

FINANCIAL STATEMENTS

**ECOLOGICAL SOCIETY OF AMERICA,
INCORPORATED**

**FOR THE YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED FINANCIAL
INFORMATION FOR 2008**

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

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GELMAN, ROSENBERG & FREEDMAN
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ecological Society of America, Incorporated
Washington, D.C.

We have audited the accompanying statement of financial position of the Ecological Society of America, Incorporated (the Society) as of June 30, 2009, and the related statements of activities and change in net assets, functional expenses and cash flows for the year then ended. 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 has been derived from the Society's financial statements for the year ended June 30, 2008 and, in our report dated February 12, 2009, we expressed an unqualified opinion on those statements.

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 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 the Society as of June 30, 2009, and its change in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Gelman Rosenberg & Freedman

January 7, 2010

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ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

ASSETS

	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,287,178	\$ 1,974,869
Investments (Notes 2 and 9)	4,742,278	3,963,348
Accounts receivable	194,121	183,703
Grants receivable	254,366	254,414
Prepaid expenses	158,063	172,569
Total current assets	6,636,006	6,548,903
FIXED ASSETS		
Equipment	104,367	324,052
Furniture and fixtures	11,884	58,467
	116,251	382,519
Less: Accumulated depreciation	(93,936)	(351,879)
Net fixed assets	22,315	30,640
OTHER ASSETS		
Deposits	24,616	34,691
TOTAL ASSETS	\$ 6,682,937	\$ 6,614,234

See accompanying notes to financial statements.

LIABILITIES AND NET ASSETS

	<u>2009</u>	<u>2008</u>
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 373,731	\$ 235,445
Deferred revenue:		
Membership dues and subscriptions	1,904,928	1,601,016
Meeting fees	758,571	686,567
Other	-	79,030
Deferred rent (Note 5)	<u>36,284</u>	<u>-</u>
Total current liabilities	<u>3,073,514</u>	<u>2,602,058</u>
LONG-TERM LIABILITIES		
Deferred rent (Note 5)	<u>12,915</u>	<u>12,915</u>
Total liabilities	<u>3,086,429</u>	<u>2,614,973</u>
NET ASSETS		
Unrestricted:		
Undesignated	1,529,296	1,405,054
Board designated (Note 8)	<u>391,046</u>	<u>469,012</u>
Total unrestricted	1,920,342	1,874,066
Temporarily restricted (Note 3)	1,626,166	2,075,195
Permanently restricted (Note 10)	<u>50,000</u>	<u>50,000</u>
Total net assets	<u>3,596,508</u>	<u>3,999,261</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,682,937</u>	<u>\$ 6,614,234</u>

See accompanying notes to financial statements.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED
 STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
 FOR THE YEAR ENDED JUNE 30, 2009
 WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	2009			2008	
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Total
REVENUE					
Grants and contributions	\$ 479,287	\$ 375,933	\$ -	\$ 855,220	\$ 1,662,344
Membership dues	597,333	-	-	597,333	606,367
Subscriptions	2,671,967	-	-	2,671,967	2,494,791
Manuscript charges	415,157	-	-	415,157	342,771
Annual meeting	916,901	-	-	916,901	1,209,594
Investment (loss) income (Note 2)	(8,275)	(50,615)	-	(58,890)	64,101
Other	298,349	-	-	298,349	287,760
Chapter and Sections income	38,449	-	-	38,449	39,960
Net assets released from donor- imposed restriction (Note 4)	<u>774,347</u>	<u>(774,347)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>6,183,515</u>	<u>(449,029)</u>	<u>-</u>	<u>5,734,486</u>	<u>6,707,688</u>
EXPENSES					
Program Services:					
Public Affairs	252,868	-	-	252,868	240,744
Science Programs	460,519	-	-	460,519	478,612
Annual Meeting	776,107	-	-	776,107	961,134
Chapters and Sections	21,310	-	-	21,310	28,028
Journals	1,998,399	-	-	1,998,399	1,887,043
Frontiers	640,291	-	-	640,291	637,140
Education	<u>485,062</u>	<u>-</u>	<u>-</u>	<u>485,062</u>	<u>563,320</u>
Total program services	<u>4,634,556</u>	<u>-</u>	<u>-</u>	<u>4,634,556</u>	<u>4,796,021</u>
Supporting Services:					
Management and General	1,428,981	-	-	1,428,981	1,393,760
Fundraising	<u>73,702</u>	<u>-</u>	<u>-</u>	<u>73,702</u>	<u>100,605</u>
Total supporting services	<u>1,502,683</u>	<u>-</u>	<u>-</u>	<u>1,502,683</u>	<u>1,494,365</u>
Total expenses	<u>6,137,239</u>	<u>-</u>	<u>-</u>	<u>6,137,239</u>	<u>6,290,386</u>
Change in net assets	46,276	(449,029)	-	(402,753)	417,302
Net assets at beginning of year	<u>1,874,066</u>	<u>2,075,195</u>	<u>50,000</u>	<u>3,999,261</u>	<u>3,581,959</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,920,342</u>	<u>\$ 1,626,166</u>	<u>\$ 50,000</u>	<u>\$ 3,596,508</u>	<u>\$ 3,999,261</u>

