

SOCIETY FOR CONSERVATION BIOLOGY

**FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT AUDITORS**

Years Ended December 31, 2007 and 2006

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REPORT OF INDEPENDENT AUDITORS

To The Board of Directors
Society for Conservation Biology

We have audited the accompanying statement of financial position of Society for Conservation Biology (the Society) as of December 31, 2007 and 2006, and the related statements of activities and cash flows for the year ended December 31, 2007. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information included in the accompanying statement of activities has been derived from the Society's December 31, 2006, financial statements and, in our report dated November 12, 2007, we expressed an unqualified opinion on those financial statements.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 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 Society for Conservation Biology as of December 31, 2007 and 2006, and the changes in its net assets and its cash flows for the year ended December 31, 2007, in conformity with accounting principles generally accepted in the United States.



September 17, 2008
Bethesda, Maryland

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SOCIETY FOR CONSERVATION BIOLOGY
STATEMENTS OF FINANCIAL POSITION
December 31, 2007 and 2006

| | <u>2007</u> | <u>2006</u> |
|--|-------------------------|-------------------------|
| ASSETS | | |
| Cash and cash equivalents | 1,019,991 | \$ 371,143 |
| Accounts receivable | 421,763 | 444,097 |
| Contributions and grants receivable | 95,253 | 259,320 |
| Prepaid expenses | 81,800 | 15,107 |
| Investments | 1,322,504 | 1,200,828 |
| Property and equipment, net | <u>7,542</u> | <u>11,725</u> |
| Total assets | <u>\$ 2,948,853</u> | <u>\$ 2,302,220</u> |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 208,473 | \$ 102,173 |
| Deferred revenue | <u>353,601</u> | <u>268,069</u> |
| Total liabilities | <u>562,074</u> | <u>370,242</u> |
| NET ASSETS | | |
| Unrestricted | | |
| Undesignated | 844,242 | 392,947 |
| Designated by the board of directors | <u>1,375,762</u> | <u>1,184,026</u> |
| Total unrestricted | 2,220,004 | 1,576,973 |
| Temporarily restricted | <u>166,775</u> | <u>355,005</u> |
| Total net assets | <u>2,386,779</u> | <u>1,931,978</u> |
| Total liabilities and net assets | <u>\$ 2,948,853</u> | <u>\$ 2,302,220</u> |

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

SOCIETY FOR CONSERVATION BIOLOGY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2007
(With Comparative Totals for 2006)

| | <u>Unrestricted</u> | Temporarily <u>Restricted</u> | <u>2007</u> <u>Total</u> | <u>2006</u> <u>Total</u> |
|---------------------------------------|---------------------|----------------------------------|-----------------------------|-----------------------------|
| Revenue and support | | | | |
| Contributions and grants | \$ 336,387 | \$ 235,485 | 571,872 | \$ 851,249 |
| In-kind contributions | 107,000 | - | 107,000 | 107,000 |
| Publications and dues | 1,608,611 | - | 1,608,611 | 1,176,730 |
| Meetings | 484,976 | - | 484,976 | 465,579 |
| Investment income | 157,878 | - | 157,878 | 141,883 |
| Other income | 18,222 | - | 18,222 | 17,158 |
| Net assets released from restrictions | <u>423,715</u> | <u>(423,715)</u> | <u>-</u> | <u>-</u> |
| Total revenue and support | <u>3,136,789</u> | <u>(188,230)</u> | <u>2,948,559</u> | <u>2,759,599</u> |
| Expenses | | | | |
| Program services | | | | |
| Publications | 955,043 | - | 955,043 | 1,048,780 |
| Meetings | 569,917 | - | 569,917 | 661,251 |
| Smith Fellows | 203,302 | - | 203,302 | 220,999 |
| SCB groups | 149,241 | - | 149,241 | 152,315 |
| Other | <u>152,565</u> | <u>-</u> | <u>152,565</u> | <u>45,480</u> |
| Total program expenses | <u>2,030,068</u> | <u>-</u> | <u>2,030,068</u> | <u>2,128,825</u> |
| Support services | | | | |
| General and administrative | 395,592 | - | 395,592 | 340,808 |
| Fundraising | <u>68,098</u> | <u>-</u> | <u>68,098</u> | <u>36,184</u> |
| Total support services | <u>463,690</u> | <u>-</u> | <u>463,690</u> | <u>376,992</u> |
| Total expenses | <u>2,493,758</u> | <u>-</u> | <u>2,493,758</u> | <u>2,505,817</u> |
| Change in net assets | 643,031 | (188,230) | 454,801 | 253,782 |
| Net assets, beginning of year | <u>1,576,973</u> | <u>355,005</u> | <u>1,931,978</u> | <u>1,678,196</u> |
| Net assets, end of year | <u>\$ 2,220,004</u> | <u>\$ 166,775</u> | <u>\$ 2,386,779</u> | <u>\$ 1,931,978</u> |

