



**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Financial Statements and Schedules

June 30, 2016

(with comparative summarized financial information as of and for the
year ended June 30, 2015)

(With Independent Auditors' Report Thereon)



KPMG LLP
345 Park Avenue
New York, NY 10154-0102

Independent Auditors' Report

The Board of Trustees
Wildlife Conservation Society:

We have audited the accompanying consolidated financial statements of Wildlife Conservation Society and subsidiaries, which comprise the consolidated balance sheet as of June 30, 2016, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wildlife Conservation Society and subsidiaries as of June 30, 2016, and the changes in their net assets and their cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.



Report on Summarized Comparative Information

We have previously audited Wildlife Conservation Society and subsidiaries' 2015 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 19, 2015. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2015 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information included in schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

October 19, 2016

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Balance Sheet

June 30, 2016

(with summarized financial information as of June 30, 2015)

Assets	2016	2015
Cash and cash equivalents	\$ 76,529,751	62,117,107
Accounts receivable	3,204,895	4,062,567
Receivable from the City of New York (note 14)	18,732,579	27,441,422
Receivable from the State of New York	2,252,834	5,410,380
Receivable from U.S. Federal sources	30,579,325	24,511,098
Grants and contributions receivable, net (note 7)	65,061,959	78,945,830
Inventories	2,432,448	2,650,912
Prepaid expenses	4,383,520	3,291,520
Investments (notes 3 and 4)	456,955,526	488,425,353
Amounts held in trust by others (note 3)	1,842,625	1,997,677
Funds held by bond trustee (notes 3 and 10)	28,293,590	40,893,426
Property and equipment (note 8)	333,215,520	298,254,175
Collections (note 13)		
Total assets	\$ 1,023,484,572	1,038,001,467
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (notes 11 and 12)	\$ 37,087,482	39,648,407
Annuity liability	3,055,787	3,170,186
Loans payable (note 9)	17,000,000	17,000,000
Bonds payable (note 10)	136,232,382	136,683,014
Postretirement benefit obligation (note 12)	43,070,880	30,658,249
Total liabilities	236,446,531	227,159,856
Commitments and contingencies (notes 1p, 9, 12, and 14)		
Net assets:		
Unrestricted:		
Board designated	104,870,270	152,359,197
Net investment in property and equipment	206,131,765	183,245,901
Total unrestricted	311,002,035	335,605,098
Temporarily restricted (note 6)	205,440,980	204,642,487
Permanently restricted (note 6)	270,595,026	270,594,026
Total net assets	787,038,041	810,841,611
Total liabilities and net assets	\$ 1,023,484,572	1,038,001,467

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Activities

Year ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	Unrestricted			Temporarily restricted	Permanently restricted	2016 Total	2015 Total
	General	Board- designated	Plant				
Revenues:							
Contributions	\$ 8,653,718	—	—	8,653,718	51,223,696	1,000	71,635,150
Bequests	—	2,931,526	—	2,931,526	136,331	—	26,754,160
Membership dues	13,804,120	—	—	13,804,120	—	—	14,319,954
Appropriation from the City of New York (note 14)	22,387,682	—	—	22,387,682	34,020,416	—	73,205,907
U.S. State agencies grants and contracts	—	—	—	—	4,987,728	—	4,200,757
U.S. Federal grants and contracts	—	—	—	—	42,681,134	—	28,118,969
Non-U.S. government and bilateral grants and contracts	—	—	—	—	17,529,685	—	20,729,625
Private organizations grants and contracts	—	—	—	—	5,290,695	—	6,421,553
Gate and exhibit admissions	33,462,024	800,000	—	34,262,024	—	—	34,409,407
Investment return (note 4)	13,886,843	(22,026,440)	—	(8,139,597)	(3,549,933)	—	16,564,812
Educational program and activities	2,806,127	—	—	2,806,127	—	—	2,568,362
Sponsorship, licensing, and royalties	719,923	—	—	719,923	—	—	908,983
Miscellaneous	3,886,763	—	—	3,886,763	—	—	3,257,294
	99,607,200	(18,294,914)	—	81,312,286	152,319,752	1,000	303,094,933
Restaurant and merchandise sales and parking fees	26,666,151	—	—	26,666,151	—	—	24,764,860
Net assets released from restrictions and designations (note 6)	121,302,443	(6,494,496)	36,713,312	151,521,259	(151,521,259)	—	—
Total revenues	247,575,794	(24,789,410)	36,713,312	259,499,696	798,493	1,000	327,859,793
Expenses:							
Program services:							
Bronx Zoo	54,275,930	—	11,935,251	66,211,181	—	—	66,521,247
New York Aquarium	11,629,520	—	2,458,969	14,088,489	—	—	14,254,116
City Zoos	22,833,984	—	1,674,000	24,507,984	—	—	25,415,447
Global Conservation Programs	106,126,721	—	1,265,677	107,392,398	—	—	103,951,332
Total program services	194,866,155	—	17,333,897	212,200,052	—	—	210,142,142

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Activities

Year ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	Unrestricted			Temporarily restricted	Permanently restricted	2016 Total	2015 Total	
	General	Board- designated	Plant					Total unrestricted
Restaurant, merchandise, and parking expenses	\$ 16,314,176	—	1,293,498	17,607,674	—	17,607,674	17,146,098	
Supporting services:								
Management and general	29,876,617	—	1,004,790	30,881,407	—	30,881,407	28,929,432	
Membership solicitation and fulfillment	2,141,610	—	34,971	2,176,581	—	2,176,581	2,179,858	
Fund-raising	8,693,191	—	2,153	8,695,344	—	8,695,344	7,860,082	
Total supporting services	40,711,418	—	1,041,914	41,753,332	—	41,753,332	38,969,372	
Total expenses	251,891,749	—	19,669,309 *	271,561,058	—	271,561,058	266,257,612	
Plant renewal funding	(2,844,000)	2,844,000	—	—	—	—	—	
(Deficiency) excess of revenues over expenses and plant renewal funding	(7,159,955)	(21,945,410)	17,044,003	(12,061,362)	798,493	1,000	(11,261,869)	61,602,181
Other changes:								
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	(12,541,701)	—	—	(12,541,701)	—	(12,541,701)	263,047	
Other transfers	19,701,656	(25,543,517)	5,841,861	—	—	—	—	
Changes in net assets	—	(47,488,927)	22,885,864	(24,603,063)	798,493	1,000	(23,803,570)	61,865,228
Net assets at beginning of year	—	152,359,197	183,245,901	335,605,098	204,642,487	270,594,026	810,841,611	748,976,383
Net assets at end of year	\$ —	104,870,270	206,131,765	311,002,035	205,440,980	270,595,026	787,038,041	810,841,611

