

**INTERNATIONAL SNOW LEOPARD TRUST**  
**(A Washington Nonprofit Organization)**

**Financial Statements**  
**for the Year Ended December 31, 2008**  
**and Independent Auditors' Report**

**INTERNATIONAL SNOW LEOPARD TRUST**  
**For the Year Ended December 31, 2008**  
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# WATSON & McDONELL, PLLC

CERTIFIED PUBLIC ACCOUNTANTS  
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SEATTLE, WASHINGTON 98101-3301

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
International Snow Leopard Trust  
Seattle, Washington

We have audited the accompanying statement of financial position of International Snow Leopard Trust (a Washington nonprofit corporation) as of December 31, 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Trust'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 the 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 International Snow Leopard Trust as of December 31, 2008, 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.

*Watson & McDonnell, PLLC*

December 3, 2009

INTERNATIONAL SNOW LEOPARD TRUST  
Statement of Financial Position  
December 31, 2008

ASSETS

Current assets:

Cash and cash equivalents	\$ 316,156
Inventory	63,691
Unconditional promise to give, current	200,000
Prepaid expenses and deposits	7,556
	<u>587,403</u>

Restricted assets:

Cash restricted for endowment	401,028
Endowment investments	101,322
	<u>502,350</u>

Fixed assets:

Furniture and equipment	16,074
Less: accumulated depreciation	(10,250)
	<u>5,824</u>

Other assets:

Long-term unconditional promise to give, net	<u>371,800</u>
	<u>\$ 1,467,377</u>

LIABILITIES AND NET ASSETS

Current liabilities:

Accounts payable and accrued expenses	\$ 43,612
Grants payable	51,320
Accrued interest on note payable	2,763
Note payable, current	34,000
	<u>131,695</u>

Net assets:

Unrestricted	85,462
Temporarily restricted	176,070
Permanently restricted	1,074,150
	<u>1,335,682</u>
	<u>\$ 1,467,377</u>

The accompanying notes should be read with these financial statements.

INTERNATIONAL SNOW LEOPARD TRUST  
Statement of Activities  
For the Year Ended December 31, 2008

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
<b>Support and revenue:</b>				
Grants	\$ 517,908	\$ 141,070		\$ 658,978
Contributions	409,891		\$ 27,150	437,041
Contributed services	133,801			133,801
Sales	150,905			150,905
Less: cost of goods sold	(80,872)			(80,872)
Gain on sale of asset	15,000			15,000
Investment income (loss)	(24,064)			(24,064)
Miscellaneous	2,336			2,336
Net assets released from restrictions	157,524	(157,524)		
	<u>1,282,429</u>	<u>(16,454)</u>	<u>27,150</u>	<u>1,293,125</u>
<b>Expenses:</b>				
Program	1,166,771			1,166,771
Management and general	62,527			62,527
Fundraising	86,222			86,222
	<u>1,315,520</u>			<u>1,315,520</u>
Change in net assets	(33,091)	(16,454)	27,150	(22,395)
Net assets, beginning of year	141,237	192,524	1,047,000	1,380,761
Prior period adjustment, See Note 4	(22,684)			(22,684)
Net assets, end of year	<u>\$ 85,462</u>	<u>\$ 176,070</u>	<u>\$ 1,074,150</u>	<u>\$ 1,335,682</u>

The accompanying notes should be read with these financial statements.

INTERNATIONAL SNOW LEOPARD TRUST  
Statement of Functional Expenses  
For the Year Ended December 31, 2008

	Program	Management and General	Fundraising	Total
Salaries and wages	\$ 359,521	\$ 44,325	\$ 43,877	\$ 447,723
Payroll taxes and benefits	42,511	5,241	5,188	52,940
Field operations	424,579			424,579
Travel and conferences	62,201			62,201
Research grants	30,040			30,040
Professional fees	32,052	3,952	3,912	39,916
Printing	12,853	1,585	1,569	16,007
Postage and shipping	15,242	1,879	1,860	18,981
Occupancy	19,732	2,433	2,408	24,573
Office expenses	13,227	1,631	1,614	16,472
Education and awareness	138,579			138,579
Special events	4,491		24,325	28,816
Taxes, fees and licenses	7,921	977	967	9,865
Interest expense	2,163	300	300	2,763
Depreciation	1,659	204	202	2,065
<b>Total expenses</b>	<b><u>\$ 1,166,771</u></b>	<b><u>\$ 62,527</u></b>	<b><u>\$ 86,222</u></b>	<b><u>\$ 1,315,520</u></b>

The accompanying notes should be read with these financial statements.

