

SOCIETY OF ENVIRONMENTAL
JOURNALISTS, INC.

REPORT ON AUDIT OF
FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2007 AND 2006

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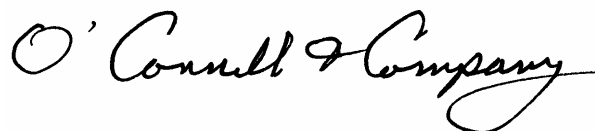
INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Society of Environmental Journalists
Philadelphia, Pennsylvania

We have audited the accompanying statements of financial position of The Society of Environmental Journalists as of December 31, 2007 and 2006 and the related statement of activities, functional expenditures and cash flows for the years 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 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 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 of Environmental Journalists as of December 31, 2007 and 2006 and the changes in its net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Certified Public Accountants

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2007 AND 2006

ASSETS	<u>2007</u>	<u>2006</u>
Current Assets		
Cash and cash equivalents	\$ 257,741	\$ 104,003
Certificates of deposit	230,162	390,614
Investments	201,989	70,660
Grants receivable	177,619	150,000
Other receivable	7,946	5,506
Investment income receivable	2,774	3,112
Prepaid expenses	<u>2,971</u>	<u>407</u>
Total Current Assets	881,202	724,302
 Fixed Assets, net	 10,686	 11,092
 Other Assets		
Security deposits	<u>4,000</u>	<u>4,000</u>
 TOTAL ASSETS	 <u>\$ 895,888</u>	 <u>\$ 739,394</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 5,711	\$ 52,645
Deferred revenue	<u>4,178</u>	<u>7,175</u>
Total Liabilities	<u>9,889</u>	<u>59,820</u>
 Net Assets		
Unrestricted	382,116	291,486
Temporarily restricted	312,451	318,001
Permanently restricted	<u>191,432</u>	<u>70,087</u>
Total Net Assets	<u>885,999</u>	<u>679,574</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 895,888</u>	 <u>\$ 739,394</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2007 AND 2006

	2007				2006			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE								
Grants and contributions	\$ 122,619	\$ 292,000	\$ 121,345	\$ 535,964	\$ 35,345	\$ 103,000	\$ 25,042	\$ 163,387
Conference support and revenues	523,394		-	523,394	370,239		-	370,239
Membership fees	41,113	-	-	41,113	37,740	-	-	37,740
Mailing list rentals	31,665	-	-	31,665	24,488	-	-	24,488
Subscription sales	12,408	-	-	12,408	7,232	-	-	7,232
Investment income	15,673	-	-	15,673	25,408	-	-	25,408
Endowment income	4,057			4,057	2,526			2,526
Miscellaneous income	5,301	-	-	5,301	487	-	-	487
Satisfaction of program restrictions	76,050	(76,050)	-	-	50,192	(50,192)	-	-
Satisfaction of time restrictions	221,500	(221,500)	-	-	195,083	(195,083)	-	-
TOTAL SUPPORT AND REVENUE	<u>1,053,780</u>	<u>(5,550)</u>	<u>121,345</u>	<u>1,169,575</u>	<u>748,740</u>	<u>(142,275)</u>	<u>25,042</u>	<u>631,507</u>
EXPENSES								
Program services	810,464	-	-	810,464	710,267	-	-	710,267
Supporting services								
General and administrative	94,363	-	-	94,363	98,923	-	-	98,923
Fundraising	58,323	-	-	58,323	52,354	-	-	52,354
TOTAL EXPENSES	<u>963,150</u>	<u>-</u>	<u>-</u>	<u>963,150</u>	<u>861,544</u>	<u>-</u>	<u>-</u>	<u>861,544</u>
CHANGE IN NET ASSETS	90,630	(5,550)	121,345	206,425	(112,804)	(142,275)	25,042	(230,037)
NET ASSETS - Beginning of Year	<u>291,486</u>	<u>318,001</u>	<u>70,087</u>	<u>679,574</u>	<u>404,290</u>	<u>460,276</u>	<u>45,045</u>	<u>909,611</u>
NET ASSETS - End of Year	<u>\$ 382,116</u>	<u>\$ 312,451</u>	<u>\$ 191,432</u>	<u>\$ 885,999</u>	<u>\$ 291,486</u>	<u>\$ 318,001</u>	<u>\$ 70,087</u>	<u>\$ 679,574</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2007