* Represents depreciation expense

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Cash Flows

Years ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	2016	2015
Cash flows from operating activities:		
Changes in net assets	\$ (23,803,570)	61,865,228
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	19,669,309	18,190,512
Amortization of bond issuance costs	73,724	76,278
Amortization of bond premium	(524,356)	(536,175)
Net depreciation (appreciation) in fair value of investments	11,083,598	(18,236,209)
Postretirement-related change other than net periodic postretirement benefit cost	12,541,701	(263,047)
Decrease in value of amounts held in trust by others	155,052	111,644
Endowment contributions	(1,000)	(22,309,755)
Contributions and grants restricted for capital	—	(1,809,946)
Changes in assets and liabilities:		
Accounts receivable	857,672	(150,510)
Receivable from the City of New York	2,457,012	(1,196,936)
Receivable from the State of New York	2,642,574	(101,306)
Receivable from Federal sources	(6,068,227)	236,850
Grants and contributions receivable	11,163,089	(15,359,908)
Inventories	218,464	(213,146)
Prepaid expenses and deferred charges	(1,092,000)	622,156
Accounts payable and accrued expenses	3,400,844	(517,445)
Postretirement benefit obligation	(129,070)	(239,402)
Total adjustments	56,448,386	(41,696,345)
Net cash provided by operating activities	32,644,816	20,168,883
Cash flows from investing activities:		
Proceeds from sales of investments	126,622,470	145,723,665
Purchases of investments	(106,236,241)	(143,271,781)
Acquisition of property and equipment	(54,630,654)	(68,098,520)
(Decrease) increase in accounts payable and accrued expenses for construction projects	(5,961,769)	2,033,876
Net cash used in investing activities	(40,206,194)	(63,612,760)
Cash flows from financing activities:		
Contributions and grants restricted for capital	—	1,809,946
Endowment contributions	1,000	22,309,755
Decrease (increase) in receivable from government sources for capital expenditure	6,766,803	(9,077,455)
Decrease in contributions and grants receivable for capital	2,720,782	1,971,775
Decrease in funds held by bond trustee	12,599,836	12,544,055
Proceeds from loans payable	—	4,729,252
Decrease in annuity liability, net	(114,399)	(464,440)
Net cash provided by financing activities	21,974,022	33,822,888
Net increase (decrease) in cash and cash equivalents	14,412,644	(9,620,989)
Cash and cash equivalents at beginning of year	62,117,107	71,738,096
Cash and cash equivalents at end of year	\$ 76,529,751	62,117,107
Supplemental disclosure:		
Interest paid	\$ 6,108,225	6,034,175

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative summarized financial information as of and for the
year ended June 30, 2015)

(1) The Organization

The accompanying consolidated financial statements present the financial position, changes in net assets, and cash flows of the Wildlife Conservation Society (WCS) and its affiliates and wholly owned subsidiaries.

WCS is a New York not-for-profit corporation founded and incorporated in 1895 as the *New York Zoological Society*. The Internal Revenue Service has determined that WCS is an organization described in Sections 501(c)(3), 170(b)(1)(A)(vi), and 509(a)(1) of the Internal Revenue Code (the Code) and is exempt from Federal income tax under Section 501(a) of the Code. WCS saves wildlife and wild places worldwide through science, conservation action, education, and inspiring people to value nature. That mission is achieved through our global conservation programs and through the management of the world's largest system of urban wildlife parks – the Bronx Zoo; the New York Aquarium; and the Central Park, Queens, and Prospect Park Zoos (the City Zoos).

WCS has formed various corporate entities from time to time to enable it to carry out its mission more effectively and efficiently. The following are descriptions of the affiliates and wholly owned subsidiaries of WCS reflected in the accompanying consolidated financial statements. These entities each have charitable, educational, and scientific and conservation nonprofit objectives and purposes.

Conservation Livelihoods International LLC (CLI) is a nonprofit Delaware limited liability company whose sole member is WCS. CLI is a disregarded entity for tax purposes.

Makira Carbon Company LLC (MCC) is a Delaware limited liability company whose sole member is WCS. MCC is a disregarded entity for tax purposes.

Professional Housing Corporation (PHC) is a nonprofit, nonstock corporation incorporated in the State of Delaware whose sole member is WCS. PHC is exempt from Federal income tax as a title holding company under Section 501(c)(2) of the Code.

Seima Carbon Company LLC (SCC) is a Delaware limited liability company whose sole member is WCS. SCC is a disregarded entity for tax purposes.

Tierras LLC is a Delaware single-member limited liability company whose sole member is WCS. Tierras LLC is a disregarded entity for tax purposes, and carries on wildlife and land conservation on certain lands in Chile held indirectly through wholly owned subsidiaries, including Tierra De Guanacos LLC, Tierra De Truchas LLC, Tierra de Guanacos LLC Uno Limitada, and Tierra de Guanacos LLC Dos Limitada.

Autonomous Noncommercial Organization Wildlife Conservation Society (WCS ANO) is a Nonmembership, unitary, autonomous, noncommercial organization organized and tax-exempt under the laws of the Russian Federation.

BATAGUR Co, Ltd. (Batagur) is a private limited company organized under Cambodian law. Batagur is not tax-exempt.

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year ended June 30, 2015)

WCS-Associação Conservação da Vida Silvestre (WCS do Brazil) is a not-for-profit civil association organized and tax-exempt under the law of the State of Rio de Janeiro, Brazil.

WCS Wildlife Conservation Society Canada (WCSC) is a nonprofit corporation under the Canada Not-for-profit Corporations Act whose sole member is WCS. WCSC is a tax-exempt Canadian registered charity.

WCS Europe is a tax-exempt charitable company limited by guarantee formed under the law of England and Wales whose sole member is WCS.

Wildlife Conservation Society India (WCS India) is a tax-exempt company limited by guarantee established under Indian law.

Wildlife Conservation Society Singapore Limited (WCS Singapore) is a tax-exempt public company limited by guarantee formed under Singapore law.

Wildlife Conservation and Science (Malaysia) Bhd (WCS Malaysia) is a company limited by guarantee incorporated under Malaysian law. WCS Malaysia is not tax-exempt.

Wild Lands Conservation Society (WLCS) is a nonprofit, nonstock corporation incorporated in the State of Delaware whose sole member is WCS. WLCS is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Code. WLCS is not operational.

Zoological Kingdom, Inc. (ZK) is a New York not-for-profit corporation. ZK is exempt from Federal income tax as an organization described in Sections 501(c)(3) and 509(a)(3) of the Code. ZK is not operational.

182 Flight Corp. (182 FC) is a Delaware nonprofit, nonstock corporation, whose sole member is WCS. 182 FC is not tax-exempt.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. All intercompany transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include net realizable value of receivables, the fair value of alternative investments, postretirement benefit obligations and related costs, and functional allocation of expenses. Actual results could differ from those estimates.

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

(c) Basis of Presentation

WCS's net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of WCS and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations. WCS delineates unrestricted net assets into the following categories:

General operating – Represents operating activity exclusive of depreciation expense, inclusive of the investment return allocated for spending based on WCS's spending rate, and transfers between general operating and board-designated;

Board-designated – Represents amounts designated by the board of trustees, principally for long-term investment, and transfers to and from general operating and net investment in property and equipment; and

Net investment in property and equipment (Plant) – Represents property (land, buildings, and exhibits) and equipment and associated activities.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that will be met either by actions of WCS and/or the passage of time.

Permanently restricted net assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by WCS. Generally, the donors of these assets permit WCS to use all or part of the return on related investments for general or specific purposes.

Revenues are reported as increases in unrestricted net assets unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated pledge period has elapsed) are reported as net assets released from restriction.

(d) Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

The three levels in the fair value hierarchy are as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that WCS has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

Level 3 inputs are unobservable inputs for the assets or liabilities.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement.

(e) Contributions

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the period received. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions). Contributions to be received after one year are discounted using a risk-adjusted rate.

(f) Grants and Contracts

WCS accounts for its grants and contracts, including those from Federal and other governmental sources, as contributions. As such, awards which are obligated by the funding source are recorded as temporarily restricted revenue, and sub grants to other organizations are recognized as expense and a liability when awarded by WCS. All Federal receivables are due within one year.

