

**FINANCIAL STATEMENTS**



**SOCIETY FOR CONSERVATION BIOLOGY**

**FOR THE YEARS ENDED  
DECEMBER 31, 2012 AND 2011**

SOCIETY FOR CONSERVATION BIOLOGY

CONTENTS

	<b>PAGE NO.</b>
INDEPENDENT AUDITOR'S REPORT	2 - 3
EXHIBIT A - Statements of Financial Position, as of December 31, 2012 and 2011	4 - 5
EXHIBIT B - Statements of Activities and Changes in Net Assets, for the Years Ended December 31, 2012 and 2011	6 - 7
EXHIBIT C - Statements of Cash Flows, for the Years Ended December 31, 2012 and 2011	8
NOTES TO FINANCIAL STATEMENTS	9 - 16
SUPPLEMENTAL INFORMATION	
SCHEDULE 1 - Schedule of Functional Expenses, for the Year Ended December 31, 2012	17 - 18
SCHEDULE 2 - Schedule of Functional Expenses, for the Year Ended December 31, 2011	19 - 20

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Society for Conservation Biology  
Washington, D.C.

We have audited the accompanying financial statements of the Society for Conservation Biology (the Society) (a non-profit organization), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Society as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matter**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses on pages 17 - 20 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Bethesda, Maryland

## SOCIETY FOR CONSERVATION BIOLOGY

STATEMENTS OF FINANCIAL POSITION  
AS OF DECEMBER 31, 2012 AND 2011

## ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 286,407	\$ 339,675
Investments (Notes 2 and 9)	625,342	860,409
Accounts receivable	413,205	461,978
Grants receivable (Note 3)	1,152,981	1,120,941
Prepaid expenses	<u>38,051</u>	<u>38,058</u>
Total current assets	<u>2,515,986</u>	<u>2,821,061</u>
<b>FIXED ASSETS</b>		
Land (Note 4)	432,360	432,360
Building and improvements (Note 4)	883,788	876,942
Furniture and equipment	<u>87,791</u>	<u>83,532</u>
	1,403,939	1,392,834
Less: Accumulated depreciation and amortization	<u>(181,410)</u>	<u>(148,880)</u>
Net fixed assets	<u>1,222,529</u>	<u>1,243,954</u>
<b>OTHER ASSETS</b>		
Grants receivable, net of current portion (Note 3)	1,617,331	1,064,783
Note financing costs, net of accumulated amortization of \$7,320 and \$3,700 for 2012 and 2011, respectively	<u>28,882</u>	<u>32,503</u>
Total other assets	<u>1,646,213</u>	<u>1,097,286</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,384,728</u></b>	<b><u>\$ 5,162,301</u></b>

## LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT LIABILITIES</b>		
Note payable (Note 4)	\$ 15,161	\$ 14,872
Accounts payable and accrued liabilities	260,239	553,759
Deferred revenue	<u>111,006</u>	<u>111,929</u>
Total current liabilities	<u>386,406</u>	<u>680,560</u>
<b>LONG-TERM LIABILITIES</b>		
Note payable, net of current portion (Note 4)	<u>592,957</u>	<u>608,134</u>
Total liabilities	<u>979,363</u>	<u>1,288,694</u>
<b>NET ASSETS</b>		
Unrestricted:		
Undesignated	838,019	699,717
Board designated	<u>663,166</u>	<u>963,166</u>
Total unrestricted	1,501,185	1,662,883
Temporarily restricted (Note 6)	<u>2,904,180</u>	<u>2,210,724</u>
Total net assets	<u>4,405,365</u>	<u>3,873,607</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,384,728</u></b>	<b><u>\$ 5,162,301</u></b>

