting their field studies inside Texas. Awards will be made by the AEG Foundation to outstanding and deserving students based on demonstrated ability, scholarship, potential for contributions to the profession, character, and participation in student/professional societies.

TEXAS SECTION SCHOLARS

2009—Lorna Hanko
Sevon Geil

2009 Scholars, Sevon Geil (top) and Lorna Hanko (bottom), received their awards from Texas Section Chair, Cynthia Palomares

2009 Texas Section Scholarships—2 Scholarships for $1,000 Total

| AEG Texas Section Scholarship Fund Balance As of June 30, 2009 | $3,489 |

AEG Foundation—Advancing the Science of Environmental and Engineering Geology

www.aegfoundation.org
The Tilford Fund of the AEG Foundation was established by the Foundation (then the Engineering Geology Foundation) in 1998 to create a scholarship fund that emphasized and supported field studies. The fund name honors the work and contributions of Norman R. Tilford, (1934-1997), a consultant, professor, past president of the Association of Engineering Geologists, and the Executive Director of the Association at the time of his death.

PURPOSE AND SCOPE

The Tilford Field Studies Scholarship Fund supports geologic field studies by students at the undergraduate and graduate levels. Recipients of grants will be designated as “Tilford Scholars.” Awards will be made by the AEG Foundation to outstanding students based on demonstrated ability, scholarship, potential for contributions to the profession, character, and activities in student/professional societies.

TILFORD SCHOLARS

2001—Bonnie E. Phillips, Undergraduate
    Cal A. Ruleman, Graduate
2002—Paul J. Moore, Undergraduate
    Paula Jo Lemonds, Graduate
2003—Heidi Sieverding, Graduate
2004—Shelley Zaragoza, Undergraduate
    Kathy Goetz Troost, Graduate
2005—Stephanie Mrozek, Undergraduate
    Conor Watkins, Graduate
2006—Jennifer Wright, Undergraduate
    Nichole Wendlandt, Graduate—Masters
    Joseph Kula, Graduate—Ph.D.
2007—Shaina M. Forsyth, Undergraduate
    Scott Braunstein, Graduate—Masters
    Christopher Hein, Graduate—Ph.D.
2008—Tyler Benton, Undergraduate
    Theresa Poruznick, Graduate—Masters
2009—Anna Perry, Undergraduate
    Anna Brody, Graduate—Masters
    Stephanie Watts, Graduate—Ph.D.

2009 TILFORD FIELD STUDY SCHOLARSHIPS—3 SCHOLARSHIPS FOR $4,000 TOTAL

TILFORD SCHOLARSHIP FUND BALANCE AS OF JUNE 30, 2009 $78,442
Your Contributions Make a Difference

I wanted to thank you for [providing funds for scholarships]. Without people doing this type of fundraising, students like myself might not have the opportunity to go to field camp.

Thank you for your efforts.

- AEG Student Member, Shereena Dyer,
  email response to fundraising effort at an AEG Section Meeting

If it wasn’t for the generosity of the AEG [Foundation] I would not have been able to attend field camp and this would have certainly set me back. I would have spent my summer sitting at home, working ... instead of enjoying geology for half the summer. So if anyone was wondering what the AEG [Foundation] Scholarships do for students, this is it. They provide us with opportunities to continue our studies even when we’ve hit bumps along the way. Thank you to everyone who has participated in any activities involving the AEG student members, it is very much appreciated.

- Sherry McGee, 2007 Stout Scholar, email to AEG Foundation

I can’t thank you enough for making time in your schedule for presenting one of your Jahns lectures last night at the Fernbank Museum of Natural History here in Atlanta. I am so glad we had a good size/“record” crowd. The audience of Atlanta Geological Society, Association of Environmental and Engineering Geologists, American Institute of Professional Geologists, and ASCE members were truly thrilled with your presentation. I have seen dozens of Geology/Engineering/Environmental presentations at Fernbank over the years, but I have never seen the audience as spellbound by your forensic story-telling. They would have stayed all night asking you questions, if we hadn’t had a Fernbank curfew! This was a great success for the groups concerned... You provided an excuse to invite geologists and engineers into the same room, which can never hurt (usually), and you provided such positive exposure... I was hearing “fantastic”, “fabulous”, “awesome” tossed about. You made folks laugh, and think, and enjoy. You did the Jahns Lecturers before you proud.