See accompanying notes to financial statements.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	2009					
	Program Services					
	Public Affairs	Science Programs	Annual Meeting	Chapters and Sections	Journals	Frontiers
Salaries	\$ 167,693	\$ 174,683	\$ 145,986	\$ -	\$ 597,694	\$ 248,819
Benefits (Note 6)	29,400	30,312	29,600	-	156,787	44,182
Payroll taxes	12,284	13,432	11,153	-	46,988	19,035
Insurance	-	-	3,240	-	-	-
Awards	-	-	-	-	-	-
Travel and meeting costs	24,596	60,779	43,193	-	1,820	2,385
Committee expense	3,363	2,810	-	-	-	-
Telephone	10	219	104	-	2,529	-
Printing and production	-	-	74,531	-	-	195,484
Postage and delivery	-	-	539	-	2,056	34
Dues and subscriptions	9,880	-	-	-	-	75
Equipment	-	-	-	-	26,236	-
Bank charges	-	-	26,934	-	-	-
Occupancy (Note 5)	-	-	-	-	56,603	-
Professional fees	727	-	24,000	-	145,459	130,069
Miscellaneous	-	-	-	-	-	-
Publications	4,915	-	-	-	946,788	-
Depreciation	-	-	-	-	-	-
Office expenses	-	-	-	-	15,439	208
Other direct costs	-	178,284	416,827	21,310	-	-
Moving cost	-	-	-	-	-	-
TOTAL	\$ 252,868	\$ 460,519	\$ 776,107	\$ 21,310	\$ 1,998,399	\$ 640,291

See accompanying notes to financial statements.

						2008
Education	Total Program Services	Supporting Services		Total Supporting Services	Total Expenses	Total Expenses
		Management and General	Fundraising			
\$ 160,934	\$ 1,495,809	\$ 430,832	\$ 68,086	\$ 498,918	\$ 1,994,727	\$ 1,944,046
28,975	319,256	84,627	-	84,627	403,883	357,312
13,400	116,292	31,475	-	31,475	147,767	144,134
-	3,240	30,080	-	30,080	33,320	35,815
-	-	17,148	-	17,148	17,148	19,627
185,467	318,240	9,116	1,629	10,745	328,985	515,218
8,451	14,624	41,707	-	41,707	56,331	47,568
621	3,483	23,109	-	23,109	26,592	37,074
150	270,165	23,476	-	23,476	293,641	315,397
15	2,644	9,879	-	9,879	12,523	26,103
90	10,045	4,280	3,987	8,267	18,312	20,335
-	26,236	59,296	-	59,296	85,532	77,221
-	26,934	35,606	-	35,606	62,540	67,099
-	56,603	282,176	-	282,176	338,779	304,716
53,167	353,422	180,393	-	180,393	533,815	503,547
-	-	23,669	-	23,669	23,669	21,891
-	951,703	100,000	-	100,000	1,051,703	1,010,423
-	-	19,041	-	19,041	19,041	25,043
1,966	17,613	23,071	-	23,071	40,684	42,881
31,826	648,247	-	-	-	648,247	751,237
-	-	-	-	-	-	23,699
<u>\$ 485,062</u>	<u>\$ 4,634,556</u>	<u>\$ 1,428,981</u>	<u>\$ 73,702</u>	<u>\$ 1,502,683</u>	<u>\$ 6,137,239</u>	<u>\$ 6,290,386</u>