INTERNATIONAL SNOW LEOPARD TRUST  
Statement of Cash Flows  
For the Year Ended December 31, 2008

<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Change in net assets	\$ (22,395)
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Depreciation	2,065
Unrealized loss on investments	32,155
Endowment contributions	(27,150)
Decrease (increase) in current assets:	
Inventory	(8,323)
Prepaid expenses	(2,995)
Increase (decrease) in current liabilities:	
Accounts payable and accrued expenses	4,449
Grants payable	19,870
Accrued interest on note payable	2,763
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>439</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Purchases of investments	(11,148)
Deposits to endowment	<u>(221,007)</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(232,155)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>	
Contributions restricted for endowment	<u>200,000</u>
Net increase (decrease) in cash	(31,716)
Cash and cash equivalents, beginning of year	<u>347,872</u>
Cash and cash equivalents, end of year	<u>\$ 316,156</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION</b>	
Cash paid during the year for interest	<u>\$ -</u>

The accompanying notes should be read with these financial statements.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 1 - NATURE OF THE ORGANIZATION

International Snow Leopard Trust (the Trust) is a Washington nonprofit corporation formed on January 28, 1981. The Trust is managed by a 12-member board of directors. The Trust is dedicated to the conservation of the snow leopard and its mountain habitat by working in partnership with individuals and institutions in Central Asia, and through educating the public about the snow leopard, its habitat, protection measures and conservation strategies. The Trust's programs are supported primarily through grants, contributions and sales of merchandise.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial statement presentation

The Trust reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Restricted and unrestricted revenue and support

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the reporting period in which the revenue is recognized. Contributions that are permanently restricted by the donor for endowment purposes are reported as increases in permanently restricted net assets. All other donor-restricted contributions are reported as increases in temporarily restricted net assets. 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.

Cash and cash equivalents

For the purpose of the statement of cash flows, the Trust considers all highly liquid debt instruments purchased with maturities of three months or less to be cash equivalents. Cash and cash equivalents exclude cash restricted for the endowment fund. Cash held in a money market account is included in investments. Cash balances at times exceed federally insured limits.

Inventory

Inventory consists of hand-felted wool products, art and other items for sale through the online store of the Trust. Inventory is valued at the lower of cost (first-in, first-out basis) or market.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and equipment

All acquisitions of furniture and equipment in excess of \$1,000 and all expenditures for repairs and maintenance that prolong the useful lives of assets are capitalized. Furniture and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is provided on the straight-line basis over the estimated useful lives of the assets.

Contributed services

The Trust recognizes donated services if the services received either create or enhance nonfinancial assets, or if they require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not donated. The Trust recognized \$12,000 of contributed professional services and \$121,801 of contributed advertising in 2008.

Many volunteers have donated time to the Trust's activities; however the value of these volunteer services is not recorded in the accompanying financial statements as they do not meet the criteria for recognition.

Functional allocation of expenses

The costs of providing the various activities have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Income tax

The Trust is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. It has been classified as an organization that is not a private foundation within the meaning of section 509(a) because it is an organization of the type described in section 509(a)(2).

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 3 - FAIR VALUE MEASUREMENTS

*Financial Accounting Standards Codification 820-10*, Fair Value Measurements, establishes a hierarchal disclosure framework, which prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is affected by a number of factors, including the type of investment, the characteristics specific to the investment and the state of the marketplace including the existence and transparency of transactions between market participants. Investments with readily available active quoted prices or for which fair value can be measured from actively quoted prices in an orderly market generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical assets or liabilities that the Trust has the ability to access at the measurement date. Investments generally included in Level 1 are listed securities.

Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly. The Trust held no Level 2 assets at December 31, 2008.

Level 3 – Unobservable inputs for the asset or liability and includes situations where there is little, if any, market activity for the investment. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 assets include contributions receivable. Fair value for the unconditional promise to give is determined by calculating the present value of the future contributions expected to be received, using a five percent discount rate.

The following table summarizes the valuation of the Trust's assets carried within the valuation hierarchy as of December 31, 2008:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Marketable securities	\$ 101,322			\$ 101,322
Unconditional promises to give			\$ 571,800	571,800

The following table includes a roll-forward summary of the amounts for the year ended December 31, 2008, for assets classified within Level 3:

	<u>Beginning Balance 1/1/2008</u>	<u>Change in Discount to Fair Value</u>	<u>Collections</u>	<u>Ending Balance 12/31/2008</u>
Unconditional promises to give	\$ 744,650	\$ 27,150	\$ ( 200,000)	\$ 571,800

The change in discount to fair value in the table above is reflected in the accompanying statement of activities as contribution revenue.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 4 - PRIOR PERIOD ADJUSTMENT