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

SOCIETY FOR CONSERVATION BIOLOGY
STATEMENT OF CASH FLOWS
December 31, 2007

| | |
|---|----------------------------|
| Cash flows from operating activities | |
| Change in net assets | \$ 454,801 |
| Reconciling adjustments: | |
| Depreciation and amortization | 7,181 |
| Net realized and unrealized gain on investments | (79,945) |
| (Increase) decrease in: | |
| Accounts receivable | 22,333 |
| Contributions and grants receivable | 164,067 |
| Prepaid expenses | (66,693) |
| Increase (decrease) in: | |
| Accounts payable and accrued expenses | 106,300 |
| Deferred membership dues and other | <u>85,532</u> |
| Net cash provided by operating activities | <u>693,576</u> |
| | |
| Cash flows from investing activities | |
| Purchases of investments | (824,366) |
| Redemptions of investments | 782,636 |
| Purchases of property and equipment | <u>(2,998)</u> |
| Net cash used by investing activities | <u>(44,728)</u> |
| | |
| Increase in cash and cash equivalents | 648,848 |
| | |
| Cash and cash equivalents, beginning of year | <u>371,143</u> |
| | |
| Cash and cash equivalents, end of year | <u><u>\$ 1,019,991</u></u> |

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

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

1. Organization

Society for Conservation Biology (the Society) was founded in 1985. The Society is an international professional organization dedicated to promoting scientific study of the phenomena that affect the maintenance, loss, and restoration of the biological diversity. The Society's membership comprises a wide range of people interested in the conservation and study of biological diversity: resource managers, educators, government and private conservation workers and students.

2. Summary of Significant Accounting Policies

Use of Estimates

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

Tax Status

The Society is a nonprofit organization, recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code, except as to income from unrelated business activities.

Cash and Cash Equivalents

The Society maintains cash accounts with federally insured banks. At times, balances exceed insured limits. The Society, however, has not experienced losses related to these deposits and does not consider this a significant concentration of credit risk. Cash equivalents consist of money market accounts and certificates of deposit that are available for use in current operations. Certificates of deposit that are not available for use in current operations, with a maturity date greater than three months when purchased, are considered to be investments.

Promises to Give

Unconditional promises to give (i.e., contributions and grants receivable) are recorded at net realizable value. Unconditional promises to give that are expected to be collected after one year are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (continued)

Investments

Investments are recorded at estimated fair value based on quoted market prices provided by the investment managers. Purchases and sales of securities are recorded on a trade-date basis. Realized and unrealized holding gains and losses are included with investment income in the statement of activities.

Property and Equipment

Property and equipment are recorded at cost and depreciated using the straight-line method, over estimated useful lives of three years for computers, printers and electronic equipment and five years for furniture and file cabinets. Expenditures for repairs and betterments over \$2,500 are capitalized.

Membership Subscriptions and Dues

Membership dues and registration and sponsorship fees are recognized in the period to which the dues and fees relate. Income received in advance for these dues and fees is deferred and recognized over the applicable period.

Contributions

Contributions are recorded as support when received or when unconditionally promised. Contributions that are restricted by the donor as to time or purpose are reported as an increase in temporarily restricted net assets. When a time restriction ends or a purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted and reported in the statement of activities as net assets released from restrictions.

In-kind Contributions

In accordance with SFAS No. 116, Accounting for Contributions Received and Contributions Made, unconditional contributions of the use of facilities are recognized in the period the contribution is received. The Society received the use of office space without cost during 2007 and 2006 with an estimated fair value of approximately \$107,000 in both of the above mentioned years.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

2. Summary of Significant Accounting Policies (continued)

Expenses

Expenses are recognized by the Society during the period in which they are incurred. Expenses paid in advance are deferred to the applicable period.

Allocation of Expenses

The costs of the Society's various programs and activities have been summarized by function in the statement of activities. Accordingly, certain costs have been allocated among the programs and activities benefited.

Net Assets

Unrestricted – Net assets not subject to donor-imposed stipulations. Unrestricted net assets also contain certain board designated funds that are set aside to allow for a reserve and to fund any new Board of Directors initiatives that are deemed appropriate. The Board of Directors did not utilize the designated funds for any purposes in 2007.

Temporarily restricted – Net assets subject to donor-imposed time or purpose stipulations. As time or purpose stipulations are satisfied, net assets are reclassified and shown as net assets released from restrictions in the statement of activities.