(g) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market values. As a practical expedient, investments without a readily determinable fair value, such as the limited partnerships and alternative investments, are reflected at net asset value as reported by the fund managers or general partners, and may differ significantly from the values that would have been reported had a ready market for these investments existed. WCS reviewed and evaluated the values provided by the investment managers and agrees with the valuation methods and assumptions used in determining the fair value of the limited partnerships and alternative investments.

(h) Property and Equipment

Expenditures for property and equipment, including buildings and improvements constructed on land owned by the City of New York, are capitalized and depreciated on a straight-line basis over estimated useful lives, which range from 5 to 20 years. Major projects and exhibits initiated but not yet completed are classified as construction in progress and are reclassified to the respective asset category and depreciated when completed and placed in service.

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

(i) Cash Equivalents

Cash equivalents include highly liquid debt instruments with original maturities of three months or less at time of purchase, except those included as part of WCS investments.

(j) Split-Interest Agreements

WCS's split-interest agreements consist primarily of charitable gift annuities and life income funds. Contribution revenue is recognized at the date the assets are received after recording liabilities for either (i) the present value of estimated future payments to be made to the donors and/or other beneficiaries, or (ii) the discount to present value for a term equal to the life expectancy of the donor for pooled life income funds gifts. These liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, and other changes in the estimates of future benefits. Assets related to such agreements amounted to \$3,265,000 and \$3,373,000 at June 30, 2016 and 2015, respectively. The carrying amount of split-interest agreement obligations approximates fair value because these instruments are recorded at the estimated net present value of future cash flows.

(k) Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for WCS's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in foreign currencies are translated into dollars using the exchange rates in effect at the consolidated balance sheet date. Revenue and expenses are translated into dollars using the exchange rate in effect on the transaction date. The resulting translation gain or loss is reflected in the consolidated statements of activities. Translation losses were approximately \$3,016,000 and \$1,254,000 as of June 30, 2016 and 2015, respectively.

(l) Accounting for Uncertainty in Income Taxes

WCS recognizes the benefit of tax positions when it is more-likely than-not that the position will be sustainable based on the merits of the position. There are certain transactions which could be deemed "Unrelated Business Income" and would result in a tax liability. Management reviews transactions to estimate the potential tax liabilities using a threshold of more likely than not of being sustained. It is management's estimation that there are no material tax liabilities that need to be recorded.

(m) Collections

Expenditures for collections are not capitalized. See note 13 for information about the collections.

(n) Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with WCS's consolidated financial statements for the year ended June 30, 2015 from which the summarized information was derived.

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(o) Subsequent Events

In conjunction with the preparation of the consolidated financial statements, WCS evaluated subsequent events from June 30, 2016 and through October 19, 2016, the date on which the consolidated financial statements were issued, and has concluded that there are no subsequent events to be disclosed.

(p) Contingencies

In the usual course of carrying out its mission, WCS may be a party to litigation and other claims. WCS carries insurance that, generally, covers costs of defending and settling such litigation and claims. While it is not feasible to predict the ultimate outcomes of such matters, WCS's management is not aware of any pending litigation or claims that would have a material adverse effect on WCS's financial position.

(q) Reclassifications

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

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

(3) Fair Value

WCS assets at June 30, 2016 are summarized in the following table:

	Fair Value	Level 1	Level 2	Level 3
Assets:				
Directly managed investments:				
Cash and short-term investments	\$ 6,476,316	6,476,316	—	—
Common stocks – domestic	20,414,662	20,414,662	—	—
Mutual funds – equity domestic	10,351,082	10,351,082	—	—
Mutual funds – fixed income:			—	—
U.S. Government	3,943,323	3,943,323	—	—
U.S. Corporate	26,762,365	26,762,365	—	—
	<u>67,947,748</u>	<u>67,947,748</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value (or its equivalent):				
Limited partnerships:				
Multi-asset class	268,442,158			
Equity – domestic	25,368,011			
Equity – international/ emerging markets	48,150,715			
Fixed income – domestic	7,014,269			
Natural resources	3,493,278			
Other	173,671			
Alternative investments:				
Distressed securities	615,204			
Equity – directional	284,663			
Equity – long/short	12,363,088			
Event-driven	10,419,291			
Multi-strategy	12,152,038			
Real estate	531,392			
	<u>389,007,778</u>			
Total investments reported at net asset value (or its equivalent)	<u>\$ 456,955,526</u>			

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June 30, 2016

(with comparative summarized financial information as of and for the
year ended June 30, 2015)

	Fair Value	Level 1	Level 2	Level 3
Other assets:				
Funds held by bond trustee	\$ 28,293,590	26,290,970	2,002,620	—
Amounts held in trust by others	1,842,625	—	—	1,842,625
Total other assets	\$ 30,136,215	26,290,970	2,002,620	1,842,625

Information with respect to the redemption provisions of investments reported at net asset value (or its equivalent) is as follows as of June 30, 2016:

Liquidity	Days' notice	Amount
Monthly	15	\$ 47,181,069
	30	20,143,698
	60	5,859,131
Quarterly	30	2,789,831
	60	15,807,755
	90	7,014,269
Annual	45, at 6/30	3,910,287
	45, at 9/30	4,060,791
	90, pays 25% quarterly	7,620,041
Biennial	1 Year, at 12/31	268,442,158
	65	4,178,047
Illiquid	Not applicable	2,000,701
		\$ 389,007,778

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WCS assets at June 30, 2015 are summarized in the following table:

	Fair Value	Level 1	Level 2	Level 3
Assets:				
Directly managed investments:				
Cash and short-term investments	\$ 6,262,258	6,262,258	—	—
Common stocks – domestic	22,823,695	22,823,695	—	—
Mutual funds – equity domestic	8,982,342	8,982,342	—	—
Mutual funds – fixed income:				
U.S. Government	3,765,054	3,765,054	—	—
U.S. Corporate	29,612,582	29,612,582	—	—
Mutual Funds – Multi-Strategy	19,742,261	19,742,261	—	—
	91,188,192	91,188,192	—	—
Investments reported at net asset value (or its equivalent):				
Limited partnerships:				
Multi-asset class	264,282,046			
Equity – domestic	27,342,864			
Equity – international/ emerging markets	51,990,075			
Fixed income – domestic	6,912,048			
Natural resources	4,539,632			
Other	176,344			
Alternative investments:				
Distressed securities	763,766			
Equity – directional	740,990			
Equity – long/short	13,304,922			
Event-driven	8,554,638			
Global macro	3,619,368			
Multi-strategy	12,107,602			
Natural resources	1,943,757			
Real estate	959,109			
Total investments reported at net asset value (or its equivalent)	397,237,161			
Total investments	\$ 488,425,353			

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	Fair Value	Level 1	Level 2	Level 3
Other assets:				
Funds held by bond trustee	\$ 40,893,426	31,974,108	8,919,318	—
Amounts held in trust by others	1,997,677	—	—	1,997,677
Total other assets	\$ 42,891,103	31,974,108	8,919,318	1,997,677

The following tables present WCS's activity for the fiscal years ended June 30, 2016 and 2015 for Level 3 assets:

	Amounts held in trust by others
Fair value at June 30, 2015	\$ 1,997,677
Sales/distributions	(69,269)
Net depreciation in fair value of investments	(85,783)
Fair value at June 30, 2016	\$ 1,842,625

	Amounts held in trust by others
Fair value at June 30, 2014	\$ 2,109,321
Sales/distributions	(69,269)
Net depreciation in fair value of investments	(42,375)
Fair value at June 30, 2015	\$ 1,997,677

WCS does not have any unfunded investment commitments outstanding as of June 30, 2016.