See accompanying notes to financial statements.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009
WITH SUMMARIZED FINANCIAL INFORMATION FOR 2008

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (402,753)	\$ 417,302
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	19,041	25,043
Realized loss on investments	34,383	49,800
Net depreciation of investments	157,711	19,596
Loss on disposal of fixed assets	4,667	-
(Increase) decrease in:		
Accounts receivable	(10,418)	(67,284)
Grants receivable	48	(157,938)
Prepaid expenses	14,506	3,330
Deposits	10,075	(24,616)
Increase (decrease) in:		
Accounts payable and accrued liabilities	138,286	(20,709)
Deferred revenue	296,886	(43,918)
Deferred rent	36,284	12,915
Net cash provided by operating activities	298,716	213,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of fixed assets	(15,383)	(19,137)
Purchase of investments	(1,133,562)	(526,020)
Proceeds from sale of investments	162,538	433,273
Net cash used by investing activities	(986,407)	(111,884)
Net increase (decrease) in cash and cash equivalents	(687,691)	101,637
Cash and cash equivalents at beginning of year	1,974,869	1,873,232
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 1,287,178	\$ 1,974,869

See accompanying notes to financial statements.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

The Ecological Society of America, Incorporated (the Society) is a non-profit, tax-exempt corporation, formed in 1915 to further the study and development of concerns in the field of ecology. The Society is located in the District of Columbia, with chapters located in various regions of the United States, as well as a publication office in Ithaca, New York.

The Society was one of the recipients of the 2006 Presidential Award for Excellence in Science, Mathematics and Engineering Mentoring (PAESMEM) for its work with SEEDS. The award, the highest of its kind in the United States, is administered by the National Science Foundation (NSF).

Basis of presentation -

The accompanying financial statements are presented on the accrual basis of accounting, and in accordance with Statement of Financial Accounting Standards No. 117, "Financial Statements of Not-for-Profit Organizations".

The financial statements include 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 generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Society's financial statements for the year ended June 30, 2008, from which the summarized information was derived.

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.

At times during the year, the Society maintains cash balances at financial institutions in excess of the Federal Deposit Insurance Corporation (FDIC) limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at readily determinable fair value. The net appreciation (depreciation) of investments are included in investment income in the Statement of Activities and Change in Net Assets.

Accounts receivable -

Accounts receivable are stated at their net realizable value. Management considers all amounts to be fully collectible. Accordingly, an allowance for doubtful accounts has not been established.

Fixed assets -

Fixed assets are stated at cost. Fixed assets with costs exceeding \$1,000 are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally three to ten years. The cost of maintenance and repairs is recorded as expenses as incurred.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

Income taxes -

The Society is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Society is not a private foundation.

Uncertain tax positions -

In June 2006, the Financial Accounting Standards Board (FASB) released FASB Interpretation No. (FIN) 48, *Accounting for Uncertainty in Income Taxes*. FIN 48 interprets the guidance in FASB Statement of Financial Accounting Standards (SFAS) No. 109, *Accounting for Income Taxes*. When FIN 48 is implemented, reporting entities utilize different recognition thresholds and measurement requirements when compared to prior technical literature. On December 30, 2008, the FASB Staff issued FASB Staff Position (FSP) FIN 48-3, *Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises*. As deferred by the guidance in FSP FIN 48-3, the Society is not required to implement the provisions of FIN 48 until fiscal years beginning after December 15, 2008. The Society is reviewing FASB FIN 48 to determine the potential financial statement impact of adoption, if any.

