

SOCIETY FOR CONSERVATION BIOLOGY

**FINANCIAL STATEMENTS
WITH
REPORT OF INDEPENDENT AUDITORS**

Years Ended December 31, 2010 and 2009

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REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
Society for Conservation Biology

We have audited the accompanying statements of financial position of Society for Conservation Biology (the Society) as of December 31, 2010 and 2009, and the related statements of activities and cash flows for the year ended December 31, 2010. 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, 2009 financial statements and, in our report dated October 12, 2010, 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 the Society for Conservation Biology as of December 31, 2010 and 2009, and the changes in its net assets and its cash flows for the year ended December 31, 2010, in conformity with accounting principles generally accepted in the United States.



November 14, 2011
Bethesda, Maryland

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SOCIETY FOR CONSERVATION BIOLOGY
STATEMENTS OF FINANCIAL POSITION
December 31, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash and cash equivalents	\$ 445,335	\$ 244,527
Accounts receivable	368,504	389,550
Contributions and grants receivable	150,000	-
Prepaid expenses	47,010	78,215
Investments	953,513	1,010,608
Property and equipment, net	<u>1,300,335</u>	<u>1,321,636</u>
 Total assets	 <u>\$ 3,264,697</u>	 <u>\$ 3,044,536</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 265,161	\$ 255,551
Deferred revenue	347,486	350,239
Mortgage payable	<u>640,000</u>	<u>807,515</u>
 Total liabilities	 <u>1,252,647</u>	 <u>1,413,305</u>
Net assets		
Unrestricted		
Undesignated	755,216	530,749
Designated by the Board of Directors	<u>1,039,842</u>	<u>1,087,982</u>
Total unrestricted	1,795,058	1,618,731
Temporarily restricted	<u>216,992</u>	<u>12,500</u>
 Total net assets	 <u>2,012,050</u>	 <u>1,631,231</u>
 Total liabilities and net assets	 <u>\$ 3,264,697</u>	 <u>\$ 3,044,536</u>

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

SOCIETY FOR CONSERVATION BIOLOGY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2010
(With Comparative Totals for 2009)

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>2010 Total</u>	<u>2009 Total</u>
Revenue and support				
Contributions and grants	\$ 1,394,354	\$ 293,000	\$ 1,687,354	\$ 1,429,498
In-kind contributions	35,000	-	35,000	36,449
Publications and dues	1,039,470	-	1,039,470	1,012,510
Meetings	387,867	-	387,867	592,889
Investment income	112,196	-	112,196	199,541
Other income	39,405	-	39,405	31,994
Net assets released from restrictions	<u>88,508</u>	<u>(88,508)</u>	<u>-</u>	<u>-</u>
Total revenue and support	<u>3,096,800</u>	<u>204,492</u>	<u>3,301,292</u>	<u>3,302,881</u>
Expenses				
Program services				
Publications	728,563	-	728,563	1,012,000
Meetings	352,212	-	352,212	356,523
Smith Fellows	971,842	-	971,842	958,297
SCB groups	110,296	-	110,296	321,144
Other	<u>294,920</u>	<u>-</u>	<u>294,920</u>	<u>186,827</u>
Total program expenses	<u>2,457,833</u>	<u>-</u>	<u>2,457,833</u>	<u>2,834,791</u>
Support services				
General and administrative	438,453	-	438,453	394,022
Fundraising	<u>24,187</u>	<u>-</u>	<u>24,187</u>	<u>67,533</u>
Total support services	<u>462,640</u>	<u>-</u>	<u>462,640</u>	<u>461,555</u>
Total expenses	<u>2,920,473</u>	<u>-</u>	<u>2,920,473</u>	<u>3,296,346</u>
Change in net assets	176,327	204,492	380,819	6,535
Net assets, beginning of year	<u>1,618,731</u>	<u>12,500</u>	<u>1,631,231</u>	<u>1,624,696</u>
Net assets, end of year	<u>\$ 1,795,058</u>	<u>\$ 216,992</u>	<u>\$ 2,012,050</u>	<u>\$ 1,631,231</u>

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

SOCIETY FOR CONSERVATION BIOLOGY
STATEMENT OF CASH FLOWS
Year Ended December 31, 2010