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(4) Investments

The fair value of investments at June 30, 2016 and 2015 is as follows:

	<u>2016</u>	<u>2015</u>
Multi-asset class, including other alternative assets	\$ 268,442,158	284,024,307
Equity/equity funds	104,284,470	111,138,976
Alternative investments	36,539,347	42,170,496
Fixed income funds	37,719,957	40,289,684
Natural resources	3,493,278	4,539,632
Cash and short-term investments	6,476,316	6,262,258
	<u>\$ 456,955,526</u>	<u>488,425,353</u>

WCS invests in various investment securities. Investment securities are exposed to various risks such as interest rate, 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 and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Investments reported at net asset value (or its equivalent) held by the WCS fall into the following basic strategies:

Distressed securities hedge funds – investments through individual managers that invest in financial instruments that have suffered a substantial reduction in value. Distressed securities can include common and preferred shares, bank debt, trade claims (goods owed) and corporate bonds. The one fund held in this strategy does not provide redemption at this time.

Directional equity hedge funds – investments through individual managers that invest in companies believed to be undervalued via marketable securities or private transactions. The one fund held in this strategy does not provide redemption at this time.

Long/short equity hedge funds – investments through individual managers that take long positions in stocks that are expected to appreciate and short positions in stocks that are expected to decline.

Event-driven hedge funds – investments through individual managers that attempt to take advantage of events such as mergers and restructurings that can result in the short-term mispricing of a company's stock.

Global macro hedge funds – investments through individual managers that base their holdings – which can include long and short positions in various equity, fixed income, currency, and futures markets – primarily on overall economic and political views of various countries.

Multi-strategy hedge funds – investments through individual managers that employ a broad range of investment strategies to seek benefit from opportunities as they occur in the markets due to temporary

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dislocations or structural inefficiencies. WCS has one investment fund in the multi-strategy category which does not provide redemption due to side pocket investments.

Natural resources hedge funds – investments through individual managers that invest in companies related to energy production, commodity futures, timber, agriculture, metals, and other energy-related infrastructure and services.

Real estate – investments through individual managers that focus on the purchase and development, improvement, and management of residential, commercial, and industrial real estate with value attempted to be realized through both rental income and gains in eventual property sale through held properties. The one fund held in this strategy does not provide redemption at this time.

WCS invests a significant portion of the investment portfolio in one manager, Makena Capital Management, LLC (Makena). Makena offers a pooled investment vehicle, the Makena Endowment Portfolio, utilizing a multi-asset manager structure. The net asset value of WCS investments in Makena as of June 30, 2016 and 2015 is as follows:

	2016	2015
Multi-asset class, including other alternative assets	\$ 268,442,158	264,282,046

The Makena Endowment Portfolio is a highly diversified multi-asset class investment portfolio. The asset allocations for the Makena Endowment Portfolio as of June 30, 2016 are as follows:

Asset class	Percentage of portfolio
U.S. equity	4%
International equity	6
Emerging markets equity	7
Tactical hedged equity	10
Private equity	20
Real estate	12
Natural resources	10
Absolute return	20
Fixed income	8
Cash	3
	100%

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The components of investment return for the years ended June 30, 2016 and 2015 are as follows:

	2016	2015
Interest and dividend income, net of investment expenses of \$3,790,044 and \$3,165,549 in 2016 and 2015, respectively	\$ (605,932)	(1,671,397)
Net (depreciation) appreciation in fair value of investments	(11,083,598)	18,236,209
Total investment return	(11,689,530)	16,564,812
Less investment return available under spending policy, including temporarily restricted amounts of \$8,154,627 in 2016 and \$6,277,900 in 2015	(22,041,470)	(19,746,932)
Investment return less than amount available under spending policy, including temporarily restricted amounts of \$(11,704,560) in 2016 and \$(467,336) in 2015	\$ (33,731,000)	(3,182,120)

(5) Endowment Funds

The WCS long-term investment portfolio includes donor-restricted endowment funds as well as unrestricted funds designated for long-term investment by the board of trustees, which are funds functioning as endowment. The primary management objective of the long-term investment portfolio is to preserve the real (inflation-adjusted) purchasing power of invested funds while providing a relatively predictable, stable, and constant (in real terms) payout for current use. The primary investment objective is to earn an average annual real (inflation-adjusted) return of at least 5% per year, net of management fees, over the long term (rolling five-year periods). The risk objective of the long-term investment portfolio is to achieve this return goal with minimal levels of risk and volatility through diversification. The primary objective of WCS's asset allocation policy is to provide a strategic mix of asset classes that produce the highest expected investment return while controlling risk.

The board of trustees has authorized a spending policy for endowments and funds functioning as endowment at a rate (spending rate) of up to 5% of the average fair value of its donor-restricted endowment funds and funds designated for long-term investment for the most recent 12-calendar-year quarters prior to the beginning of the current fiscal year. The average market value used for calculating endowment payout may be reduced to account for liquidity restrictions due to side pockets or other special restrictions to liquidity imposed by fund managers. The board of trustees may authorize additional spending, as needed, to finance special purposes, including capital expenditures, and operating deficits, if any, subject to donor restrictions.

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WCS's endowment consists of 101 individual funds established for a variety of purposes, including both donor-restricted endowment funds and funds designated by WCS to function as endowments (funds functioning as endowment). At June 30, 2016, the fair values of 14 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately \$2,547,000. At June 30, 2015, the fair values of 4 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately \$100,000.

WCS follows the provisions of the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA), a version of the Uniform Prudent Management of Institutional Funds Act. WCS has interpreted NYPMIFA as allowing WCS to appropriate for expenditure or accumulate so much of an endowment fund as WCS determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets at June 30, 2016 and 2015 consisted of the following:

		2016			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$	(2,546,590)	44,805,960	270,595,026	312,854,396
Board-designated		128,678,717	—	—	128,678,717
Total	\$	126,132,127	44,805,960	270,595,026	441,533,113
		2015			
		Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$	(100,416)	54,922,816	270,594,026	325,416,426
Board-designated		158,342,341	—	—	158,342,341
Total	\$	158,241,925	54,922,816	270,594,026	483,758,767

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Changes in endowment net assets for the fiscal years ended June 30, 2016 and 2015 were as follows:

	2016			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, June 30, 2015 as reported	\$ 158,241,925	54,922,816	270,594,026	483,758,767
Net depreciation (realized and unrealized)	(9,297,838)	(1,962,229)	—	(11,260,067)
Contributions	—	—	1,000	1,000
Appropriation of endowment assets for expenditure	(13,886,843)	(8,154,627)	—	(22,041,470)
Transfer from board-designated endowment	(8,925,116)	—	—	(8,925,116)
Endowment net assets, June 30, 2016	<u>\$ 126,132,128</u>	<u>44,805,960</u>	<u>270,595,026</u>	<u>441,533,114</u>
	2015			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2014 as reported	\$ 164,235,937	55,224,630	248,284,271	467,744,838
Net appreciation (realized and unrealized)	11,626,432	5,976,086	—	17,602,518
Contributions	—	—	22,309,755	22,309,755
Appropriation of endowment assets for expenditure	(13,469,032)	(6,277,900)	—	(19,746,932)
Transfer from board-designated endowment	(4,151,412)	—	—	(4,151,412)
Endowment net assets, June 30, 2015	<u>\$ 158,241,925</u>	<u>54,922,816</u>	<u>270,594,026</u>	<u>483,758,767</u>

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(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2016 and 2015 consist of the following:

	2016	2015
Amounts restricted for the following purposes:		
Domestic programs	\$ 98,040,096	105,655,018
Building and exhibit improvements	7,802,187	10,024,195
Global conservation programs	99,041,519	88,406,096
Future periods	557,178	557,178
	\$ 205,440,980	204,642,487

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2016 and 2015 were as follows:

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications			Total released	Balance at end of year
			Operations	Board- designated	Capital		
2016:							
Contributions and bequests	\$ 87,385,799	51,360,027	51,016,037	(5,694,496)	2,522,659	47,844,200	90,901,626
Appropriation from the City of New York	289,208	34,020,416	—	—	34,190,653	34,190,653	118,971
U.S. State agencies grants and contracts	600,786	4,987,728	4,355,214	—	—	4,355,214	1,233,300
U.S. Federal grants and contracts	18,872,849	42,681,134	35,450,410	—	—	35,450,410	26,103,573
Non-U.S. government and bilateral grants and contracts	29,889,301	17,529,685	16,487,324	—	—	16,487,324	30,931,662
Private organizations grants and contracts	5,332,330	5,290,695	5,559,736	—	—	5,559,736	5,063,289
Gate and exhibit admissions	—	—	800,000	(800,000)	—	—	—
Investment return	61,713,256	(3,549,933)	7,633,722	—	—	7,633,722	50,529,601
Other	558,958	—	—	—	—	—	558,958
	\$ 204,642,487	152,319,752	121,302,443	(6,494,496)	36,713,312	151,521,259	205,440,980

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	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications			Total released	Balance at end of year
			Operations	Board-designated	Capital		
2015:							
Contributions and bequests	\$ 73,104,535	64,184,554	52,270,970	(4,895,950)	2,528,270	49,903,290	87,385,799
Appropriation from the City of New York	275,201	47,482,873	—	—	47,468,866	47,468,866	289,208
U.S. State agencies grants and contracts	406,429	4,200,757	4,006,400	—	—	4,006,400	600,786
U.S. Federal grants and contracts	19,993,915	28,118,969	29,240,035	—	—	29,240,035	18,872,849
Non-U.S. government and bilateral grants and contracts	28,741,129	20,729,625	19,581,453	—	—	19,581,453	29,889,301
Private organizations grants and contracts	6,137,864	6,421,553	7,227,087	—	—	7,227,087	5,332,330
Gate and exhibit admissions	—	—	800,000	(800,000)	—	—	—
Investment return	61,528,674	5,810,564	5,625,982	—	—	5,625,982	61,713,256
Other	558,958	—	—	—	—	—	558,958
	<u>\$ 190,746,705</u>	<u>176,948,895</u>	<u>118,751,927</u>	<u>(5,695,950)</u>	<u>49,997,136</u>	<u>163,053,113</u>	<u>204,642,487</u>

Permanently restricted net assets at June 30, 2016 and 2015 represent endowment gifts as follows:

	<u>2016</u>	<u>2015</u>
Lila Acheson Wallace Endowment Fund	\$ 151,363,015	151,363,015
Income unrestricted	21,169,943	21,169,943
Income restricted (principally for global conservation programs)	<u>98,062,068</u>	<u>98,061,068</u>
	<u>\$ 270,595,026</u>	<u>270,594,026</u>

The Lila Acheson Wallace Endowment Fund was established when WCS agreed to accept the assets transferred to it upon the dissolution of the Lila Acheson Wallace Fund for WCS and to maintain those assets in perpetuity in accordance with the terms of an Endowment Agreement. That Agreement provides that WCS may make expenditures from the endowment based on the annual spending policy applied to WCS's other endowment funds and the Agreement provides that spending from the Lila Acheson Wallace Endowment Fund may reduce the value of the endowment to an amount less than its original fair value and WCS need not restore the Endowment to its original fair value. The Endowment Agreement also provides that WCS may expend a portion of the Endowment as a special contribution in addition to the annual spending for special priority needs provided that certain conditions are satisfied and the fair value of the endowment fund is not reduced below 80% of the original value. The dissolution grant totaled \$189,203,769, of which \$151,363,015 was recorded as permanently restricted.

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(7) Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2016 and 2015 are due to be collected as follows:

	2016	2015
Within one year	\$ 56,973,427	69,109,856
One to five years	8,275,283	10,052,833
Thereafter	—	225,000
	65,248,710	79,387,689
Less present value discount (1.49% in 2016 and 2.35% in 2015)	(186,751)	(441,859)
	\$ 65,061,959	78,945,830

(8) Property and Equipment

At June 30, 2016 and 2015, the cost and accumulated depreciation of property and equipment are as follows:

	2016	2015
Land	\$ 651,268	651,268
Buildings and exhibits	424,896,163	417,266,526
Furniture, fixtures, and equipment	38,239,223	35,125,349
Construction in progress	136,987,318	93,100,175
	600,773,972	546,143,318
Less accumulated depreciation	267,558,452	247,889,143
	\$ 333,215,520	298,254,175

(9) Line of Credit and Loan Agreements

On March 31, 2014, WCS obtained a \$15,000,000 3 year unsecured line of credit facility with Bank of America to support working capital needs, which bears interest at the 1 month London Interbank Offered Rate (LIBOR) plus 0.60%. Interest is paid monthly and an unused credit facility is paid quarterly. There were no borrowings in fiscal 2016 or fiscal 2015.

On March 24, 2014, WCS obtained a \$7,000,000 10 year term unsecured loan from TD Bank which expires February 28, 2024. The full balance of the loan was outstanding as of June 30, 2016 and 2015. The purpose of the loan is to finance the capital costs of the implementation of a new suite of financial and administrative systems. The loan bears interest at the 1-Month LIBOR plus 1%. Interest expense on the loan for the years ended June 30, 2016 and 2015 was \$93,516 and \$82,659, respectively.

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On March 7, 2014, WCS obtained a \$10,000,000 program related investment in the form of a 3 year term loan from the David and Lucile Packard Foundation which expires March 7, 2017. WCS had an outstanding balance of \$10,000,000 as of June 30, 2016 and 2015. The purpose of the loan is to provide bridge funding for construction of new facilities at the New York Aquarium pending contractual reimbursement of those costs by the City of New York. The loan bears an interest rate of 1%. Interest expense on the loan for the years ended June 30, 2016 and 2015 was \$100,000 and \$96,716, respectively.

(10) Bonds Payable

On March 12, 2013, WCS entered into a Loan Agreement with the Trust for Cultural Resources of the City of New York (the Trust) to finance the costs of capital improvements at the Bronx Zoo and to refund the \$65,530,000 Series 2004 Revenue Bonds. The Trust issued \$79,180,000 in Revenue Bonds and including an original issue premium of \$13,726,479, proceeds totaled \$92,906,479. Upon issuance of the Series 2013A Bonds, the Series 2004 Bonds were refunded and legally defeased.

On February 13, 2014, WCS entered into a Loan Agreement with the Trust to finance improvements at the New York Aquarium as well as other improvements. In connection with the Agreement, the Trust issued \$44,430,000 of Revenue Bonds, Series 2014A. Including an original issue premium of \$3,109,846, proceeds totaled \$47,539,846.