	Program Services				Supporting Services			
	Conference	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Fundraising	Total
Payroll and related expenses								
Payroll	\$ 90,438	\$ 28,083	\$ 26,562	\$ 19,707	\$ 164,790	\$ 37,513	\$ 40,106	\$ 242,409
Payroll taxes	5,607	1,741	1,647	1,222	10,217	9,045	2,487	21,749
Employee benefits	22,259	6,912	6,537	4,850	40,558	9,233	9,871	59,662
Pension	4,241	1,317	1,246	924	7,728	1,759	1,881	11,368
Total Payroll and related expenses	122,545	38,053	35,992	26,703	223,293	57,550	54,345	335,188
Audio-visual services	1,139	-	-	-	1,139	-	-	1,139
Awards	-	9,345	-	-	9,345	-	-	9,345
Bank and credit card fees	-	-	-	-	-	10,383	-	10,383
Catering and facilities	98,636	-	-	-	98,636	-	-	98,636
Consultants	61,735	-	-	58,380	120,115	-	-	120,115
Depreciation	-	-	-	-	-	3,505	-	3,505
Diversity	-	13,265	-	-	13,265	-	-	13,265
Facilities	52,457	-	-	-	52,457	-	-	52,457
Freedom of information initiatives	-	-	-	29,944	29,944	-	-	29,944
Insurance	2,466	800	733	533	4,532	267	236	5,035
Legal and professional	-	-	-	-	-	5,275	-	5,275
Membership mailing list	-	-	3,772	-	3,772	-	-	3,772
Office supplies	8,051	2,105	1,929	1,404	13,489	1,614	621	15,724
Postage, shipping and copying	7,273	1,982	809	3,771	13,835	295	260	14,390
Printing and other expenses	19,422	2,694	1,166	8,498	31,780	-	-	31,780
Regional conference expenses	-	574	-	-	574	-	-	574
Registration services	17,445	-	-	-	17,445	-	-	17,445
Rent and utilities	17,361	5,631	5,161	3,754	31,907	1,883	1,662	35,452
Repairs and maintenance	158	51	47	34	290	17	15	322
Staff and board development	-	-	-	-	-	798	-	798
Telephone and online fees	8,407	1,064	970	788	11,229	45	312	11,586
Transportation and tour fees	10,303	-	-	-	10,303	-	-	10,303
Travel - Board meetings	9,114	2,956	2,710	1,971	16,751	6,864	872	24,487
Travel - Conferences	43,064	6	-	-	43,070	-	-	43,070
Website maintenance	18,988	3,165	-	41,140	63,293	5,867	-	69,160
	<u>\$ 498,564</u>	<u>\$ 81,691</u>	<u>\$ 53,289</u>	<u>\$ 176,920</u>	<u>\$ 810,464</u>	<u>\$ 94,363</u>	<u>\$ 58,323</u>	<u>\$ 963,150</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2006

