

**SOCIETY FOR CONSERVATION BIOLOGY**

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**FINANCIAL STATEMENTS  
WITH  
REPORT OF INDEPENDENT AUDITORS**

**Year Ended December 31, 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 as of December 31, 2006, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 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 Society for Conservation Biology as of December 31, 2006, 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.



November 12, 2007  
Bethesda, Maryland

**SOCIETY FOR CONSERVATION BIOLOGY**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2006**

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**ASSETS**

Cash and cash equivalents	371,143
Accounts receivable	444,097
Grants and Contract Receivables	259,320
Prepaid expenses	15,107
Investments	1,200,828
Property and equipment, net	<u>11,725</u>
 Total assets	 <u><u>\$ 2,302,220</u></u>

**LIABILITIES**

Accounts payable and accrued liabilities	102,173
Deferred revenue	<u>268,069</u>
 Total liabilities	 <u>370,242</u>

**NET ASSETS**

Unrestricted	
Undesignated	392,947
Designated by the Board	<u>1,184,026</u>
Total unrestricted	1,576,973
Temporarily restricted	<u>355,005</u>
 Total net assets	 <u>1,931,978</u>
 Total liabilities and net assets	 <u><u>\$ 2,302,220</u></u>

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

**SOCIETY FOR CONSERVATION BIOLOGY**  
**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2006**

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenue and support			
Contributions and grants	341,409	509,840	851,249
In-kind contributions	107,000	-	107,000
Publications and dues	1,176,730	-	1,176,730
Meetings	465,579	-	465,579
Investment income	141,883	-	141,883
Other income	17,158	-	17,158
Net assets released from restrictions	<u>474,568</u>	<u>\$ (474,568)</u>	<u>-</u>
Total revenue and support	<u>2,724,327</u>	<u>35,272</u>	<u>2,759,599</u>
Expenses			
Program services			
Publications	1,048,780	-	1,048,780
Meetings	661,251	-	661,251
Smith Fellows	220,999	-	220,999
SCB Groups	152,315	-	152,315
Other	<u>45,480</u>	<u>-</u>	<u>45,480</u>
Total program expenses	2,128,825	-	2,128,825
Support services			
General and administrative	340,808	-	340,808
Fundraising	<u>36,184</u>	<u>-</u>	<u>36,184</u>
Total support services	<u>376,992</u>	<u>-</u>	<u>376,992</u>
Total expenses	<u>2,505,817</u>	<u>-</u>	<u>2,505,817</u>
Change in net assets	<u>218,510</u>	<u>35,272</u>	<u>253,782</u>
Net assets, beginning of year as previously reported	1,686,782	113,233	1,800,015
Prior period adjustments	<u>(328,319)</u>	<u>206,500</u>	<u>(121,819)</u>
Net assets, beginning of year, restated	<u>1,358,463</u>	<u>319,733</u>	<u>1,678,196</u>
Net assets, end of year	<u>\$ 1,576,973</u>	<u>\$ 355,005</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**  
**Year Ended December 31, 2006**

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Cash flows from operating activities	
Change in net assets	\$ 253,782
Reconciling adjustments:	
Depreciation and amortization	5,414
Loss from fixed asset theft	3,619
Prior period adjustments	(121,819)
Net realized and unrealized gains on investments	(109,482)
(Increase) decrease in:	
Accounts receivable	43,401
Grants and contract receivables	(129,897)
Prepaid expenses	(15,107)
Increase (decrease) in:	
Accounts payable and accrued expenses	87,051
Deferred membership dues and other	<u>268,069</u>
Net cash provided by operating activities	<u>285,031</u>
 Cash flows from investing activities	
Purchases of investments	(299,130)
Redemptions of investments	261,294
Purchases of property and equipment	<u>(13,532)</u>
Net cash used by investing activities	<u>(51,368)</u>
 Increase in cash and cash equivalents	233,663
Cash and cash equivalents, beginning of year	<u>137,480</u>
Cash and cash equivalents, end of year	<u><u>\$ 371,143</u></u>

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

**SOCIETY FOR CONSERVATION BIOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 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 that are available for use in current operations. Certificates of deposit with a maturity date greater than three months when purchased are considered to be investments.

Promises to Give

Unconditional promises to give (i.e., pledges or contributions receivable) that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years 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, 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 \$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 2006 with an estimated fair value of approximately \$107,000.



**SOCIETY FOR CONSERVATION BIOLOGY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 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 contains 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 2006.

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.

**3. Pledges Receivable**

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

Receivable in less than one year	\$ 203,300
Receivable in two to five years	<u>60,000</u>
	263,300
Less: Discount to net present value	<u>(3,980)</u>
Net pledges receivable	\$ <u>259,320</u>

In addition, there are conditional grants totaling approximately \$424,200. No revenue has been recognized on these grants as of December 31, 2006. Revenue will be recognized as donor stipulated conditions are met.

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

**4. Investments**

Investments consist of the following at December 31, 2006:

Cash and money markets	\$ 3,757
Certificates of deposit	103,928
Fixed income	223,398
Equities	850,557
Gold shares	16,119
Accrued interest	<u>3,069</u>
 Total investments	 \$ <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 net asset values of shares held by the Society. The investments are subject to market risks, and their values fluctuate daily. Investment income for 2006 is comprised of the following:

Interest and dividends	\$ 32,401
Net realized and unrealized gains	<u>109,482</u>
 Net investment income	 \$ <u>141,883</u>

**5. Property and Equipment**

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

Furniture and fixtures	\$ 3,618
Office equipment	<u>23,186</u>
	26,804
Less: accumulated depreciation and Amortization	<u>(15,079)</u>
 Property and equipment, net	 \$ <u>11,725</u>

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

**6. Net Assets**

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

Programs and services	
Policy position	\$ 88,705
Meeting services	10,000
Other time restrictions and special programs	<u>256,300</u>
	<u>\$ 355,005</u>

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

**7. Retirement Plan**

Under the 401 (k) Plan provisions, employees are eligible to participate if they have completed one year 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 2006 was \$20,480.

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

**8. Prior Period Adjustments**

Net assets at the beginning of the period have been adjusted for the following items:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Grants not recorded as temporarily restricted as of December 31, 2005	\$ -	\$206,500	\$206,500
Deferred revenue recorded as revenue as of December 31, 2005	(258,830)	-	(258,830)
Advances and prepaid expenses recorded as expenses at December 31, 2005	25,000	-	25,000
Adjustments to accounts receivable not properly recorded	(81,155)	-	(81,155)
Accruals not recorded as of December 31, 2005	<u>(13,334)</u>	<u>-</u>	<u>(13,334)</u>
Net adjustments to net assets as of December 31, 2005	<u>\$(328,319)</u>	<u>\$206,500</u>	<u>\$(121,819)</u>