Cash flows from operating activities	
Change in net assets	\$ 380,819
Reconciling adjustments:	
Depreciation and amortization	57,503
Net realized and unrealized gain on investments	(86,632)
Change in:	
Accounts receivable	21,046
Contributions and grants receivable	(150,000)
Prepaid expenses	31,205
Accounts payable and accrued liabilities	9,610
Deferred revenue	<u>(2,753)</u>
Net cash provided by operating activities	<u>260,798</u>
Cash flows from investing activities	
Additions to property and equipment	(36,202)
Purchases of investments	(200,025)
Redemptions of investments	<u>343,752</u>
Net cash provided by investing activities	<u>107,525</u>
Cash flows from financing activities	
Borrowings of mortgage note payable	640,000
Payments of mortgage note payable	<u>(807,515)</u>
Net cash used by financing activities	<u>(167,515)</u>
Net change in cash and cash equivalents	200,808
Cash and cash equivalents, beginning of year	<u>244,527</u>
Cash and cash equivalents, end of year	<u><u>\$ 445,335</u></u>
Supplemental disclosures	
Interest paid	<u><u>\$ 41,622</u></u>

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

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

1. Organization

Society for Conservation Biology (the Society) was founded in 1985. The Society is an international professional organization dedicated to promoting 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. The Society is recognized as tax-exempt under Section 501(c)(3) of the Internal Revenue Code, except as to income from unrelated business activities.

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.

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, with a maturity date greater than three months when purchased, are reported as investments.

Investments

Investments are recorded at estimated fair value based on 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.

Allowance for Doubtful Accounts

The Society periodically reviews accounts receivable for collectibility specifically identifying receivables which are to be written off. Accordingly, there was no allowance for doubtful accounts at December 31, 2010 and 2009.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

2. Summary of Significant Accounting Policies (continued)

Contributions

Contributions are recorded at fair value 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.

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 an estimate based upon available data for various 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.

In-kind Contributions

In accordance with the accounting standard on 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 and other contributions without cost during 2010 and 2009 with an estimated fair value of \$35,000 and \$36,449, respectively.

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; five years for furniture and file cabinets; and forty years for building and improvements. Expenditures for repairs and betterments over \$2,500 are capitalized.

Membership Subscriptions and Dues

Membership dues, registration fees, 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 during the applicable period.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

2. Summary of Significant Accounting Policies (continued)

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 Governors initiatives that are deemed appropriate.

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.

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 statements for the year ended December 31, 2009, from which the information summarized was derived.

Subsequent Events

Management has evaluated subsequent events through November 14, 2011, the date the financial statements were available for issue. The accompanying financial statements recognize the effects of subsequent events that provided evidence about conditions that existed at the balance sheet date, including the estimates inherent in the process of preparing financial statements. The accompanying financial statements do not recognize the effect of subsequent events that did not exist at the balance sheet date, but disclosures of such events, if any, are included in the accompanying notes.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

3. Contributions and Grants Receivable

The contributions or grants receivable was \$150,000 as of December 31, 2010. There were no similar receivables as of December 31, 2009.

At December 31, 2010 and 2009, respectively, there are conditional grants totaling approximately \$3,621,000 and \$1,132,000. No revenue has been recognized on these amounts as of December 31, 2010 and 2009. Revenue is recognized as donor stipulated conditions are met.

For the years ended December 31, 2010 and 2009, one donor provided year-to-date revenue totaling approximately \$1,056,951 and \$1,016,658, respectively.

4. Investments

Investments are recorded at fair value (see Note 9) based on quoted market prices provided by the custodian, and consist of the following at December 31, 2010 and 2009:

	<u>2010</u>	<u>2009</u>
Cash and money markets	\$ 6,367	\$ 161,556
Fixed income securities	70,480	68,065
Equity securities	506,136	455,473
Mutual funds – equities	300,962	41,750
Mutual funds – fixed income	19,621	209,088
Exchange traded funds - gold	48,566	24,145
Accelerated return notes	-	49,150
Accrued interest	<u>1,381</u>	<u>1,381</u>
 Total investments	 \$ <u>953,513</u>	 \$ <u>1,010,608</u>

Investment return for the years ended December 31, 2010 and 2009, is comprised of the following:

	<u>2010</u>	<u>2009</u>
Interest and dividends	\$ 25,564	\$ 32,192
Net realized and unrealized gains	<u>86,632</u>	<u>167,349</u>
 Net investment income	 \$ <u>112,196</u>	 \$ <u>199,541</u>

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

5. Property and Equipment

A summary of property and equipment at December 31, 2010 and 2009, is as follows:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 51,676	\$ 51,676
Office equipment	31,856	31,856
Building and improvements	900,668	890,263
Land	<u>432,360</u>	<u>432,360</u>
	1,416,560	1,406,155
Less: accumulated depreciation and amortization	<u>(116,225)</u>	<u>(84,519)</u>
Property and equipment, net	\$ <u>1,300,335</u>	\$ <u>1,321,636</u>

Depreciation expense was \$33,426 and \$35,297, as of December 31, 2010 and 2009, respectively.