- Martha Carr, 2009 AEG Southeastern Section Chair,
  email to the 2009 Jahns Lecturer, Edmund Medley
Independent Auditors’ Report

Board of Directors
AEG Foundation

We have audited the accompanying statement of financial position of AEG Foundation (the “Foundation”) as of June 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation’s management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from AEG Foundation’s 2008 financial statements and, in our review report dated June 12, 2009, we were not aware of any material modifications that should be made to the financial statements in order for them to be in conformity with generally accepted accounting principles in the United States of America.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation’s reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 financial statements referred to above present fairly, in all material respects, the financial position of the AEG Foundation as of June 30, 2009, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

November 20, 2009
## Statement of Financial Position

**AEG Foundation**

### Statement of Financial Position

(With Reviewed Comparative Totals for 2008)

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008 (Reviewed)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>June 30.</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$ 23,188</td>
<td>$ 35,575</td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>347</td>
<td>519</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>725</td>
<td>88</td>
</tr>
<tr>
<td>Investments</td>
<td>468,216</td>
<td>421,884</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$ 492,476</td>
<td>$ 458,066</td>
</tr>
<tr>
<td><strong>Liabilities and Net Assets</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$ 3,377</td>
<td>$ 9,559</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>3,377</td>
<td>9,559</td>
</tr>
<tr>
<td><strong>Commitments</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>178,208</td>
<td>135,800</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>310,891</td>
<td>293,421</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>-</td>
<td>19,286</td>
</tr>
<tr>
<td><strong>Total net assets</strong></td>
<td>489,099</td>
<td>448,507</td>
</tr>
<tr>
<td><strong>Total liabilities and net assets</strong></td>
<td>$ 492,476</td>
<td>$ 458,066</td>
</tr>
</tbody>
</table>

*See accompanying summary of significant accounting policies and notes to financial statements.*
Statement of Activities

AEG Foundation

Statement of Activities

(With Reviewed Comparative Totals for 2008)

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Unrestricted</td>
<td>Temporarily Restricted</td>
</tr>
<tr>
<td>Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions</td>
<td>$61,877</td>
<td>$39,217</td>
</tr>
<tr>
<td>Net special event revenue</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Net investment loss</td>
<td>(24,061)</td>
<td>-</td>
</tr>
<tr>
<td>Other income</td>
<td>500</td>
<td>-</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>41,033</td>
<td>(21,747)</td>
</tr>
<tr>
<td>Total revenue</td>
<td>79,349</td>
<td>17,470</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Research, education and public awareness</td>
<td>21,747</td>
<td>-</td>
</tr>
<tr>
<td>General administrative</td>
<td>15,027</td>
<td>-</td>
</tr>
<tr>
<td>Fundraising</td>
<td>167</td>
<td>-</td>
</tr>
<tr>
<td>Total expenses</td>
<td>36,941</td>
<td>-</td>
</tr>
<tr>
<td>Change in net assets</td>
<td>42,408</td>
<td>17,470</td>
</tr>
<tr>
<td>Net assets, beginning of year</td>
<td>135,800</td>
<td>293,421</td>
</tr>
<tr>
<td>Net assets, end of year</td>
<td>$178,208</td>
<td>$310,891</td>
</tr>
</tbody>
</table>

See accompanying summary of significant accounting policies and notes to financial statements.
## Statement of Cash Flows

(With Reviewed Comparative Totals for 2008)

### Increase (Decrease) in Cash and Cash Equivalents

<table>
<thead>
<tr>
<th>Year Ended June 30</th>
<th>2009</th>
<th>2008 (Reviewed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in net assets</td>
<td>$40,592</td>
<td>$105,827</td>
</tr>
<tr>
<td>Adjustments to reconcile change in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net investment loss</td>
<td>24,061</td>
<td>29,496</td>
</tr>
<tr>
<td>(Increase) decrease in operating assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>172</td>
<td>22,868</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(637)</td>
<td>844</td>
</tr>
<tr>
<td>Increase (decrease) in operating liabilities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable</td>
<td>(6,182)</td>
<td>8,039</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>58,006</td>
<td>167,074</td>
</tr>
</tbody>
</table>

### Cash flows from investing activities:

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net additions to investment portfolio</td>
<td>(70,393)</td>
<td>(149,446)</td>
</tr>
<tr>
<td>Net (decrease) increase in cash and cash equivalents</td>
<td>(12,387)</td>
<td>17,628</td>
</tr>
</tbody>
</table>

### Cash and cash equivalents, beginning of year

|                                | 35,575 | 17,947 |

### Cash and cash equivalents, end of year

|                                | $23,188 | $35,575 |

See accompanying summary of significant accounting policies and notes to financial statements.
What I Like Best About the AEG Foundation

“The AEG Foundation has afforded me the opportunity and privilege to give something back to the profession of geology, a profession that has been immensely rewarding, challenging, and fun. I could not have fulfilled my career goals without help, and I welcome the opportunity to further the profession of environmental and engineering geology by helping others achieve their goals. The important work of the AEG Foundation supports and research, thus providing the means to advance the profession of environmental and engineering geology. This is truly rewarding! “
- Patricia M. Bryan, 2009 Treasurer

“The AEG Foundation allows AEG to do special things that it normally cannot do. First, the Foundation funds students through scholarships and awards. Second, the Foundation sponsors conferences like the Shlemon Specialty Conferences. The AEG Foundation provides opportunities that enhance the careers of environmental and engineering geologists and advances the profession as a whole.”
- Scott F. Burns, Director

