

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

**FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION**

DECEMBER 31, 2002

with

INDEPENDENT AUDITORS' REPORT

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

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Independent Auditors' Report

Board of Governors
American Society of Ichthyologists and Herpetologists
Washington, D.C.

We have audited the accompanying statement of financial position of the American Society of Ichthyologists and Herpetologists (Society) as of December 31, 2002, and the related statements of activities 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.

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 American Society of Ichthyologists and Herpetologists as of December 31, 2002, 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 of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As discussed in Note 1. to the accompanying financial statements, in 2002 the Society changed its method of accounting for Life Memberships.

Richard D. Garmann & Associates A.C.

April 25, 2003
Fountain Valley, California

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

STATEMENT OF FINANCIAL POSITION

December 31, 2002

ASSETS

Current assets:

Cash and Cash Equivalents:	\$ 199,732
Investments	278,351
Dividends Receivable	1,540
Deposits	13,000
Prepaid Expenses	<u>45,000</u>
Total Current Assets	<u>537,623</u>

Permanently Restricted Cash - Endowments	31,005
Permanently Restricted Investments - Endowments	<u>100,995</u>
Total Assets	<u><u>\$ 669,623</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts Payable	\$ 38,627
Deferred Revenue	<u>76,971</u>
Total Current Liabilities	115,598
Deferred Revenue - Lifetime Memberships	<u>31,356</u>
Total Liabilities	146,954

Net Assets

<i>Unrestricted Net Assets</i>	
General Operating	78,034
Board Designated:	
General Endowment	90,342
Graduate Student Travel Fund	6,368
Stoye	55,519
Life Membership	24,330
Special Publications	45,000
Gaige	37,530
Storer	18,298
Raney	14,600
Fitch	<u>17,804</u>
Total Unrestricted Net Assets	<u>387,825</u>
<i>Temporarily Restricted Net Assets</i>	
Gibbs	2,844
Total Temporarily Restricted Net Assets	<u>2,844</u>
<i>Permanently Restricted Net Assets</i>	
Gibbs	100,000
Raney	<u>32,000</u>
Total Permanently Restricted Net Assets	<u>132,000</u>
Total Net Assets	<u>522,669</u>
Total Liabilities and Net assets	<u><u>\$ 669,623</u></u>

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

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2002

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	Permanently <u>Restricted</u>	<u>Total</u>
Support and Revenue				
<i>Program Services</i>				
Memberships	\$ 141,569	\$	\$	\$ 141,569
Subscriptions	97,245			97,245
Page Charges	4,710			4,710
Special Publications	1,581			1,581
BioOne	3,850			3,850
Annual Meeting	4,500			4,500
Life Memberships	1,307			1,307
Copeia Back Issues	1,233			1,233
Other	1,739			1,739
<i>Donations</i>	4,742	-		4,742
<i>Interest & Dividends</i>	10,254	1,802		12,056
<i>Net Realized and Unrealized Gains and (losses on Investments)</i>	(78,742)	(7,060)		(85,802)
<i>Net Assets Released from Restrictions</i>	-			
Total Support and Revenue	<u>193,988</u>	<u>(5,258)</u>		<u>188,730</u>
Expenses:				
<i>Program Services:</i>				
Publication of Copeia	133,998	-	-	133,998
Editorial Office	32,915	-	-	32,915
Annual Meeting Program	3,500	-	-	3,500
Awards	23,954	-	-	23,954
Total Program Services	<u>193,988</u>	<u>(5,258)</u>		<u>188,730</u>
<i>Supporting Services:</i>				
Management and General	84,325	-	-	84,325
Total Program and Supporting Services	<u>84,325</u>			<u>84,325</u>
Change in Net Assets	(84,704)	(5,258)		(89,962)
Net Assets, January 1, 2002, (as previously reported)	501,129	8,102	132,000	641,231
Change in accounting principle - Life Memberships	<u>(28,600)</u>			<u>(28,600)</u>
Net Assets, January 1, 2002, (restated)	<u>472,529</u>	<u>8,102</u>	<u>132,000</u>	<u>612,631</u>
Net Assets, December 31, 2002	<u>\$ 387,825</u>	<u>\$ 2,844</u>	<u>\$ 132,000</u>	<u>\$ 522,669</u>