## SOCIETY FOR CONSERVATION BIOLOGY

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

	<u>2012</u>		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUE</b>			
Contributions and grants	\$ 216,655	\$ 1,892,429	\$ 2,109,084
Meetings	300,616	-	300,616
Profit sharing	498,901	-	498,901
Membership and outreach	239,583	-	239,583
Publications	238,649	-	238,649
Other revenue (Note 7)	30,389	-	30,389
Investment income (Note 2)	73,723	-	73,723
In-kind contributions	-	-	-
Net assets released from donor restrictions (Note 6)	<u>1,198,973</u>	<u>(1,198,973)</u>	<u>-</u>
Total revenue	<u>2,797,489</u>	<u>693,456</u>	<u>3,490,945</u>
<b>EXPENSES</b>			
Program Services:			
Publications	340,391	-	340,391
Projects	1,810,904	-	1,810,904
Membership and Outreach	<u>365,515</u>	<u>-</u>	<u>365,515</u>
Total program services	<u>2,516,810</u>	<u>-</u>	<u>2,516,810</u>
Supporting Services:			
Executive Office	264,213	-	264,213
Governance	63,944	-	63,944
Development	<u>114,220</u>	<u>-</u>	<u>114,220</u>
Total supporting services	<u>442,377</u>	<u>-</u>	<u>442,377</u>
Total expenses	<u>2,959,187</u>	<u>-</u>	<u>2,959,187</u>
Changes in net assets	(161,698)	693,456	531,758
Net assets at beginning of year	<u>1,662,883</u>	<u>2,210,724</u>	<u>3,873,607</u>
<b>NET ASSETS AT END OF YEAR</b>	<b><u>\$ 1,501,185</u></b>	<b><u>\$ 2,904,180</u></b>	<b><u>\$ 4,405,365</u></b>

<b>2011</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
\$ 1,447,288	\$ 2,160,724	\$ 3,608,012
1,045,740	-	1,045,740
473,872	-	473,872
393,451	-	393,451
229,472	-	229,472
62,089	-	62,089
50,650	-	50,650
35,000	-	35,000
<u>166,992</u>	<u>(166,992)</u>	<u>-</u>
<u>3,904,554</u>	<u>1,993,732</u>	<u>5,898,286</u>
715,669	-	715,669
2,686,858	-	2,686,858
<u>180,665</u>	<u>-</u>	<u>180,665</u>
<u>3,583,192</u>	<u>-</u>	<u>3,583,192</u>
240,789	-	240,789
142,518	-	142,518
<u>70,230</u>	<u>-</u>	<u>70,230</u>
<u>453,537</u>	<u>-</u>	<u>453,537</u>
<u>4,036,729</u>	<u>-</u>	<u>4,036,729</u>
(132,175)	1,993,732	1,861,557
<u>1,795,058</u>	<u>216,992</u>	<u>2,012,050</u>
<b><u>\$ 1,662,883</u></b>	<b><u>\$ 2,210,724</u></b>	<b><u>\$ 3,873,607</u></b>

See accompanying notes to financial statements.



**SOCIETY FOR CONSERVATION BIOLOGY**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in net assets	\$ 531,758	\$ 1,861,557
Adjustments to reconcile changes in net assets to net cash used by operating activities:		
Depreciation and amortization	36,150	36,354
Unrealized loss (gain)	19,938	(12,638)
Realized gain	(66,034)	(10,726)
Change in discount on long-term receivables	37,773	34,605
(Increase) decrease in:		
Accounts receivable	48,773	(93,474)
Grants receivable	(622,361)	(2,070,329)
Prepaid expenses	7	8,952
Increase (decrease) in:		
Accounts payable and accrued liabilities	(293,520)	288,598
Deferred revenue	<u>(923)</u>	<u>(235,557)</u>
Net cash used by operating activities	<u>(308,439)</u>	<u>(192,658)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(11,104)	(12,476)
Purchase of investments	(218,837)	(167,486)
Proceeds from sale of investments	<u>500,000</u>	<u>283,954</u>
Net cash provided by investing activities	<u>270,059</u>	<u>103,992</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on mortgage note payable	(14,888)	(16,994)
Proceeds from line of credit	100,000	-
Payments on line of credit	<u>(100,000)</u>	<u>-</u>
Net cash used by financing activities	<u>(14,888)</u>	<u>(16,994)</u>
Net decrease in cash and cash equivalents	(53,268)	(105,660)
Cash and cash equivalents at beginning of year	<u>339,675</u>	<u>445,335</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 286,407</u></b>	<b><u>\$ 339,675</u></b>
<b>SUPPLEMENTAL INFORMATION</b>		
Interest Paid	<b><u>\$ 31,345</u></b>	<b><u>\$ 31,296</u></b>
Taxes Paid	<b><u>\$ 100</u></b>	<b><u>\$ 222</u></b>

See accompanying notes to financial statements.

SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Society for Conservation Biology (the Society) is a non-profit organization, incorporated in the State of California. The Society's mission is to promote the scientific study of the phenomena that affect the maintenance, loss, and restoration of 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.

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with FASB ASC 958, *Not-for-Profit Entities*.

Cash and cash equivalents -

The Society considers all cash and other highly liquid investments with initial maturities of three months or less to be cash equivalents.

Through December 31, 2012, the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") provided temporary unlimited deposit insurance coverage for non-interest bearing transaction accounts at all Federal Deposit Insurance Corporation (FDIC) insured depository institutions (the "Dodd-Frank Deposit Insurance Provision"). The Society maintained a portion of its cash balance at a financial institution in a non-interest bearing account; thereby, all of this cash balance was protected by the FDIC under this Act. Beginning January 1, 2013, funds deposited in non-interest bearing accounts will no longer receive unlimited deposit insurance coverage. Bank deposit accounts at one institution will be insured by the FDIC up to a limit of \$250,000.

Investments -

Investments are recorded at their readily determinable fair value. Realized and unrealized gains and losses are included in investment income in the Statements of Activities and Changes in Net Assets.

Grants and accounts receivable -

Grants receivable that are expected to be collected in future years are recorded at their fair value, measured as the present value of their future cash flows. The discounts on these amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in grants and contribution revenue. Conditional promises to give are not included as support until the conditions are substantially met. Accounts receivable are recorded at their net realizable value, which approximates fair value. All grants and accounts receivable are considered by management to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets in excess of \$2,500 are capitalized and stated at cost. Furniture and equipment are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to seven years.

SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Fixed assets (continued) -

Building and improvements are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally forty years. The cost of maintenance and repairs is recorded as expenses as incurred. Depreciation expense for the years ended December 31, 2012 and 2011 totaled \$32,530 and \$32,734, respectively.

Note financing costs -

Note financing costs are capitalized and amortized over the life of the note payable. Amortization expense for the years ended December 31, 2012 and 2011 totaled \$3,620.

Income taxes -

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Society is not a private foundation. The Society is required to report unrelated business income to the Internal Revenue Service and the appropriate state taxing authorities. The Society reports unrelated business income associated with advertising. For the years ended December 31, 2012 and 2011, the taxes on unrelated business income were immaterial to the financial statements.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB ASC 740-10, *Income Taxes*, that provides guidance for reporting uncertainty in income taxes. For the years ended December 31, 2012 and 2011, the Society has documented its consideration of FASB ASC 740-10 and determined that no material uncertain tax positions qualify for either recognition or disclosure in the financial statements. The Federal Form 990, *Return of Organization Exempt from Income Tax*, is subject to examination by the Internal Revenue Service, generally for three years after it is filed.

Revenue recognition -

Deferred revenue consists of member dues and subscriptions. The Society recognizes member dues and subscriptions on a pro-rata basis over the annual membership period or subscription period. The Society recognizes meeting revenue when the related event has occurred. Profit sharing revenue is recognized when earned under a contractual agreement with the publisher of the Society's previously held journal, *Conservation Biology*. As of December 31, 2011, *Conservation Biology* was transferred to George Washington University. The Society continues to receive profit sharing revenue under the contractual agreement.

Net asset classification -

The net assets are reported in two self-balancing groups as follows:

- **Unrestricted net assets** include unrestricted revenue and contributions received without donor-imposed restrictions. These net assets are available for the operation of the Society and include both internally designated and undesignated resources. As of December 31, 2012 and 2011, the Board of Directors has designated \$663,166 and \$963,166, respectively, of unrestricted net assets as an operational reserve.

SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION  
(Continued)

Net asset classification (continued) -

- **Temporarily restricted net assets** include contributions and grants subject to donor-imposed stipulations that will be met by the actions of the Society and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities and Changes in Net Assets as net assets released from restrictions.

Contributions and grants -

Unrestricted and temporarily restricted contributions and grants are recorded as revenue in the year notification is received from the donor. Temporarily restricted contributions and grants are recognized as unrestricted support only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Such funds in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

In-kind contributions -

In-kind contributions are recorded at their fair market value as of the date of the gift. For the year ended December 31, 2011, the Society recognized \$35,000 of donated office space. There were no in-kind contributions for the year ended December 31, 2012.