“I enjoy being a member of the AEG Foundation Board of Directors because it provides an opportunity to give something of value back to my profession – opportunities for geology students. The Board has increased its ability to instill confidence in donors that their money is well-invested and well-spent. While I believe that all of our funds and programs are worth supporting, I particularly enjoyed personally participating in awarding several of the first Lemke Scholarships to help support student participation at our 50th Annual Meeting in Universal City, CA. I’m an enthusiastic supporter of our scholarship funds and of the Jahns fund which supports speakers making presentations to AEG Sections and to groups at college campuses.”
- David F. Fenster, 2009 Secretary

“Being actively involved with providing awards, offering training to professionals, and collaborating with industrious and far-sighted Directors is professionally and personally invigorating. Working with such dedicated committee members and Directors, despite outward recognition, also is enriching. Their dedication and our benefactors make the expansion of Foundation’s awards and programs possible. My involvement is a small return for all the benefits our profession has afforded my career.”
- Gregory L. Hempen, 2009 President
What I Like Best About the AEG Foundation

“It is wonderful to be a part of an organization that is dedicated to assisting students achieve their educational goals and to assisting professionals achieve their career goals. By assisting students during their studies, they are more likely to stay involved in professional organizations during their careers. By staying involved in professional organizations, young professionals are better equipped to handle challenging projects and to excel in their field.”

- Jessica P. Humble, Director

“In college and early on in my professional career, I felt very fortunate to have professors and practicing engineering geologists that advised and mentored me in the engineering geology profession. Participation on the AEG Foundation Board gives me more opportunity and access to continue that tradition, as well as raise, manage, and distribute funds for student scholarships.”

- H. Tom Kuper, Director

“As a teacher I feel even more strongly the need to bring in students to AEG and get them involved as soon as possible. To be a part of helping students financially through the Foundation and knowing that this will often provide them with the needed incentive to become lifelong productive members of AEG is very rewarding.”

- James H. May, Director

“The Foundation has significant assets under management. For me, part of giving back to the profession is helping to invest the assets prudently to maximize the benefits for our next generation of professionals and our present practitioners. The Foundation has also given me the opportunity to support research in engineering and environmental geology. The work on the Foundation Board energizes me.”

- John H. Peck, Director

“The AEG Foundation is making a difference in the future of the profession — contributing to it in a vital way with its scholarships, and support of lecturers, research, and publications. Serving on the AEG Foundation Board is my way of helping future professional geologists who will apply the science of geology to help people manage geologically-based risks.”

- Robert E. Tepel, Director
AEG Foundation—The Short Story

♦ Founded in 1992 by three past presidents of AEG. Incorporated in California, headquartered in Colorado.
♦ We are an IRS 501 (c) 3 public charity. Our Federal Tax Identification Number is 94-3168991.
♦ Our California Registry of Charitable Trusts number is CT87308.
♦ Our California Corporation number is C1524975.
♦ Net assets of about $492,500 at close of Fiscal 2009

<table>
<thead>
<tr>
<th>WHAT WE DO</th>
<th>OUTCOMES IN FISCAL YEAR 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manage six scholarship funds that support students at both the undergraduate and graduate levels.</td>
<td>Awarded 15 scholarships with a total value of $13,000.</td>
</tr>
<tr>
<td>Established one new fund, the Beardsley-Kuper Field Camp Scholarship Fund.</td>
<td>Funded two Shlemon Specialty Conferences.</td>
</tr>
<tr>
<td>Seek donations from engineering geologists and the public to support our programs and operations.</td>
<td>Donation income of over $101,000.</td>
</tr>
</tbody>
</table>

WE ARE SERIOUS ABOUT BEING IN BUSINESS

♦ Nine-member Board of Directors meets at the table twice a year and by telephone conference several times a year. Directors donate their time and expenses to attend board meetings.
♦ Board governance includes: formal agendas and minutes, annual budget process, annual accounting reviews by a CPA who also prepares tax/information returns, contract part-time Executive Director, Director’s Handbook, and Fund Charters that set fund operating criteria and goals for every fund. Books are kept on the accrual basis and in accordance with nonprofit accounting standards (Statement of Financial Accounting Standards No. 117).
♦ We maintain Directors and Officers insurance, and general liability insurance.
♦ We have and follow Board Policies on Investment, Conflict of Interest, Compliance, Expense Reimbursement, Anti-harassment, Whistleblower, Document Retention, Board Member Expectations, Foundation Gift Acceptance, and Donor Privacy.
♦ Member: Colorado Nonprofit Association, Member # 37495
♦ Member: California Association of Nonprofits, Member # 7329
♦ We file these tax and information returns:
  ♦ Federal form 990
  ♦ California form 199
  ♦ California form RRF-1, Attorney General’s Registry of Charitable Trusts
  ♦ California Secretary of State form 100
♦ Listed in GuideStar (May be listed under the original name: Engineering Geology Foundation.)