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

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2002

Increase (Decrease) in Cash

	<u>2002</u>
Cash Flows from Operating Activities:	
Decrease in net assets	\$ (89,962)
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Cumulative effect of change in accounting principle	(28,600)
Net realized and unrealized losses on investments	85,802
Change in dividends receivable	(1,540)
Change in deposits	(13,000)
Change in accounts payable	2,231
Change in deferred revenue	(37,239)
Change in deferred revenue - Lifetime Memberships	31 356
Net Cash Provided (Used) by Operating Activities	(50,952)
Cash Flows from Investing Activities:	
Proceeds from sales and maturity of Investments	59,318
Transfer of cash for permanent endowment	(31,005)
Investment of restricted cash flows on permanent endowments	(512)
Purchase of Investments	<u>(60,250)</u>
Net cash flows provided (used) by investing activities	<u>(32,449)</u>
Cash flows from Financing Activities:	
Restricted cash received on permanent endowments	<u>512</u>
Net cash flows provided by financing activities	
Net Decrease in Cash and Cash Equivalents	(82,889)
Cash and Cash Equivalents, January 1, 2002	282 621
Cash and Cash Equivalents, December 31, 2002	<u>\$ 199,732</u>

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

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1 Summary of significant accounting policies

Nature of Organization

The American Society of Ichthyologists and Herpetologists (the Society) is organized as a non-profit corporation for the purposes of increasing "knowledge of all kinds concerning fish (ichthyology) and reptiles and amphibians (herpetology)." The Society's main sources of income are member dues, subscription revenue for the Society's quarterly journal, Copeia, and donations.

The major programs of the Society are the publication of the quarterly journal, Copeia, the publication of books on ichthyology and herpetology, the recognition of achievements in these fields through annual awards and presentation of invited and contributed talks and posters at the annual meeting by the membership.

Basis of Accounting

The financial statements of the Society have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). The significant accounting policies followed are described below to enhance the usefulness to the user.

Basis of Presentation

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor imposed restrictions. Accordingly, net assets and their changes are classified as follows:

Unrestricted net assets: Net assets not subject to stipulations imposed by donors.

Temporarily restricted net assets: Net assets subject to stipulations imposed by donors that may or will be met by actions of the Governing Board 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 as net assets released from restrictions.

Permanently restricted net assets: Net assets subject to stipulations imposed by donors that they be maintained permanently by the Society. Generally, the donors of these assets permit the Society to use all or part of the income earned on related investments for general or specific purposes.

Change in Accounting Method

The Society has changed its method of accounting for Life Memberships from the cash method to GAAP. This method recognizes revenues over the duration of the life member. The cumulative effect of this preferable change in accounting method was to reduce Life Membership Net Assets by \$28,600 as of January 1, 2002. The current year net effect has been to reduce the excess of revenues over expenses by \$2,756.

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

1. Summary of Significant Accounting Policies, (continued)

Estimates

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Society considers all unrestricted and temporarily restricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments

Investments consist of mutual funds. The investments are carried at fair market value based on quoted market prices. Unrealized gains and losses are included in the change in net assets.

Deferred Revenue

Funds received in the current year for next year's membership dues are recorded as deferred revenue. The funds for membership dues will be recognized as revenue in the succeeding year when the services are provided. Funds received for Life Memberships are recognized as revenue over the duration of the life member.

Program income and expense

The Society considers the production costs and resulting sales income related to book publications to be program expense and revenue, respectively. The Society has not assigned a value to ending publication inventory due to the relatively short life of these publications and uncertainty of future sales. As a result, publication revenues and expenses are recorded in the year earned or incurred, respectively. Future revenues, if any, resulting from the sales of these publications will be included as program revenue in the year earned.

Income Taxes

The Society is a District of Columbia nonprofit corporation which has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and corresponding District of Columbia provisions. Accordingly, no provision for income tax expense has been made in the accompanying financial

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

2. Collateralization of Deposits

The Society's cash and cash equivalents are maintained in a commercial bank account and a commercial brokerage account. The Society has exposure to credit risk to the extent that these amounts exceed amounts covered by federal deposit insurance. The Society believes that its credit risk is not significant.