Use of estimates -

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

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities and Changes in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Risks and uncertainties -

The Society invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying financial statements.

Fair value measurement -

The Society adopted the provisions of FASB ASC 820, *Fair Value Measurement*. FASB ASC 820 defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs (assumptions that market participants would use in pricing assets and liabilities, including assumptions about risk) used to measure fair value, and enhances disclosure requirements for fair value measurements. The Society accounts for a significant portion of its financial instruments at fair value or considers fair value in their measurement.

## SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

## 2. INVESTMENTS

Investments consisted of the following at December 31, 2012 and 2011:

	<u>2012</u> <u>Fair Market</u> <u>Value</u>	<u>2011</u> <u>Fair Market</u> <u>Value</u>
Cash and money market funds	\$ 6,172	\$ 73,150
Corporate bonds	12,520	72,289
Common stocks	502,025	520,166
Mutual funds	104,482	164,101
Exchange traded funds	-	29,332
Accrued interest	<u>143</u>	<u>1,371</u>
<b>TOTAL INVESTMENTS</b>	<b><u>\$ 625,342</u></b>	<b><u>\$ 860,409</u></b>

Included in investment income are the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Interest and dividends	\$ 27,627	\$ 27,286
Unrealized (loss) gain	(19,938)	12,638
Realized gain	<u>66,034</u>	<u>10,726</u>
<b>TOTAL INVESTMENT INCOME</b>	<b><u>\$ 73,723</u></b>	<b><u>\$ 50,650</u></b>

## 3. GRANTS RECEIVABLE

As of December 31, 2012 and 2011, contributors to the Society have made written promises to give totaling \$2,842,690 and \$2,220,329, respectively. Grants due in more than one year have been recorded at the present value of the estimated cash flows, using a discount rate of 3%.

Grants are due as follows at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Less than one year	\$ 1,152,981	\$ 1,120,941
One to five years	<u>1,689,709</u>	<u>1,099,388</u>
Total	2,842,690	2,220,329
Less: Allowance to discount balance to present value	<u>(72,378)</u>	<u>(34,605)</u>
<b>GRANTS RECEIVABLE</b>	<b><u>\$ 2,770,312</u></b>	<b><u>\$ 2,185,724</u></b>

Approximately 94% and 97% of the Society's grants receivable for the years ended December 31, 2012 and 2011, respectively, were derived from one donor. Additionally, approximately 72% and 89% of the Society's contribution and grants revenue for the years ended December 31, 2012 and 2011, respectively, were derived from the same one donor.

SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

4. NOTE PAYABLE

During 2010, the Society entered into a \$640,000 note payable to a financial institution. The fair value of the note payable approximates its carrying value based upon terms and rates the Society could obtain for obligations of a similar nature. The note calls for the first 60 monthly payments of \$3,769 at 5% interest per annum and the remaining 60 monthly payments of \$3,930 at 5.5% interest per annum. A final balloon payment of the unpaid principal of \$469,148 is due December 23, 2020. The note is collateralized by a deed of trust on real estate and improvements of the Society's headquarters. As of December 31, 2012 and 2011, the outstanding principal of the note payable was \$608,118 and \$623,006, respectively. Principal payments are due as follows:

Year Ending December 31,

2013	\$ 15,161
2014	15,936
2015	16,067
2016	16,724
2017	17,667
2018 and Thereafter	<u>526,563</u>
	<b><u>\$ 608,118</u></b>

For the years ended December 31, 2012 and 2011, interest expense was \$31,345 and \$31,296, respectively.

The loan agreements contain various covenants, which among other things, place restrictions on the Society's ability to incur additional indebtedness and require the Society to maintain certain financial ratios. As of the date of this report, the Society was in compliance with all loan covenants.

5. LINE OF CREDIT

The Society has a \$100,000 bank line of credit which matures December 23, 2013. Amounts borrowed under this agreement bear interest at the bank's prime rate plus 2%, and are secured primarily by a deed of trust on real estate and improvements of the Society's headquarters. As of the years ended December 31, 2012 and 2011, there was no outstanding balance on the line of credit.

6. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Projects	\$ 2,714,062	\$ 2,110,724
Policy	165,118	100,000
Meetings	<u>25,000</u>	<u>-</u>
<b>TOTAL TEMPORARILY RESTRICTED NET ASSETS</b>	<b><u>\$ 2,904,180</u></b>	<b><u>\$ 2,210,724</u></b>

## SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**6. TEMPORARILY RESTRICTED NET ASSETS (Continued)**

The following temporarily restricted net assets were released from donor restrictions, at December 31, 2012 and 2011, by incurring expenses (or through the passage of time) which satisfied the restricted purposes specified by the donors:

	<u>2012</u>	<u>2011</u>
Programs	\$ 1,014,091	\$ -
Policy	184,882	106,992
Meetings	<u>-</u>	<u>60,000</u>
<b>TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS</b>	<b><u>\$ 1,198,973</u></b>	<b><u>\$ 166,992</u></b>

**7. LEASE COMMITMENTS**

The Society subleases a portion of its office space under various leases expiring throughout 2013. The following is a schedule of the future minimum rental income:

**Year Ending December 31,**

2013	\$ 15,600
2014	<u>3,900</u>
	<b><u>\$ 19,500</u></b>

Rental income for the years ended December 31, 2012 and 2011 totaled \$28,194 and \$29,709, respectively. Rental income is included in other revenue in the Statements of Activities and Changes in Net Assets.

**8. RETIREMENT PLAN**

The Society provides retirement benefits to its employees through a defined contribution plan under Section 401(k) of the Internal Revenue Code. Employees are eligible to participate if they have completed three months of employment. The plan requires that the participants work at least 1,000 hours during the plan year, in addition to being employed the last day of the plan year. Under the original terms of the plan, the Society matched employee contributions up to 8% of salary. The plan was formally amended on March 27, 2012, and the employer matching provision was reduced to a 5% employer match. Contributions to the plan during the years ended December 31, 2012 and 2011 totaled \$14,994 and \$21,126, respectively.

**9. FAIR VALUE MEASUREMENT**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Society has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument.

## SOCIETY FOR CONSERVATION BIOLOGY

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011

## 9. FAIR VALUE MEASUREMENT (Continued)

Investments recorded in the Statements of Financial Position are categorized based on the inputs to valuation techniques as follows:

**Level 1.** These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Society has the ability to access.

**Level 2.** These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

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

Following is a description of the valuation methodology used for investments measured at fair value. There have been no changes in the methodologies used at December 31, 2012 and 2011.

- *Money market funds* - Fair value is equal to the reported net asset value of the fund.
- *Common stocks and exchange traded funds* - Valued at the closing price reported on the active market in which the individual securities are traded.
- *Mutual funds* - The fair value is equal to the reported net asset value of the fund, which is the price at which additional shares can be obtained.
- *Corporate bonds* - Fair value is based upon current yields available on comparable securities of issuers with similar ratings, the security's terms and conditions, and interest rate and credit risk.

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2012:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Cash and money market funds	\$ 6,172	\$ -	\$ -	\$ 6,172
Corporate bonds	-	12,520	-	12,520
Common stocks	502,025	-	-	502,025
Mutual funds	104,482	-	-	104,482
Accrued interest	<u>143</u>	<u>-</u>	<u>-</u>	<u>143</u>
<b>TOTAL</b>	<b><u>\$ 612,822</u></b>	<b><u>\$ 12,520</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 625,342</u></b>

The table below summarizes, by level within the fair value hierarchy, the Society's investments as of December 31, 2011:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Asset Class:</b>				
Cash and money market funds	\$ 73,150	\$ -	\$ -	\$ 73,150
Corporate bonds	-	72,289	-	72,289
Common stocks	520,166	-	-	520,166
Mutual funds	164,101	-	-	164,101
Exchange traded funds	29,332	-	-	29,332
Accrued interest	<u>1,371</u>	<u>-</u>	<u>-</u>	<u>1,371</u>
<b>TOTAL</b>	<b><u>\$ 788,120</u></b>	<b><u>\$ 72,289</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 860,409</u></b>



**SOCIETY FOR CONSERVATION BIOLOGY**

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011**

**10. SUBSEQUENT EVENTS**

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through , the date the financial statements were issued.

