



**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Financial Statements

June 30, 2009 and 2008

(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 balance sheets of Wildlife Conservation Society (WCS) and subsidiaries as of June 30, 2009 and 2008, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of WCS's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of WCS's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the 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, 2009 and 2008, and the changes in their net assets and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

As discussed in note 2 to the consolidated financial statements, the Wildlife Conservation Society and subsidiaries adopted the provisions of Statement of Financial Accounting Standards No. 157, *Fair Value Measurements*, as amended, and Financial Accounting Standards Board Staff Position FAS 117-1, *Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*, in 2009.



Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements of the Wildlife Conservation Society and subsidiaries taken as a whole. The 2009 supplementary information included in the schedule of functional expenses is presented for the purposes of additional analysis and is not a required part of the 2009 basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2009 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2009 basic consolidated financial statements taken as a whole.

KPMG LLP

December 9, 2009

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Balance Sheets

June 30, 2009 and 2008

Assets	2009	2008
Cash and cash equivalents	\$ 52,004,640	36,256,292
Accounts receivable	3,048,333	3,913,133
Mortgage receivable (note 8)	3,500,000	—
Receivable from the City of New York	27,894,849	15,604,484
Receivable from the State of New York	7,094,991	5,344,198
Receivable from Federal sources	30,748,827	36,353,407
Grants and contributions receivable (note 7)	33,980,098	40,172,435
Inventories, at lower of cost or market	1,845,765	1,671,466
Prepaid expenses and deferred charges (note 10)	6,217,358	6,900,315
Investments (note 4)	352,422,420	521,862,543
Amounts held in trust by others	1,725,531	1,958,397
Funds held by bond trustee (note 10)	39,395	1,410,565
Property and equipment (note 8)	235,353,020	220,135,637
Collections (note 13)		
Total assets	\$ 755,875,227	891,582,872
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (note 12)	\$ 31,337,039	30,226,058
Annuity liability	3,290,427	2,800,319
Bonds payable (note 10)	66,626,589	66,664,598
Postretirement benefit obligation (note 12)	23,051,378	32,966,147
Total liabilities	124,305,433	132,657,122
Commitments and contingencies (notes 4, 9, 12, and 14)		
Net assets:		
Unrestricted:		
Designated for long-term investment	147,401,358	235,042,145
Net investment in property and equipment	168,765,826	154,881,604
Total unrestricted	316,167,184	389,923,749
Temporarily restricted (note 6)	113,026,322	162,093,719
Permanently restricted (note 6)	202,376,288	206,908,282
Total net assets	631,569,794	758,925,750
Total liabilities and net assets	\$ 755,875,227	891,582,872

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Activities
Year ended June 30, 2009

	Unrestricted					Total	
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted		Permanently restricted
Revenues:							
Contributions	\$ 6,834,915	506,945	—	7,341,860	31,574,037	1,282,945	40,198,842
Bequests	—	3,646,417	—	3,646,417	810,017	—	4,456,434
Membership dues	10,563,032	—	—	10,563,032	—	—	10,563,032
Appropriation from The City of New York (note 14)	28,063,982	—	—	28,063,982	12,185,185	—	40,249,167
State of New York grants and contracts	—	—	—	—	3,619,286	—	3,619,286
Federal grants and contracts	—	—	—	—	27,590,368	—	27,590,368
Other grants	—	—	—	—	13,848,339	—	13,848,339
Gate and exhibit admissions	28,107,347	800,000	—	28,907,347	—	—	28,907,347
Investment return (note 4)	18,518,008	(119,116,150)	—	(100,598,142)	(18,643,503)	—	(119,241,645)
Educational program and activities	1,674,946	—	—	1,674,946	—	—	1,674,946
Sponsorship, licensing, and royalties	1,975,064	—	—	1,975,064	—	—	1,975,064
Gain on sale of property, net (note 8)	—	—	2,361,709	2,361,709	—	—	2,361,709
Miscellaneous	1,330,084	—	—	1,330,084	—	—	1,330,084
	97,067,378	(114,162,788)	2,361,709	(14,733,701)	70,983,729	1,282,945	57,532,973
Restaurant and merchandise sales and parking fees	22,852,232	—	—	22,852,232	—	—	22,852,232
Net assets released from restrictions and designations (note 6)	85,481,826	(600,000)	27,631,544	112,513,370	(112,513,370)	—	—
Total revenues	205,401,436	(114,762,788)	29,993,253	120,631,901	(41,529,641)	1,282,945	80,385,205
Expenses:							
Program services:							
Bronx Zoo	50,144,532	—	9,138,728	59,283,260	—	—	59,283,260
New York Aquarium	12,108,359	—	2,574,552	14,682,911	—	—	14,682,911
City Zoos	16,665,438	—	1,087,860	17,753,298	—	—	17,753,298
Global Conservation Programs	74,501,378	—	447,478	74,948,856	—	—	74,948,856
Wildlife Conservation Magazine	1,457,748	—	—	1,457,748	—	—	1,457,748
Lower Bronx River Habitat Conservation	842,537	—	—	842,537	—	—	842,537
Total program services	155,719,992	—	13,248,618	168,968,610	—	—	168,968,610

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Activities
Year ended June 30, 2009