	Program Services				Supporting Services			
	Conference	Regional/ Fellowship/ Diversity/ and Awards	Membership and Database	Publications	Total Program Services	General and Administrative	Fundraising	Total
Payroll and related expenses								
Payroll	\$ 76,132	\$ 43,821	\$ 25,372	\$ 21,042	\$ 166,367	\$ 42,348	\$ 37,243	\$ 245,958
Payroll taxes	4,720	2,717	1,573	1,305	10,315	10,185	2,309	22,809
Employee benefits	15,234	8,769	5,077	4,210	33,290	8,474	7,452	49,216
Pension	3,345	1,926	1,115	925	7,311	1,861	1,637	10,809
Total Payroll and related expenses	99,431	57,233	33,137	27,482	217,283	62,868	48,641	328,792
Audio-visual services	9,018	-	-	-	9,018	-	-	9,018
Awards, diversity, fellowships	-	9,001	-	-	9,001	-	-	9,001
Bank and credit card fees	6,466	-	-	-	6,466	6,752	-	13,218
Catering and facilities	64,285	-	-	-	64,285	-	-	64,285
Consultants	50,344	-	-	49,154	99,498	-	-	99,498
Depreciation	-	-	-	-	-	5,384	-	5,384
Diversity	-	5,517	-	-	5,517	-	-	5,517
Exhibitors	8,769	-	-	-	8,769	-	-	8,769
Facilities	12,523	-	-	-	12,523	-	-	12,523
Freedom of information initiatives	-	-	-	31,514	31,514	-	-	31,514
Insurance	2,246	1,304	725	652	4,927	1,619	257	6,803
Legal and professional	-	-	-	-	-	7,055	-	7,055
Membership mailing list	-	-	3,680	-	3,680	-	-	3,680
Office supplies	6,730	2,500	1,389	1,141	11,760	7,016	492	19,268
Postage, shipping and copying	4,676	4,621	1,281	5,601	16,179	610	454	17,243
Printing and other expenses	12,217	7,593	288	17,578	37,676	-	-	37,676
Regional conference expenses	-	1,078	-	-	1,078	-	-	1,078
Registration services	18,126	-	-	-	18,126	-	-	18,126
Rent and utilities	14,466	8,399	4,666	4,199	31,730	1,873	1,652	35,255
Staff and board development	-	-	-	-	-	191	-	191
Telephone and online fees	6,512	1,596	887	831	9,826	356	314	10,496
Transportation and tour fees	21,473	-	-	-	21,473	-	-	21,473
Travel - Board meetings	4,761	2,765	1,536	1,382	10,444	5,199	544	16,187
Travel - Conferences	27,187	1,303	-	-	28,490	-	-	28,490
Website maintenance	17,647	2,521	-	30,836	51,004	-	-	51,004
	<u>\$ 386,877</u>	<u>\$ 105,431</u>	<u>\$ 47,589</u>	<u>\$ 170,370</u>	<u>\$ 710,267</u>	<u>\$ 98,923</u>	<u>\$ 52,354</u>	<u>\$ 861,544</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets		
Adjustment to reconcile change in net assets to net cash provided (used) by operations	\$ 206,425	\$(230,037)
Depreciation	3,505	5,384
Unrealized loss (gain) on investments	2,633	(16,725)
Realized loss from sale of investments	539	313
Decrease (Increase)		
Grants receivable	(27,619)	150,000
Other receivables	(2,440)	(5,506)
Investment income receivable	338	(69)
Prepaid Expenses	(2,564)	1,557
Increase (Decrease)		
Accounts payable and accrued expenses	(46,934)	34,147
Deferred revenue	(2,997)	(62,825)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>130,886</u>	<u>(123,761)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(3,099)	(656)
Decrease in certificates of deposits	160,452	70,759
Purchase of investments	(236,049)	(281,498)
Proceeds from sale of investments	101,548	287,865
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>22,852</u>	<u>76,470</u>
NET INCREASE (DECREASE) IN CASH	153,738	(47,291)
CASH AND CASH EQUIVALENTS - Beginning of Year	<u>104,003</u>	<u>151,294</u>
CASH AND CASH EQUIVALENTS - End of Year	<u>\$ 257,741</u>	<u>\$ 104,003</u>
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Interest Capitalized	<u>\$ -</u>	<u>\$ -</u>

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

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

Organization and Nature of Activities

The Society of Environmental Journalists, Inc.'s (the Organization) mission is to advance public understanding of environmental issues by improving the quality, accuracy and visibility of environmental news reporting. The Organization's programs include annual conference, a comprehensive website, print and electronic publications, regional events, diversity program, and environmental journalism awards. The purpose of the Organization is to build a stronger, better educated, and more closely connected network of Journalists and editors in all media who cover environment related issues, and through that network, to improve and increase news coverage of critically important environmental issues through programs and services designed by and for journalists. The Organization is independent and nonpartisan.

The Organization qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; accordingly, there is no income tax applicable to its activities

1 Summary of Significant Accounting Policies

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Accrual Basis -- The financial statements of the Organization have been prepared on the accrual basis.

Cash and Cash Equivalents -- The Organization considers cash and highly liquid investments that are both readily convertible to known amounts of cash and of an original maturity of three months or less to be cash and cash equivalents.

Investments -- Investments are reported in the financial statements at market value.

Grants Receivable -- The Organization considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

Fixed Assets -- Fixed assets are recorded at cost. Furniture and equipment, with a unit cost of \$500 or more, are capitalized. These assets are reported net of accumulated depreciation. Depreciation is calculated on various methods over the various useful lives of the assets.

Advertising -- The Organization follows the policy of charging the costs of advertising to expense as incurred.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Continued)

1 Summary of Significant Accounting Policies (Continued)

Temporarily Restricted -- Gifts are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets and the restrictions are not satisfied in the same reporting period in which the contributions are received. When the restrictions are satisfied in the same reporting period in which the contributions are received, the contributions and expenses are reflected as unrestricted.

Permanently Restricted -- Permanently Restricted Funds represent gifts and bequests which have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or for a specified period, with only the income to be utilized.

Use of Estimates -- The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and 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.

2 Concentration of Risk

The Organization had deposits in a money market account which is not federally insured in the amount of \$194,101 and \$38,319 as of December 31, 2007 and 2006, respectively.