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Obligations under Series 2013A Revenue Bonds and 2014A Revenue Bonds (collectively, the Bonds) consist of the following:

<u>Description</u>	<u>Maturity date</u>	<u>Interest rate</u>	<u>Amount outstanding at</u>	
			<u>2016</u>	<u>2015</u>
Revenue Bonds Series A 2013:				
2032 Term Bond	2032	3.25%	\$ 4,130,000	4,130,000
2042 Term Bond	2042	5.00	11,475,000	11,475,000
Serial Bond	2023	5.00	645,000	645,000
Serial Bond	2024	5.00	680,000	680,000
Serial Bond	2025	5.00	715,000	715,000
Serial Bond	2026	5.00	750,000	750,000
Serial Bond	2027	5.00	790,000	790,000
Serial Bond	2028	5.00	295,000	295,000
Serial Bond	2033	5.00	59,700,000	59,700,000
Revenue Bonds Series A 2014:				
2038 Term Bond	2038	5.00	12,110,000	12,110,000
2043 Term Bond	2043	5.00	15,545,000	15,545,000
Serial Bond	2024	5.00	1,325,000	1,325,000
Serial Bond	2025	5.00	1,395,000	1,395,000
Serial Bond	2026	5.00	1,465,000	1,465,000
Serial Bond	2027	5.00	1,540,000	1,540,000
Serial Bond	2028	5.00	1,620,000	1,620,000
Serial Bond	2029	5.00	1,700,000	1,700,000
Serial Bond	2030	5.00	1,790,000	1,790,000
Serial Bond	2031	5.00	1,880,000	1,880,000
Serial Bond	2032	5.00	1,980,000	1,980,000
Serial Bond	2033	5.00	2,080,000	2,080,000
			<u>123,610,000</u>	<u>123,610,000</u>
Less unamortized bond issuance cost			(2,144,962)	(2,218,686)
Net unamortized premium			<u>14,767,344</u>	<u>15,291,700</u>
Bonds payable			<u>\$ 136,232,382</u>	<u>136,683,014</u>

While the Bonds are not the debt of WCS, the Loan Agreements obligate WCS to make payments equal to the debt service on the Bonds. The loans can be prepaid, without penalty, at any time.

Interest expense on the Bonds amounted to \$6,108,225 and \$6,034,175 in fiscal years June 30, 2016 and 2015, respectively. Interest expense, net of interest income of \$2,294,507 and \$2,812,991 has been capitalized in construction in progress at June 30, 2016 and 2015, respectively.

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Projected interest and principal payments are as follows:

	Interest	Principal
Fiscal year:		
2017	\$ 6,108,225	—
2018	6,108,225	—
2019	6,108,225	—
2020	6,108,225	—
2021	6,108,225	—
Thereafter	82,294,062	123,610,000
Total	\$ 112,835,187	123,610,000

WCS is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill capital commitments. The funds are invested, principally in money market funds, by the trustees until withdrawn to effect the purposes for which they were generated.

(11) Deferred Compensation

WCS has established two deferred compensation plans which provide for certain benefits currently payable through June 30, 2024. WCS accrues the present value of the estimated future benefit payments over the period from the date of the plans' inception through the dates payable. WCS recognized expense of \$529,077 in 2016 and \$669,097 in 2015 related to the plans. A liability of \$1,754,129 and \$1,657,228 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2016 and 2015, respectively.

(12) Retirement Benefits

All eligible WCS employees are members of the Cultural Institutions Retirement System's (CIRS) Pension, 401(k) Savings, and Group Life and Welfare Benefits Plans (the Plans). The CIRS Pension Plan (the Plan) is a cost sharing multiemployer plan that offers benefits related to years of service and final average salary. All participants become 100% vested after five years of service. There are no partial vesting provisions. WCS's pension expense related to this Plan was approximately \$7,776,000 and \$6,234,000 for the years ended June 30, 2016 and 2015, respectively. There have been no significant changes that affect the comparability of fiscal years 2016 and 2015 contributions. WCS's contributions to the Plan represent more than 5% of the total contributions to this plan for the years ended June 30, 2016 and 2015. The Employer Identification Number of the plan is 11-2001170. The three digit plan number is 001. On September 27, 2016, a new five-year contract was ratified governing CIRS benefits for the period July 1, 2015 through June 30, 2020. The most recent Pension Protection Act (PPA) zone status is green at June 30, 2016 and 2015 and, as required by the PPA, is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. As of the date the financial statements were issued, Form 5500 was not available for the plan year ended June 30, 2016.

**WILDLIFE CONSERVATION SOCIETY
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The expenses for the 401(k) Savings Plan, Group Life and Welfare Benefit Plans, and the administrative costs for the Plans for the years ended June 30, 2016 and 2015 was as follows:

	2016	2015
401(k) Savings	\$ —	(9,400)
Group Life and Welfare Benefits	211,000	202,000
Administration (all three plans)	756,000	733,000
	\$ 967,000	925,600

In addition, WCS has the practice of converting a portion of accrued sick leave into a lump-sum terminal leave payout upon the retirement of certain nonunion employees retiring from active service meeting certain age and service criteria. Terminal leave payout is a contractual obligation for WCS's unionized staff. WCS accrues for this accumulated terminal leave payment obligation. During 2016 and 2015, WCS recognized expense of \$50,288 and \$346,490 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to \$1,995,929 and \$1,945,641 at June 30, 2016 and 2015, respectively, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

Furthermore, WCS also provides certain health care benefits for retired employees. Substantially all of WCS's employees may become eligible for those benefits if they reach normal retirement age while working for WCS. Effective January 1, 2013, WCS's contribution towards Medicare eligible nonunion post-retirement benefits was reduced to new fixed amounts that coincide with a change in plan design.

**WILDLIFE CONSERVATION SOCIETY
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Notes to Consolidated Financial Statements

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

The following table provides a summary of this unfunded plan as of June 30, 2016 and 2015:

	2016	2015
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 30,658,249	31,160,698
Service cost	982,929	1,019,984
Interest cost	1,343,666	1,255,590
Plan participants' contribution	225,306	214,977
Actuarial loss (gain)	11,442,631	(1,399,352)
Benefits paid	(1,581,901)	(1,593,648)
Benefit obligation at end of year	43,070,880	30,658,249
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	1,581,901	1,593,648
Benefits paid	(1,581,901)	(1,593,648)
Fair value of plan assets at end of year	—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheet	\$ (43,070,880)	(30,658,249)
	2016	2015
Components of net periodic benefit expense:		
Service cost	\$ 982,929	1,019,984
Interest cost	1,343,666	1,255,590
Amortization of prior service credit	(1,200,543)	(1,200,543)
Amortization of net loss	101,473	64,238
Net periodic benefit expense	\$ 1,227,525	1,139,269

Information with respect to plan assumptions and estimated future benefit payments is as follows:

	2016	2015
Benefit obligation weighted average assumptions as of June 30, 2016 and 2015:		
Discount rate	3.53%	4.53%
Benefit cost weighted average assumptions for the years ended June 30, 2016 and 2015:		
Discount rate	4.53	4.31

**WILDLIFE CONSERVATION SOCIETY
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(with comparative summarized financial information as of and for the
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For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 8% in 2016 grading down to 4.75% in 2023 and thereafter was assumed.

As of June 30, 2016, a total loss of \$9,530,210, consisting of \$14,430,135 net actuarial loss and \$4,899,925 prior service credit, has not yet been recognized as a component of net periodic benefit costs.

As of June 30, 2015, a total gain of \$3,011,491, consisting of \$3,088,977 net actuarial loss and \$6,100,468 prior service credit, has not yet been recognized as a component of net periodic benefit costs.