**SUPPLEMENTAL INFORMATION**

**SOCIETY FOR CONSERVATION BIOLOGY**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**

	Program Services							
	Publications			Projects				
	Conservation Biology	Other Publications	Total Publications	Smith Fellows	Annual Meeting	Policy	SCB Groups	Total Projects
Grants and contract	\$ 132,031	\$ 72,249	\$ 204,280	\$ 710,777	\$ 59,136	\$ 1,000	\$ 93,073	\$ 863,986
Salaries and related expenses	117,388	-	117,388	88,418	-	198,577	-	286,995
Professional fees	240	-	240	11,735	612	1,375	-	13,722
Telephone and internet	848	-	848	-	-	387	979	1,366
Supplies and equipment	490	-	490	2,008	-	397	5,967	8,372
Postage and fulfillment	-	1,571	1,571	79	117	69	2,241	2,506
Occupancy expense	-	-	-	-	-	-	-	-
Printing and production	-	-	-	3,184	-	171	88	3,443
Travel	2,457	-	2,457	44,102	6,561	4,711	49,402	104,776
Conferences and meetings	484	-	484	65,788	(22,941)	2,493	219,272	264,612
Depreciation and amortization	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	-	2,218	2,218
Bank charges	205	421	626	-	2,217	-	11,842	14,059
Advertising and marketing	355	85	440	6,089	643	-	-	6,732
Other	-	-	-	-	-	2,908	12,505	15,413
Subtotal	254,498	74,326	328,824	932,180	46,345	212,088	397,587	1,588,200
Allocation of executive office	5,615	5,952	11,567	43,035	19,720	120,829	39,120	222,704
<b>TOTAL</b>	<b>\$ 260,113</b>	<b>\$ 80,278</b>	<b>\$ 340,391</b>	<b>\$ 975,215</b>	<b>\$ 66,065</b>	<b>\$ 332,917</b>	<b>\$ 436,707</b>	<b>\$ 1,810,904</b>

<u>Membership and Outreach</u>			<u>Supporting Services</u>							
<u>Society</u>	<u>Membership</u>	<u>Total</u>	<u>Total</u>	<u>Executive</u>			<u>Total Supporting</u>	<u>Total</u>		
<u>Marketing</u>	<u>Services</u>	<u>Membership</u>	<u>Program</u>	<u>Office</u>	<u>Governance</u>	<u>Development</u>	<u>Services</u>	<u>Expenses</u>		
		<u>and Outreach</u>	<u>Services</u>							
\$ 30,896	\$ 123,601	\$ 154,497	\$ 1,222,763	\$ 14,725	\$ 5,000	\$ 1,406	\$ 21,131	\$ 1,243,894		
-	2,908	2,908	407,291	440,588	-	-	440,588	847,879		
-	-	-	13,962	184,556	-	-	184,556	198,518		
2,039	15,355	17,394	19,608	28,663	1,200	-	29,863	49,471		
516	615	1,131	9,993	4,578	58	-	4,636	14,629		
789	1,982	2,771	6,848	1,632	-	149	1,781	8,629		
-	-	-	-	52,661	-	-	52,661	52,661		
5,295	-	5,295	8,738	1,042	1,114	-	2,156	10,894		
1,242	296	1,538	108,771	2,007	1,163	1,617	4,787	113,558		
568	201	769	265,865	4,693	9,010	7,581	21,284	287,149		
-	-	-	-	36,150	-	-	36,150	36,150		
-	-	-	2,218	14,103	-	-	14,103	16,321		
-	1,467	1,467	16,152	23,076	-	-	23,076	39,228		
1,737	7	1,744	8,916	1,097	-	-	1,097	10,013		
514	339	853	16,266	11,954	1,004	969	13,927	30,193		
43,596	146,771	190,367	2,107,391	821,525	18,549	11,722	851,796	2,959,187		
85,951	89,197	175,148	409,419	(557,312)	45,395	102,498	(409,419)	-		
<b>\$ 129,547</b>	<b>\$ 235,968</b>	<b>\$ 365,515</b>	<b>\$ 2,516,810</b>	<b>\$ 264,213</b>	<b>\$ 63,944</b>	<b>\$ 114,220</b>	<b>\$ 442,377</b>	<b>\$ 2,959,187</b>		