3 Investments

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

	<u>2007</u>	<u>2006</u>
Mutual Funds	\$ 201,914	\$ 70,400
Equities	75	260
	<u>\$ 201,989</u>	<u>\$ 70,660</u>

Investment income consists of the following:

Interest and dividends	\$ 22,902	\$ 11,522
Unrealized (loss) gain on investments	(2,633)	16,725
Realized loss on investments	(539)	(313)
	<u>\$ 19,730</u>	<u>\$ 27,934</u>

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Continued)

3 Investments (Continued)

Investment income is reflected on the Statement of Activities as set forth below:

	<u>2007</u>	<u>2006</u>
Endowment income	\$ 4,057	\$ 2,526
Investment income	<u>15,673</u>	<u>25,408</u>
	<u>\$ 19,730</u>	<u>\$ 27,934</u>

4 Grants Receivable

The Organization received grants from various organization which have not been fully collected as of December 31, 2007. Grants receivable have been recorded at their net present value utilizing a discount rate of 5%. Management believes all grants are collectible and a provision for uncollectible grants is not necessary.

Grants receivable are expected to be collected as follows:

2008	\$ 130,000
2009	<u>50,000</u>
	180,000
Present value allowance	<u>(2,381)</u>
	<u>\$ 177,619</u>

5 Fixed Assets

Below is a summary of fixed assets as of December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Computer Equipment	\$ 28,886	\$ 25,788
Office Equipment	15,586	15,586
Furniture and Fixtures	45,185	45,185
Leasehold Improvements	<u>5,300</u>	<u>5,300</u>
	94,957	91,859
Less: accumulated depreciation	<u>(84,271)</u>	<u>(80,767)</u>
	<u>\$ 10,686</u>	<u>\$ 11,092</u>

Depreciation expense was \$3,505 and \$5,384 for the years ended December 31, 2007 and 2006, respectively.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Continued)

6 Permanently Restricted

Permanently restricted net assets consist of restricted contributions for the Twenty-First Century endowment. The income from permanently restricted net assets is used to fund operations.

7 Temporarily Restricted

Temporarily restricted net assets are available for the following purpose as of December 31, 2007 and 2006.

	<u>2007</u>	<u>2006</u>
General Operations	\$ 206,001	\$ 255,501
Annual Conference	-	25,000
Environmental News Reporting	-	7,500
Watchdog Project	100,000	30,000
Video Distribution	1,600	-
Technology Upgrade	4,850	-
	<u>\$ 312,451</u>	<u>\$ 318,001</u>

8 Satisfaction of Program Restriction

Temporarily restricted net assets were reduced by incurring expenses satisfying the restricted purpose or by occurrences of other events specified by donors.

	<u>2007</u>	<u>2006</u>
Program Restriction Accomplished		
Watchdog Project	\$ 30,000	\$ 27,692
Strengthen environmental news reporting	7,500	22,500
Video Distribution	3,400	-
Technology Upgrade	10,150	-
2007 Conference	25,000	-
	<u>\$ 76,050</u>	<u>\$ 50,192</u>
Time Restriction Accomplished		
General operations	<u>\$ 221,500</u>	<u>\$ 195,083</u>

9 Designated Net Assets

The Board of Directors has designated \$31,500 to be used for endowment.

SOCIETY OF ENVIRONMENTAL JOURNALISTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2007 AND 2006

(Continued)

10 Operating Leases

The Organization entered into leases of office and storage space for a three year term beginning July, 2006. Equipment is leased under an operating lease for five years beginning January, 2005. Lease expense was \$33,541 and \$32,820 for the years ended December 31, 2007 and 2006, respectively.

Future minimum lease payments under existing leases are as follows:

	<u>Equipment</u>	<u>Office Space</u>
2008	\$ 1,236	\$ 33,450
2009	1,236	17,430
2010	<u>309</u>	<u>-</u>
	<u>\$ 2,781</u>	<u>\$ 50,880</u>

10 Pension Plan

The Organization has a pension plan for the purpose of purchasing annuity contracts for its employees pursuant to Internal Revenue Code Section 403(b). Employees may make voluntary contributions to this plan by a salary reduction agreement. The organization does not make contributions to this plan.

The Organization also has a qualified defined contribution retirement plan (SEP). All full-time employees with at least one year of service are eligible to participate. The Organization contributes 5% of eligible employees' gross salaries to the plan. Contributions to the plan were \$11,368 and \$8,947 for the years ended December 31, 2007 and 2006, respectively.

10 Compensated Absences

Employees of the Organization are entitled to paid vacations, sick days and other time off depending on length of services and other factors. It is impractical to estimate the amount of compensation for future absences and, accordingly, no liability has been recorded in the accompanying financial statements. The Organization's policy is to recognize the cost of compensated absences when paid to employees.

12 Reclassification

Certain prior year amounts have been reclassified to conform with the current year's presentation.