3. Investments

Investments are stated at fair market value and are summarized as follows:

	December 31, 2002		
	<u>Cost</u>	<u>Fair Market Value</u>	<u>Unrealized Gain (Loss)</u>
Mutual Funds	\$ 332,487	\$ 278,351	\$ (54,136)
Mutual Funds- Permanently Restricted	120,637	100,995	(19,642)
	<u>\$ 453,124</u>	<u>\$ 379,346</u>	<u>\$ (73,778)</u>

Investment management expenses, which are included in net realized and unrealized gains and losses, were \$6,512 for the year ended December 31, 2002.

4. Deposits

Deposits represent prepayments for the Annual Meeting scheduled in 2003.

5. Prepaid expenses

Prepaid expenses of \$45,000 were incurred during the previous year in connection with a special publication to be released subsequent to the current year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

6. Temporarily Restricted Assets

The Society has three temporarily restricted funds created by stipulations placed on donations received. The use of these funds is restricted for the stipulated purpose, but earnings are recognized as unrestricted net assets.

Gibbs and Raney - Income earned from these two named endowments is for the purposes described in Note 7.

Henry S. Fitch Award - This fund is to be used for an annual award for excellence in herpetology.

7. Permanently Restricted Net Assets

The Society has two named endowment funds that represent gifts and bequests that have been accepted with the donor stipulation that the principal be maintained intact in perpetuity or a specified period. Income from these assets is restricted to provide scholarships and honorariums as detailed below. Accordingly, earnings are recognized as temporarily restricted net assets.

The Robert H. Gibbs, Jr. Memorial Award - The Gibbs Endowment presents an annual award for an outstanding body of published work in systematic ichthyology.

The Edward C. Raney Award - The Raney Endowment funds an award for ichthyology. The award provides support for young ichthyologists for museum or laboratory study, travel, fieldwork, or any other activity that will effectively enhance their professional careers and their contributions to the science of ichthyology.

SUPPLEMENTARY INFORMATION

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

Combining Schedule of Activities

For the year ended December 31, 2002

	<u>General Operating</u>	<u>Student Travel</u>	<u>General Endowment</u>	<u>Stoye</u>
Net Assets at January 1, 2002, (reported previously)	\$ 133,182	\$ 5,137	\$ 100,302	\$ 63,971
Change in accounting - Life Memberships			-	
Net Assets at January 1, 2002, (restated)	<u>133,182</u>	<u>5,137</u>	<u>100,302</u>	<u>63,971</u>
<i>Support and Revenue</i>				
Membership, Subscription, Other Revenue	256,426	-		
Donations	1,231	2,956	555	-
Interest & Dividends	3,875	75	1,755	1,113
Net Realized and Unrealized Gain (loss) on Investments	<u>(29,173)</u>		<u>(12,270)</u>	<u>(8,065)</u>
Total Support and Revenue	232,359	3,031	(9,960)	(6,952)
<i>Expenses</i>				
Publication of Copeia and Other expenses	254,738			
Awards	<u>1,721</u>	<u>3,800</u>	-	<u>1,500</u>
Total Expenses				
Excess of (Expenses) over Revenues	<u>(24,100)</u>	<u>(769)</u>	<u>(9,960)</u>	<u>(8,452)</u>
<i>Transfers</i>				
Awards	<u>(16,433)</u>			
Board Designated Transfers	<u>(14,615)</u>	<u>2,000</u>		
Total Transfers	<u>(31,048)</u>	<u>2,000</u>	-	
Change in Net Assets	<u>(55,148)</u>	<u>1,231</u>	<u>(9,960)</u>	<u>(8,452)</u>
Net Assets at December 31, 2002	<u>\$ 78,034</u>	<u>\$ 6,368</u>	<u>\$ 90,342</u>	<u>\$ 55,519</u>
Unrestricted -General Operating	\$ 78,034	\$ -	\$ -	\$ -
Unrestricted -Board Designated	-	<u>6,368</u>	<u>90,342</u>	<u>55,519</u>
Total Unrestricted	78,034			
Temporarily Restricted				
Permanently Restricted				
Total Net Assets	<u>\$ 78,034</u>	<u>\$ 6,368</u>	<u>\$ 90,342</u>	<u>\$ 55,519</u>