During the years ended June 30, 2016 and 2015, \$(12,541,701) and \$263,047 were reported, respectively, as postretirement-related change other than net periodic postretirement benefit costs. The components of the amounts are as follows:

	2016	2015
Net actuarial loss (gain)	\$ 11,341,158	(1,463,590)
Prior service cost	1,200,543	1,200,543
	\$ 12,541,701	(263,047)

It is estimated that \$1,139,739 of the prior service credit and \$886,801 of amortization of the net actuarial loss will be recognized as components of net periodic benefit costs in fiscal year 2017.

The post retirement obligation increased during fiscal year 2016 due to the change in the discount rate (\$6.4 million) and the requirement to introduce related age morbidity for union participants (\$8.9 million).

Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects on the amounts reported for fiscal year 2016:

	One- percentage- point increase	One- percentage- point decrease
Impact of one-percentage-point change in health care cost trend rates:		
Effect on total service and interest cost components	\$ 349,221	(271,152)
Effect on the postretirement benefit obligation	6,407,617	(5,002,954)

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Notes to Consolidated Financial Statements

June 30, 2016

(with comparative summarized financial information as of and for the
year ended June 30, 2015)

Projected contributions and benefit payments for each of the next five fiscal years and the five fiscal years thereafter are as follows:

2017	\$	1,705,000
2018		1,747,000
2019		1,839,000
2020		1,857,000
2021		1,955,000
2022 through 2026		10,838,000
		19,941,000
	\$	19,941,000

(13) Collections (Unaudited)

WCS-operated facilities care for and exhibit an extensive collection of animals, including rare and endangered species. Annual censuses are prepared for each of WCS's facilities. The most recent census, as of June 30, 2016, follows:

Facility/location	Species and subspecies	Specimens owned	Births/ hatchings
Bronx Zoo	731	8,734	1,129
New York Aquarium	309	225	2,544
City Zoos	401	2,851	2,255
	1,441	11,810	5,928

During the years ended June 30, 2016 and 2015, animal collection accessions aggregated approximately \$318,000 and \$498,000, respectively, while proceeds from deaccessions aggregated approximately \$44,000 and \$29,000, respectively. In addition, WCS disposition policy prohibits the sale of collection animals.

(14) The City of New York Support (the City)

Funds from the City support the Bronx Zoo, the New York Aquarium, and the City Zoos, in part, for operations and capital improvement purposes.

WCS operates the Bronx Zoo pursuant to a city grant made in 1897 and the New York Aquarium pursuant to an agreement with the City made in 1950. The Bronx Zoo and the New York Aquarium are under WCS's management and control. The City, through the Department of Cultural Affairs, appropriates funds to support certain operating costs. WCS received \$14,737,188 and \$15,720,704 in operating support during 2016 and 2015, respectively.

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(with comparative summarized financial information as of and for the
year ended June 30, 2015)

WCS and the City have entered into renewable agreements with respect to the City Zoos in Central Park, Prospect Park, and Queens providing for WCS's operation and management of these facilities. The City, through the Department of Parks and Recreation, reimburses for the excess of eligible expenses over revenues at these facilities and pays WCS a management fee. WCS received \$7,650,494 and \$10,002,330 in support during 2016 and 2015, respectively, under these agreements.

The City, through its capital improvement budget, makes expenditures benefiting the Bronx Zoo, the New York Aquarium, and the City Zoos. In addition, the City provides capital appropriations directly to WCS for certain capital improvements. In fiscal years 2016 and 2015, this funding amounted to \$34,020,416 and \$47,432,873, respectively.

In fiscal year 2015, WCS also received, through the Department of Cultural Affairs, a temporarily restricted grant in the amount of \$50,000.

The amounts above are included in appropriation from the City in the accompanying consolidated statement of activities.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Schedule of Functional Expenses

Year ended June 30, 2016

(with comparative summarized financial information for the year ended June 30, 2015)

	<u>Bronx Zoo</u>	<u>New York Aquarium</u>	<u>City Zoos</u>	<u>Global conservation programs</u>	<u>Total program services</u>
Salaries and wages	\$ 25,459,920	4,853,569	12,346,321	16,165,470	58,825,280
Employee benefits and payroll taxes	10,185,586	1,827,460	5,178,200	10,606,048	27,797,294
Employment costs	26,893	5,608	13,172	2,292,938	2,338,611
Stipends	249,976	192	—	21,890,938	22,141,106
Purchased services	3,079,983	841,819	700,884	7,560,449	12,183,135
Grants	—	—	—	14,200,468	14,200,468
Professional fees	322,443	68,997	105,465	733,408	1,230,313
Property and casualty insurance	1,648,131	317,214	177,459	991,253	3,134,057
Advertising	—	—	—	—	—
Repairs and maintenance	2,990,210	567,149	529,252	1,639,314	5,725,925
Supplies and materials	2,831,390	769,530	1,463,129	9,338,859	14,402,908
Animal food and forage	1,584,711	154,740	497,865	16,095	2,253,411
Telephone	204,943	43,691	59,642	952,254	1,260,530
Heat, light, and power	3,429,712	1,158,060	106,222	410,926	5,104,920
Travel	441,775	69,566	94,852	12,349,486	12,955,679
Dues and fees	92,257	61,944	97,527	98,051	349,779
Postage and shipping	43,448	55,710	21,430	262,519	383,107
Cost of product sold	—	—	—	—	—
Collection accessions	243,241	63,730	10,784	—	317,755
Currency translation loss	—	—	—	3,015,929	3,015,929
Bond interest expense	—	—	—	—	—
Other	1,441,311	770,541	1,431,780	3,602,316	7,245,948
Subtotal	<u>54,275,930</u>	<u>11,629,520</u>	<u>22,833,984</u>	<u>106,126,721</u>	<u>194,866,155</u>
Depreciation	11,935,251	2,458,969	1,674,000	1,265,677	17,333,897
Total 2016 expenses	<u>\$ 66,211,181</u>	<u>14,088,489</u>	<u>24,507,984</u>	<u>107,392,398</u>	<u>212,200,052</u>
Total 2015 expenses	\$ 66,521,247	14,254,116	25,415,447	103,951,332	210,142,142

See accompanying independent auditors' report.

Schedule 1

Restaurant, merchandise, and parking expenses	Management and general	Membership solicitation and fulfillment	Fund-raising	Total supporting services	Total 2016	Total 2015
5,621,656	14,073,712	525,893	5,424,004	20,023,609	84,470,545	83,138,555
1,861,022	4,135,671	147,364	1,558,569	5,841,604	35,499,920	33,093,723
—	271,869	2,794	15,482	290,145	2,628,756	2,226,529
11,250	482,114	—	83,163	565,277	22,717,633	21,428,705
211,874	1,578,857	888,328	547,322	3,014,507	15,409,516	15,771,378
—	—	—	—	—	14,200,468	14,660,830
215	1,664,750	3,123	230,247	1,898,120	3,128,648	3,357,686
—	148,958	—	484	149,442	3,283,499	3,561,669
—	1,252,702	—	—	1,252,702	1,252,702	1,521,022
264,615	764,913	657	61,565	827,135	6,817,675	8,899,580
623,550	454,123	89,296	131,907	675,326	15,701,784	15,840,165
18,452	—	—	—	—	2,271,863	2,272,797
42,764	201,391	11,009	26,295	238,695	1,541,989	1,589,090
11,227	—	—	—	—	5,116,147	6,020,708
49,820	571,516	1,478	332,653	905,647	13,911,146	13,892,250
209	144,868	105	121,119	266,092	616,080	630,615
3,501	16,744	252,089	32,733	301,566	688,174	700,786
6,471,871	—	—	—	—	6,471,871	6,299,267
—	—	—	—	—	317,755	498,419
—	—	—	—	—	3,015,929	1,254,321
—	3,813,718	—	—	3,813,718	3,813,718	2,685,008
1,122,150	300,711	219,474	127,648	647,833	9,015,931	8,723,997
16,314,176	29,876,617	2,141,610	8,693,191	40,711,418	251,891,749	248,067,100
1,293,498	1,004,790	34,971	2,153	1,041,914	19,669,309	18,190,512
<u>17,607,674</u>	<u>30,881,407</u>	<u>2,176,581</u>	<u>8,695,344</u>	<u>41,753,332</u>	<u>271,561,058</u>	
17,146,098	28,929,432	2,179,858	7,860,082	38,969,372	—	\$ <u>266,257,612</u>