Permanently restricted – Net assets subject to donor-imposed stipulations that the assets be maintained by the Society in perpetuity, generally as endowments.

Comparative Information

The statement of activities includes certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the Society's financial statement for the year ended December 31, 2006, from which the information summarized was derived.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

3. Contributions and Grants Receivable

Contributions and grants receivable as of December 31, 2007 and 2006 are shown below at the present value of estimated future cash flows using a discount rate of 6%.

| | <u>2007</u> | <u>2006</u> |
|-------------------------------------|------------------|-------------------|
| Receivable in less than one year | \$ 66,600 | \$ 203,300 |
| Receivable in two to five years | <u>30,000</u> | <u>60,000</u> |
| | 96,600 | 263,300 |
| Less: Discount to net present value | <u>(1,347)</u> | <u>(3,980)</u> |
| Net receivable | \$ <u>95,253</u> | \$ <u>259,320</u> |

In addition, there are conditional grants totaling approximately \$25,000 and \$424,200 in 2007 and 2006, respectively. No revenue has been recognized on these amounts as of December 31, 2007 and 2006. Revenue is recognized as donor stipulated conditions are met.

4. Investments

Investments consist of the following at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|--------------------------|---------------------|---------------------|
| Cash and money markets | \$ 8,096 | \$ 3,757 |
| Certificates of deposit | 49,281 | 103,928 |
| Fixed income | 338,001 | 223,398 |
| Equities | 834,675 | 850,557 |
| Gold shares | 32,984 | 16,119 |
| Accelerated return notes | 56,800 | - |
| Accrued interest | <u>2,667</u> | <u>3,069</u> |
| Total investments | \$ <u>1,322,504</u> | \$ <u>1,200,828</u> |

Investments are reported at estimated fair value at year-end. The fair value of equity and debt investments are based on quoted market prices. The fair value of the mutual funds represents the quoted net asset values of shares held by the Society. The investments are subject to market risks, and their values fluctuate daily. Investment income for 2007 and 2006 is comprised of the following:

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

4. Investments (continued)

| | <u>2007</u> | <u>2006</u> |
|-----------------------------------|-------------------|-------------------|
| Interest and dividends | \$ 77,933 | \$ 32,401 |
| Net realized and unrealized gains | <u>79,945</u> | <u>109,482</u> |
| Net investment income | \$ <u>157,878</u> | \$ <u>141,883</u> |

5. Property and Equipment

A summary of property and equipment is at December 31, 2007 and 2006:

| | <u>2007</u> | <u>2006</u> |
|---|-----------------|------------------|
| Furniture and fixtures | \$ 3,618 | \$ 3,618 |
| Office equipment | <u>26,184</u> | <u>23,186</u> |
| | 29,802 | 26,804 |
| Less: accumulated depreciation and amortization | <u>(22,260)</u> | <u>(15,079)</u> |
| Property and equipment, net | \$ <u>7,542</u> | \$ <u>11,725</u> |

6. Net Assets

At December 31, 2007 and 2006, temporarily restricted net assets are comprised of the following:

| | <u>2007</u> | <u>2006</u> |
|--|-------------------|-------------------|
| Programs and services | | |
| Policy position | \$ 23,135 | \$ 88,705 |
| Meetings | 30,000 | 10,000 |
| Business plan | 50,000 | |
| Other time restrictions and special programs | <u>63,640</u> | <u>256,300</u> |
| | \$ <u>166,775</u> | \$ <u>355,005</u> |

The Organization has no permanently restricted net assets at December 31, 2007 and 2006.

The Board of Directors has designated a portion of the unrestricted net assets as a reserve for the Society. The designated net assets are increased annually by the amount of revenue earned on investments and by amounts received from life members.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2007 and 2006

7. Retirement Plan

Under the 401 (k) Plan provisions, employees are eligible to participate if they have completed three months of employment. The plan requires that the participant works at least 1,000 hours during the plan year, in addition to being employed the last day of the plan year. The plan provides for employee contributions and an employer match of 100% of up to an amount equal to 8% of compensation. In addition, the employer makes a mandatory contribution of an amount equal to 4% of compensation for each participant who is employed on the last day of the plan year. Retirement plan expense for 2007 was \$17,492 and 20,480 for 2007 and 2006, respectively.

8. Subsequent Event - Purchase of Building

On February 5, 2008, The Society purchased office space at 1017-O Street, NW, Washington, DC, for \$1,185,000. There is a mortgage on the property in the amount of \$833,744, with an interest rate of 6.4% per year. The monthly installments of \$5,625, commenced on March 5, 2008 and will end on February 5, 2018.