**SOCIETY FOR CONSERVATION BIOLOGY**  
**SCHEDULE OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Publications				Program Services Projects			
	Conservation Biology	Conservation Magazine	Other Publications	Total Publications	Smith Fellows	Annual Meeting	Policy	SCB Groups
Grants and contract	\$ 91,013	\$ 57,305	\$ 15,052	\$ 163,370	\$ 737,463	\$ 48,137	\$ 2,380	\$ 21,587
Salaries and related expenses	111,625	8,796	-	120,421	74,200	150	117,135	(937)
Outsourced payroll	-	143,508	-	143,508	-	-	-	-
Professional fees	-	50,917	-	50,917	13,000	1,899	20	(38)
Telephone and internet	872	-	-	872	406	6,381	53	2,126
Supplies and equipment	1,192	453	-	1,645	3,145	172	410	(21)
Postage and fulfillment	-	73,207	2,161	75,368	530	53	80	278
Occupancy expense	-	35,000	-	35,000	-	-	-	(22)
Printing and production	41	56,059	9,112	65,212	2,957	720	1,450	11,582
Travel	5,266	1,978	-	7,244	50,510	36,336	10,178	56,529
Conferences and meetings	914	118	-	1,032	61,976	524,420	2,644	571,429
Depreciation and amortization	-	-	-	-	-	-	-	-
Insurance	-	-	-	-	-	4,652	-	(103)
Bank charges	52	1,097	-	1,149	36	27,336	17	(297)
Advertising and marketing	-	13,066	-	13,066	3,359	46	-	-
Other	280	-	-	280	-	-	301	230
Subtotal	211,255	441,504	26,325	679,084	947,582	650,302	134,668	662,343
Allocation of executive office	5,123	27,736	3,726	36,585	43,158	124,533	50,298	73,974
<b>TOTAL</b>	<b>\$ 216,378</b>	<b>\$ 469,240</b>	<b>\$ 30,051</b>	<b>\$ 715,669</b>	<b>\$ 990,740</b>	<b>\$ 774,835</b>	<b>\$ 184,966</b>	<b>\$ 736,317</b>

<b>Membership and Outreach</b>				<b>Supporting Services</b>					
<b>Total</b>	<b>Society</b>	<b>Membership</b>	<b>Total</b>	<b>Total</b>	<b>Executive</b>	<b>Governance</b>	<b>Development</b>	<b>Total</b>	<b>Total</b>
<b>Projects</b>	<b>Marketing</b>	<b>Services</b>	<b>Membership and Outreach</b>	<b>Program Services</b>	<b>Office</b>			<b>Supporting Services</b>	<b>Expenses</b>
\$ 809,567	\$ 10,250	\$ 55,809	\$ 66,059	\$ 1,038,996	\$ 15,024	\$ 34,720	\$ 16,431	\$ 66,175	\$ 1,105,171
190,548	3,055	198	3,253	314,222	421,753	-	-	421,753	735,975
-	-	600	600	144,108	-	-	-	-	144,108
14,881	-	-	-	65,798	153,640	-	-	153,640	219,438
8,966	8	2,400	2,408	12,246	28,330	-	-	28,330	40,576
3,706	-	23,965	23,965	29,316	5,900	373	8	6,281	35,597
941	358	(7,250)	(6,892)	69,417	1,480	200	-	1,680	71,097
(22)	-	-	-	34,978	46,761	-	-	46,761	81,739
16,709	1,035	-	1,035	82,956	2,061	985	-	3,046	86,002
153,553	1,196	-	1,196	161,993	5,678	15,789	4,092	25,559	187,552
1,160,469	-	-	-	1,161,501	3,669	11,157	357	15,183	1,176,684
-	-	-	-	-	36,354	-	-	36,354	36,354
4,549	-	-	-	4,549	9,992	-	-	9,992	14,541
27,092	3	3,276	3,279	31,520	49,046	20	-	49,066	80,586
3,405	1,219	-	1,219	17,690	60	-	-	60	17,750
531	-	(93)	(93)	718	2,746	95	-	2,841	3,559
2,394,895	17,124	78,905	96,029	3,170,008	782,494	63,339	20,888	866,721	4,036,729
291,963	32,268	52,368	84,636	413,184	(541,705)	79,179	49,342	(413,184)	-
<b>\$ 2,686,858</b>	<b>\$ 49,392</b>	<b>\$ 131,273</b>	<b>\$ 180,665</b>	<b>\$ 3,583,192</b>	<b>\$ 240,789</b>	<b>\$ 142,518</b>	<b>\$ 70,230</b>	<b>\$ 453,537</b>	<b>\$ 4,036,729</b>