Since the provisions of FIN 48 have not been implemented in accounting for uncertain tax positions, the Society continues to utilize its prior policy of accounting for these positions, following the guidance in SFAS No. 5, *Accounting for Contingencies*. Disclosure is not required of a loss contingency involving an unasserted claim or assessment when there has been no manifestation by a potential claimant of an awareness of a possible claim or assessment unless it is considered probable that a claim will be asserted and there is a reasonable possibility that the outcome will be unfavorable. Using that guidance, as of June 30, 2009, the Society has no uncertain tax positions that qualify for either recognition or disclosure in the accompanying financial statements.

Deferred revenue -

Deferred revenue consists of membership dues, subscriptions and meeting fees collected in advance. Membership dues and subscriptions are recorded as deferred revenue upon receipt and are recognized ratably over the period to which the dues and subscriptions relate. Meeting fees are recorded as deferred revenue and are recognized as revenue in the period in which the meeting occurs.

Net asset classification -

The net assets are reported in three 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.
- **Temporarily restricted net assets** include revenue and contributions 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 Statement of Activities and Change in Net Assets as net assets released from restrictions.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

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

Net asset classification (continued) -

- **Permanently restricted net assets** represent funds restricted by the donor to be maintained in-perpetuity by the Society.

Grants and contributions -

Grants and contributions are recorded as revenue in the year notification is received from the donor. Grants and contributions 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. Grants and contributions received in excess of expenses incurred are shown as temporarily restricted net assets in the accompanying financial statements.

Grants received in exchange for services are recorded when earned based on the terms of the agreement.

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.

Advertising costs -

The Society incurs certain costs associated with advertising. These costs are expensed in the period incurred. For the year ended June 30, 2009, the Society incurred \$10,819 of advertising costs.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and Change 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.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

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

Fair value measurements -

The Society adopted the provisions of Statement of Financial Accounting Standards (SFAS) No. 157, entitled *Fair Value Measurements*. SFAS No. 157 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.

2. INVESTMENTS

Investments consisted of the following at June 30, 2009:

	Market Value
Certificates of deposit	\$ 3,840,900
Cash	11,079
Mutual funds	<u>890,299</u>
TOTAL INVESTMENTS	<u>\$ 4,742,278</u>

Included in investment loss are the following:

Interest and dividends	\$ 133,204
Realized loss on investments	(34,383)
Net depreciation of investments	<u>(157,711)</u>
TOTAL INVESTMENT LOSS	<u>\$ (58,890)</u>

3. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at June 30, 2009:

Awards	\$ 352,575
Bio Fuels Meeting	73,802
Chapters and Sections Funds	80,767
Ecosystems	8,916
Education	2,500
Energy Foundation	69,462
Life Member	77,539
Millennium Fund	44,764
Publication Fund	503,564
Seeds	394,184
Seeds - Packard	<u>18,093</u>
TOTAL TEMPORARILY RESTRICTED NET ASSETS	<u>\$ 1,626,166</u>

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

4. NET ASSETS RELEASED FROM DONOR-IMPOSED RESTRICTIONS

The following temporarily restricted net assets were released from donor restrictions by incurring expenses, which satisfied the restricted purposes specified by the donors:

Sustainable Water Resources Roundtable	\$	4,163
Awards		13,249
Ecosystems		250
Fire Paper		3,972
Park Fellowships		28,688
Education		5,000
Energy Foundation		5,538
Life Member		25,000
Millennium Fund		27,827
Publication Fund		412,187
Seeds		241,766
Seeds - Packard		<u>6,707</u>
	\$	<u>774,347</u>

5. LEASE COMMITMENT

In May 2003, the Society entered into an office lease for its Ithaca, New York office. The lease will expire on May 31, 2013.

During the year ended June 30, 2009, the Society executed a new lease and combined the Silver Spring and D.C. offices. Included in the lease is an annual rent escalation of approximately 3%. Generally accepted accounting principles require that the total rent commitment should be recognized on a straight-line basis over the term of the lease. Accordingly, the difference between the actual monthly payments and the rent expense being recognized for financial statement purposes is being deferred. Such amount will be amortized over the term of the lease agreement. The following is a schedule of future minimum payments required under this non-cancelable operating lease as of June 30, 2009:

<u>Year Ended June 30,</u>		
2010	\$	366,779
2011		375,948
2012		385,347
2013		396,502
2014		410,978
Thereafter		<u>1,431,488</u>
	\$	<u>3,367,042</u>

Rent expense for the year ended June 30, 2009 was \$338,779.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2009

6. RETIREMENT PLAN

The Society and certain eligible employees who have chosen to participate, contribute to the Teachers Insurance and Annuity Association College Retirement Equities Fund (TIAA/CREF). TIAA/CREF retirement plans are defined contribution plans (commonly called money-purchase plans) in compliance with the Employee Retirement Income Security Act of 1974 and subsequent related legislation. The Society's contributions totaled \$169,755 for the fiscal year ended June 30, 2009.

7. LINE OF CREDIT

The Society has a \$300,000 line of credit with a bank, collateralized by chattel paper, accounts receivable, equipment and general intangibles. The interest rate is 2.32% and the agreement expires April 30, 2010. As of June 30, 2009, the Society had no outstanding borrowings on its line of credit.

8. BOARD DESIGNATED

Each year, the Society's Board members set aside a certain amount of unrestricted funds for future use. These funds will be used to fund future programs for which other funds are not available.

9. FAIR VALUE MEASUREMENTS

In accordance with Statement of Financial Accounting Standards (SFAS) No. 157, 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. Investments recorded in the Statement 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 in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full-term of the investments.

Level 3. These are investments where values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. These investments include non-readily marketable securities that do not have an active market.

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

9. FAIR VALUE MEASUREMENTS (Continued)

Financial assets recorded in the Statement of Financial Position are categorized based on the inputs to the valuation technique as follows for the year ended June 30, 2009:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Asset Category:				
Certificates of Deposit	\$ -	\$3,840,900	\$ -	\$3,840,900
Cash	11,079	-	-	11,079
Mutual Funds	890,299	-	-	890,299
TOTAL	\$ 901,378	\$3,840,900	\$ -	\$4,742,278

10. ENDOWMENT

The Society's endowment consists of donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The Board of Directors has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Society classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Society considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund;
- The purpose of the organization and the donor-restricted endowment fund;
- General economic conditions and the possible effect of inflation and deflation;
- The expected total return from income and the appreciation of investments; and
- Investment policies of the organization.

Endowment net asset composition by type of fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor-Restricted Endowment Funds	\$ -	\$ 3,708	\$ 50,000	\$ 53,708

ECOLOGICAL SOCIETY OF AMERICA, INCORPORATED

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009

10. ENDOWMENT (Continued)

Changes in endowment net assets for the year ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ -	\$ 5,617	\$ 50,000	\$ 55,617
Net depreciation (realized and unrealized)	-	(909)	-	(909)
Payment of the Eugene Odum Award	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
ENDOWMENT NET ASSETS, END OF YEAR	<u>\$ -</u>	<u>\$ 3,708</u>	<u>\$ 50,000</u>	<u>\$ 53,708</u>

Description of amounts classified as permanently restricted net assets and temporarily restricted net assets (Endowment only):

Permanently Restricted Net Assets:

(1) The portion of perpetual endowment funds that is required to be retained permanently either by explicit donor stipulation or by SPMIFA **\$ 50,000**

Temporarily Restricted Net Assets:

With purpose restrictions - Awards **\$ 3,708**

Funds with Deficiencies -

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SPMIFA requires the Society to retain as fund of perpetual duration. In accordance with Generally Accepted Accounting Principles, there were no deficiencies of this nature at June 30, 2009.

Return Objectives and Risk Parameters -

The Society has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment, while seeking to maintain the purchasing power of the endowment assets.

Endowment assets include those assets of donor-restricted funds that the Society must hold in perpetuity. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index, while assuming a moderate level of investment risk. The Society expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

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**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2009**

10. ENDOWMENT (Continued)

Strategies Employed for Achieving Objectives -

To satisfy its long-term rate-of-return objectives, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy -

The Society has a policy of appropriating for distribution no more than 5% of investment earnings.

11. SUBSEQUENT EVENTS

In preparing these financial statements, the Society has evaluated events and transactions for potential recognition or disclosure through January 7, 2010, the date the financial statements were issued.