6. Financing

The Society maintains a bank line of credit with a maximum borrowing amount of \$100,000. The line expires on December 23, 2011 and is payable on demand. Advances on the line 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. There was no outstanding balance at December 31, 2010 and 2009.

During 2009 the Society maintained a mortgage note payable with an original principal amount of \$833,744, called for monthly payments of \$5,062 and 5.5% interest per annum.

During 2010, the Society refinanced a mortgage note payable with a bank. The note is secured by a deed of trust on the real estate and improvements of the Society's headquarters. The note agreement, in the original amount of \$640,000, 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 is due December 23, 2020.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

6. Financing (continued)

The above financing is subject to certain financial covenants. As of December 31, 2010, the Society was in compliance with all financial covenants required by the financial institution. Future maturities of the note payable at December 31, 2010 are as follows:

Year ending December 31, 2011	\$ 13,081
2012	13,670
2013	14,469
2014	15,220
2015	16,010
2016 and thereafter	<u>567,550</u>
Total	\$ <u>640,000</u>

7. Net Assets

At December 31, 2010 and 2009, the Society has \$60,000 and \$12,500, respectively, of temporarily restricted net asset, which are restricted for use during the Society's meetings.

The Society has no permanently restricted net assets at December 31, 2010 and 2009. The Board of Directors has designated a portion of the unrestricted net assets as a reserve for the Society. The designated net assets are adjusted annually by the amount of revenue earned on investments and by amounts received from life members.

8. Retirement Plan

The Society has established a defined contribution retirement 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. The plan provides for employee contributions and an employer match. The match will not exceed 4% of an employee's compensation. In addition, 100% of the portion of the employee's elective deferrals which exceeds 8% of compensation will be matched. Retirement plan expense was \$22,072 and \$30,803 for 2010 and 2009, respectively.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

9. Fair Value Measurements

The Society records its investments based on fair value on a recurring basis. Financial accounting and reporting standards define fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the exit price) in an orderly transaction between market participants at the measurement date. The standards emphasizes that fair value is a market-based measurement, not an entity specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability.

As a basis for considering market participant assumptions in fair value measurements, the standards establish a fair value hierarchy that distinguishes between market participant assumptions based on market data obtained from sources independent from the reporting entity (observable inputs that are classified within Level 1 and 2 of the hierarchy) and the reporting entity's own assumptions about market participant assumptions (unobservable inputs classified within Level 3 of the hierarchy).

The fair value levels are as follows:

- Level 1 inputs utilize unadjusted quoted prices in active markets for identical assets or liabilities that the Society has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly or indirectly. Level 2 inputs may include quoted prices for similar assets or liabilities in active markets, as well as inputs that are observable for the assets or liabilities (other than quoted prices), such as interest rates, foreign exchange rates and yield curves that are observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the assets or liabilities, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The determination of the fair value level within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Society's assessment of the significance of the particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the assets or liabilities.

SOCIETY FOR CONSERVATION BIOLOGY
NOTES TO FINANCIAL STATEMENTS
December 31, 2010 and 2009

9. Fair Value Measurement (continued)

The following summarizes investments, aggregated by the level in the fair value hierarchy within which those measurements fall, as of December 31, 2010:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and money markets	\$ 6,367	\$ 6,367	\$ -
Fixed income securities	70,480	-	70,480
Equity securities	506,136	506,136	-
Mutual funds	320,583	320,583	-
ETF- gold	48,566	48,566	-
Accrued interest	<u>1,381</u>	<u>1,381</u>	<u>-</u>
 Total investments	 \$ <u>953,513</u>	 \$ <u>883,033</u>	 \$ <u>70,480</u>

The following summarizes investments as of December 31, 2009:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>
Cash and money markets	\$ 161,556	\$ 161,556	\$ -
Fixed income securities	68,065	-	68,065
Equity securities	455,473	455,473	-
Mutual funds	250,838	250,838	-
ETF- gold	24,145	24,145	-
Accelerated return notes	49,150	-	49,150
Accrued interest	<u>1,381</u>	<u>1,381</u>	<u>-</u>
 Total investments	 \$ <u>1,010,608</u>	 \$ <u>893,393</u>	 \$ <u>117,215</u>