Life Membership	Special Publications	Gaige	Storer	Raney	Fitch	Gibbs	Total
\$ 57,148	\$ 45,000	\$ 41,942	\$ 21,164	\$ 52,117	\$ 19,370	\$ 101,898	\$ 641,231
(28,600)	-	-	-	-	-	-	(28,600)
28,548	45,000	41,942	21,164	52,117	19,370	101,898	612,631
1,307	-	-	-	-	-	-	257,733
-	-	-	-	-	-	-	4,742
1,082	.736	379	918	322	1,802	12,057	
(6,607)	(5,148)	(2,745)	(6,435)	(1,888)	(13,471)	(85,802)	
(4,218)	(4,412)	(2,366)	(5,517)	(1,566)	(11,669)	188,730	
							254,738
		5,000	500	5,000	1,000	5,433	23,954
		5,000	500	5,000	1,000	5,433	278,692
(4,218)	(9,412)	(2,866)	(10,517)	(2,566)	(17,102)	(89,962)	
		5,000		5,000	1,000	5,433	
		-		-		12,615	
		5,000		5,000	1,000	18,048	
(4,218)	(4,412)	(2,866)	(5,517)	(1,566)	946	(89,962)	
<u>\$ 24,330</u>	<u>\$ 45,000</u>	<u>\$ 37,530</u>	<u>\$ 18,298</u>	<u>\$ 46,600</u>	<u>\$ 17,804</u>	<u>\$ 102,844</u>	<u>\$ 522,669</u>
\$ -	-	-	-	-	-	-	78,034
24,330	45,000	37,530	18,298	14,600	17,804	-	309,791
24,330			18,298	14,600		-	387,825
				32,000		2,844	2,844
						100,000	132,000
<u>\$ 24,330</u>	<u>\$ 45,000</u>	<u>\$ 37,530</u>	<u>\$ 18,298</u>	<u>\$</u>	<u>\$ 17,804</u>	<u>\$ 102,844</u>	<u>\$ 522,669</u>

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

Schedule of Management and General Expenses

For the Year Ended December 31, 2002

Allen Press:	
Business Management	\$ 31,021
Marketing	4,544
Warehouse	<u>5,357</u>
Total Allen Press	40,922
Annual Audit	8,680
Bank Charges	1,911
Dues and Subscriptions	3,400
Miscellaneous	3,633
Secretary's Office	25,746
Treasurer's Office	33
 Total Management and General Expenses	 <u>\$ 84,325</u>

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

Schedule of Investments

December 31, 2002

Mutual Fund	Initial Purchase Date	Cost as of December 31	Market Value as of December 31	Shares as of December 31
<i>Salomon Smith Barney</i>				
Credit Suisse Small Cap Growth Fund	January 4, 2001	\$ 23,251	\$ 20,060	,584.453
Credit Suisse Global Fixed Income Fund	January 4, 2001	17,883	18,379	1,867.728
Dreyfus Emerging Markets Fund	January 4, 2001	20,880	19,861	,790.924
Janus High Yield Fund	January 4, 2001	49,921	49,877	5,560.459
Stein Roe Intermediate Bond Fund	January 4, 2001	19,199	18,956	2,151.699
PBHG Large Cap Growth Fund	January 4, 2001	124,211	90,972	6,142.580
Royce Premier Fund	January 4, 2001	22,705	20,110	2,141.618
Scudder International Fund	January 4, 2001	44,982	38,300	1,261.542
Smith Barney Fundamental Value Fund	January 4, 2001	<u>130,092</u>	<u>102,831</u>	10,191.348
		<u>\$ 453,124</u>	<u>\$ 379,346</u>	

Note: The column labeled "Cost as of December 31," includes the original amount invested in the fund plus reinvested interest and dividends.

AMERICAN SOCIETY OF ICHTHYOLOGISTS AND HERPETOLOGISTS

Schedule of Cash and Cash Equivalents and Investments

December 31, 2002

	<u>General Operating</u>	<u>Student Travel</u>	<u>General Endowment</u>	<u>Stoye</u>
Cash and Cash Equivalents				
Salomon Smith Barney	\$ 14,855	\$ 5,253	\$ 28,627	\$ 17,857
Checking	<u>53,033</u>	<u>1,116</u>	<u>5,297</u>	-
Total Cash	67,888	6,369	33,924	17,857
Investments				
Salomon Smith Barney	<u>116,605</u>	<u> </u>	<u>54,370</u>	<u>36,114</u>
Total Investments	<u>116,605</u>	<u> </u>	<u>54,370</u>	<u>36,114</u>
Total Cash and Cash Equivalents and Investments	<u>\$ 184,493</u>	<u>\$ 6,369</u>	<u>\$ 88,294</u>	<u>\$ 53,971</u>