During 2008 the Trust determined that small grants paid in 2008 reflected commitments made in 2007 and should have been accrued as of December 31, 2007. In addition management determined that cash was overstated as a result of certain reconciliation errors. Accordingly, the Trust restated its 2007 financial statements to conform to presentation requirements under generally accepted accounting principles. The following reflects the effects of this adjustment to the following beginning balances:

	<u>Previously Reported</u>	<u>Adjustment</u>	<u>Restated</u>
Cash and cash equivalents	\$ 339,315	\$ 8,557	\$ 347,872
Grants payable	-	31,241	31,241
Unrestricted net assets	141,237	(22,684)	118,553

NOTE 5 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give are recorded as receivables and revenue when received after being discounted to the anticipated net present value of the future cash flows. The Trust received an unconditional promise to give in the amount of \$800,000 in 2007. The pledge is permanently restricted for endowment purposes, is considered fully collectible and expected to be realized in the following periods:

Less than one year	\$ 200,000
One to five years	400,000
Less unamortized discount at 5%	<u>(28,200)</u>
	<u>\$ 571,800</u>

NOTE 6 - ENDOWMENT INVESTMENTS

Investments in marketable securities are stated at fair value based on quoted prices in active markets (Level 1 inputs) and consist of the following at December 31, 2008:

Money market funds	\$ 38,133
Mutual funds	<u>63,189</u>
	<u>\$ 101,322</u>

A summary of return on investments consists of the following for 2008:

Interest and dividends	\$ 8,091
Unrealized (losses)	<u>(32,155)</u>
	<u>\$ (24,064)</u>

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 7 - NOTE PAYABLE

The Trust has a note payable to C.G.M.K. Foundation, a charitable trust, in the amount of \$34,000. The note bears simple (non-compounding) interest at 5 percent per annum. Principal and interest was due at May 14, 2009. Any unpaid amount after maturity bears interest at five percent over the prime rate compounded monthly.

NOTE 8 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2008, were restricted for the following purposes:

Research activities	\$ 46,761
Conservation activities	35,072
Educational activities	<u>94,237</u>
	<u>\$ 176,070</u>

Permanently restricted net assets are held in a general endowment fund and totaled \$1,074,150 at December 31, 2008. Income earned from these funds is unrestricted. See Note 9.

NOTE 9 - ENDOWMENT

International Snow Leopard Trust's endowment consists of two donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Endowment investment and spending policies

International Snow Leopard Trust follows the Uniform Management of Institutional Funds Act (UMIFA) and its own bylaws. UMIFA requires the historical dollar amount of a donor-restricted endowment fund to be preserved. In the absence of donor restrictions, the net appreciation on a donor-restricted endowment fund may be spent under UMIFA.

The Trust classifies as permanently restricted net assets the original value of contributions to the permanent endowment and the original value of subsequent contributions to the permanent endowment. Investment income earned on permanent endowment funds is classified as temporarily restricted until those funds are spent for the restricted purpose. There were no unrestricted or temporarily restricted endowment assets or activities during 2008.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 9 - ENDOWMENT, CONTINUED

The Trust has adopted investment and spending policies, approved by the board of directors, 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 and preserve the principle value of these endowment assets over the long-term. The Trust's spending and investment policies work together to achieve its long-term return objectives within prudent risk parameters. The Trust invests in a balanced mutual fund of equity and debt securities as well as money market funds.

The spending policy calculates the amount of money annually distributed from the International Snow Leopard Trust's various endowed funds.

Endowment net asset composition by type of fund as of December 31, 2008, is as follows:

	<u>Permanently Restricted</u>
Donor-restricted endowment funds:	
Felburn Foundation Endowment	\$ 971,800
Freeman Endowment	<u>102,350</u>
 Total funds	 <u>\$ 1,074,150</u>

Changes in endowment net assets for the year ended December 31, 2008, are as follows:

	<u>Permanently Restricted</u>
Endowment net assets, beginning of year	\$ 1,047,000
Increase in fair value of pledge receivable	<u>27,150</u>
 Endowment net assets, end of year	 <u>\$ 1,074,150</u>

NOTE 10 - SUBSEQUENT EVENT

Subsequent to December 31, 2008, the Trust was named as a beneficiary in an estate. The amount the Trust will receive is not determinable at this time but is expected to be material.

INTERNATIONAL SNOW LEOPARD TRUST  
Notes to Financial Statements  
For the Year Ended December 31, 2008

NOTE 11 - LEASE COMMITMENTS

The Trust leases office space under a lease expiring June 30, 2013, with an option to renew for an additional five years. The Trust also leases retail space under a lease expiring June 30, 2010, with an option to renew the lease for an additional two years. Rent expense was \$21,390 for 2008. Future minimum rental payments are as follows for the years ending December 31:

2009	\$	21,138
2010		20,322
2011		19,380
2012		19,962
2013		10,128