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidating Schedule of Activities

Year ended June 30, 2016

	<u>WCS do Brazil</u>	<u>WCS Canada</u>	<u>WCS Europe</u>	<u>WCS Singapore</u>	<u>WCS Malaysia</u>	<u>MCC</u>	<u>182 Flight Corp.</u>	<u>WCS India</u>	<u>WCS USA</u>	<u>Elimination</u>	<u>WCS Consolidated</u>
Revenues:											
Contributions	\$ 34,426	1,974,208	—	—	457,293	—	—	—	57,412,487	—	59,878,414
Bequests	—	—	—	—	—	—	—	—	3,067,857	—	3,067,857
Membership dues	—	—	—	—	—	—	—	—	13,804,120	—	13,804,120
Appropriation from The City of New York	—	—	—	—	—	—	—	—	56,408,098	—	56,408,098
U.S. State agencies grants and contracts	—	—	—	—	—	—	—	—	4,987,728	—	4,987,728
U.S. Federal grants and contracts	—	223,577	—	—	95,100	—	—	—	42,362,457	—	42,681,134
Non-U.S. government and bilateral grants and contracts	—	—	—	52,452	—	—	—	—	17,477,233	—	17,529,685
Private organizations grants and contracts	858,241	335,926	206,102	448,200	—	—	127,653	450,000	4,986,528	(2,121,955)	5,290,695
Gate and exhibit admissions	—	—	—	—	—	—	—	—	34,262,024	—	34,262,024
Investment return	—	—	—	—	—	—	—	—	(11,689,530)	—	(11,689,530)
Educational program and activities	—	—	—	—	—	—	—	—	2,806,127	—	2,806,127
Sponsorship, licensing, and royalties	—	—	—	—	—	—	—	—	719,923	—	719,923
Miscellaneous	16,738	284,050	—	—	—	1,078,024	—	—	2,507,951	—	3,886,763
	<u>909,405</u>	<u>2,817,761</u>	<u>206,102</u>	<u>500,652</u>	<u>552,393</u>	<u>1,078,024</u>	<u>127,653</u>	<u>450,000</u>	<u>229,113,003</u>	<u>(2,121,955)</u>	<u>233,633,038</u>
Restaurant and merchandise sales and parking fees	—	—	—	—	—	—	—	—	26,666,151	—	26,666,151
Total revenues	<u>909,405</u>	<u>2,817,761</u>	<u>206,102</u>	<u>500,652</u>	<u>552,393</u>	<u>1,078,024</u>	<u>127,653</u>	<u>450,000</u>	<u>255,779,154</u>	<u>(2,121,955)</u>	<u>260,299,189</u>
Expenses and losses:											
Salaries and wages	366,208	1,200,814	165,615	47,060	62,862	—	—	—	82,627,986	—	84,470,545
Employee benefits and payroll taxes	273,406	—	42,426	—	25,377	—	—	—	35,158,711	—	35,499,920
Employment costs	—	—	5,636	—	—	—	—	—	2,623,120	—	2,628,756
Stipends	—	—	—	—	—	—	—	—	22,717,633	—	22,717,633
Purchased services	123,926	609,800	—	—	—	—	—	—	14,675,790	—	15,409,516
Grants	47,417	138,801	—	—	505,866	907,145	—	250,809	14,472,385	(2,121,955)	14,200,468
Professional fees	44,007	2,216	—	—	1,034	—	—	—	3,081,391	—	3,128,648
Property and casualty insurance	3,850	13,503	—	—	—	—	—	—	3,266,146	—	3,283,499
Advertising	—	—	—	—	—	—	—	—	1,252,702	—	1,252,702
Repairs and maintenance	—	572	—	—	—	—	—	—	6,817,103	—	6,817,675
Supplies and materials	95,016	223,920	—	—	—	—	478,722	—	14,904,126	—	15,701,784
Animal food and forage	—	—	—	—	—	—	—	—	2,271,863	—	2,271,863
Telephone	—	20,001	—	—	—	—	—	—	1,521,988	—	1,541,989
Heat, light, and power	3,888	68,363	—	—	—	—	—	—	5,043,896	—	5,116,147
Travel	123,237	289,293	—	—	—	—	—	—	13,498,616	—	13,911,146
Dues and fees	395	—	—	—	—	—	—	—	615,685	—	616,080
Postage and shipping	1,608	11,870	—	—	56	—	—	—	674,640	—	688,174
Cost of product sold	—	—	—	—	—	—	—	—	6,471,871	—	6,471,871
Collection accessions	—	—	—	—	—	—	—	—	317,755	—	317,755
Currency translation loss	—	—	—	—	—	—	—	—	3,015,929	—	3,015,929
Bond interest expense	—	—	—	—	—	—	—	—	3,813,718	—	3,813,718
Other	4,811	41,753	11	(184,404)	73	176,960	—	11	8,976,716	—	9,015,931
Depreciation	—	—	—	—	—	—	—	—	19,669,309	—	19,669,309
Total expenses	<u>1,087,769</u>	<u>2,620,906</u>	<u>213,688</u>	<u>(137,344)</u>	<u>595,268</u>	<u>1,084,105</u>	<u>478,722</u>	<u>250,820</u>	<u>267,489,079</u>	<u>(2,121,955)</u>	<u>271,561,058</u>
(Deficiency) excess of revenues over expenses	<u>(178,364)</u>	<u>196,855</u>	<u>(7,586)</u>	<u>637,996</u>	<u>(42,875)</u>	<u>(6,081)</u>	<u>(351,069)</u>	<u>199,180</u>	<u>(11,709,925)</u>	<u>—</u>	<u>(11,261,869)</u>
Other changes:											
Postretirement-related change other than net periodic postretirement benefit cost	—	—	—	—	—	—	—	—	(12,541,701)	—	(12,541,701)
Changes in net assets	<u>(178,364)</u>	<u>196,855</u>	<u>(7,586)</u>	<u>637,996</u>	<u>(42,875)</u>	<u>(6,081)</u>	<u>(351,069)</u>	<u>199,180</u>	<u>(24,251,626)</u>	<u>—</u>	<u>(23,803,570)</u>
Net assets at beginning of year	<u>1,311,865</u>	<u>1,754,314</u>	<u>153,882</u>	<u>(637,996)</u>	<u>(92,808)</u>	<u>9,933</u>	<u>269,951</u>	<u>—</u>	<u>808,072,470</u>	<u>—</u>	<u>810,841,611</u>
Net assets at end of year	<u>\$ 1,133,501</u>	<u>1,951,169</u>	<u>146,296</u>	<u>—</u>	<u>(135,683)</u>	<u>3,852</u>	<u>(81,118)</u>	<u>199,180</u>	<u>783,820,844</u>	<u>—</u>	<u>787,038,041</u>

See accompanying independent auditors' report.