	Unrestricted				Total
	General	Board-designated	Plant	Total unrestricted	
Restaurant, merchandise, and parking expenses	\$ 14,821,174	—	1,233,730	16,054,904	16,054,904
Supporting services:					
Management and general	22,846,954	—	1,380,200	24,227,154	24,227,154
Membership solicitation and fulfillment	2,295,902	—	32,554	2,328,456	2,328,456
Fund-raising	4,798,221	—	87,421	4,885,642	4,885,642
Total supporting services	29,941,077	—	1,500,175	31,441,252	31,441,252
Total expenses	200,482,243	—	15,982,523 *	216,464,766	216,464,766
Plant renewal funding	(3,262,000)	3,262,000	—	—	—
Excess (deficiency) of revenues over expenses and plant renewal funding	1,657,193	(111,500,788)	14,010,730	(95,832,865)	(136,079,561)
Other changes:					
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	8,723,605	—	—	8,723,605	8,723,605
Reclassification of donor intent (notes 5 and 6)	241,646	13,111,049	—	13,352,695	—
Other transfers	(10,622,444)	10,748,952	(126,508)	—	(5,814,939)
Changes in net assets	—	(87,640,787)	13,884,222	(73,756,565)	(127,355,956)
Net assets at beginning of year	—	235,042,145	154,881,604	389,923,749	758,925,750
Net assets at end of year	\$ —	147,401,358	168,765,826	316,167,184	631,569,794

* Represents depreciation expense.

See accompanying notes to consolidated financial statements.

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Consolidated Statement of Activities
Year ended June 30, 2008

	General	Unrestricted			Total
		Board-designated	Plant	unrestricted	
Revenues:					
Contributions	\$ 6,270,070	1,338,905	—	7,608,975	43,138,011
Bequests	—	1,610,453	—	1,610,453	2,299,760
Membership dues	10,233,977	—	—	10,233,977	10,233,977
Appropriation from The City of New York (note 14)	28,875,073	—	—	28,875,073	38,754,479
State of New York grants and contracts	—	—	—	—	3,680,670
Federal grants and contracts	—	—	—	—	25,319,512
Other grants	—	—	—	—	11,435,749
Gate and exhibit admissions	28,310,503	800,000	—	29,110,503	29,110,503
Investment return (note 4)	19,578,466	(119,817)	—	19,458,649	23,341,921
Educational program and activities	1,614,676	—	—	1,614,676	1,614,676
Sponsorship, licensing, and royalties	2,762,573	—	—	2,762,573	2,762,573
Miscellaneous	1,353,525	—	—	1,353,525	1,353,525
	98,998,863	3,629,541	—	102,628,404	193,045,356
Restaurant and merchandise sales and parking fees	21,468,827	—	—	21,468,827	21,468,827
Net assets released from restrictions and designations (note 6)	84,562,856	(600,000)	29,923,345	113,886,201	—
Total revenues	205,030,546	3,029,541	29,923,345	237,983,432	214,514,183
Expenses:					
Program services:					
Bronx Zoo	51,962,938	—	7,520,618	59,483,556	59,483,556
New York Aquarium	12,463,348	—	2,063,480	14,526,828	14,526,828
City Zoos	16,038,888	—	1,821,039	17,859,927	17,859,927
Global Conservation Programs	72,119,375	—	268,927	72,388,302	72,388,302
Wildlife Conservation Magazine	1,195,296	—	—	1,195,296	1,195,296
Lower Bronx River Habitat Conservation	2,148,821	—	—	2,148,821	2,148,821
Total program services	155,928,666	—	11,674,064	167,602,730	167,602,730
Temporarily restricted					
Permanently restricted					
Total					

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Consolidated Statement of Activities
Year ended June 30, 2008

	Unrestricted				Total
	General	Board-designated	Plant	unrestricted	
Restaurant, merchandise, and parking expenses	\$ 13,502,425	—	1,568,618	15,071,043	15,071,043
Supporting services:					
Management and general	21,173,847	—	1,225,811	22,399,658	22,399,658
Membership solicitation and fulfillment	2,594,588	—	32,554	2,627,142	2,627,142
Fund-raising	4,665,796	—	94,404	4,760,200	4,760,200
Total supporting services	28,434,231	—	1,352,769	29,787,000	29,787,000
Total expenses	197,865,322	—	14,595,451 *	212,460,773	212,460,773
Plant renewal funding	(5,658,123)	5,658,123	—	—	—
Excess (deficiency) of revenues over expenses and plant renewal funding	1,507,101	8,687,664	15,327,894	25,522,659	2,053,410
Other changes:					
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	2,408,277	—	—	2,408,277	2,408,277
Other transfers	(3,915,378)	393,093	3,522,285	—	—
Change in net assets	—	9,080,757	18,850,179	27,930,936	4,461,687
Net assets at beginning of year	—	225,961,388	136,031,425	361,992,813	754,464,063
Net assets at end of year	\$ —	235,042,145	154,881,604	389,923,749	758,925,750

* Represents depreciation expense.

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statements of Cash Flows

Years ended June 30, 2009 and 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (127,355,956)	4,461,687
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	15,982,523	14,595,451
Gain from sale of property, net	(2,361,709)	—
Amortization and write-off of bond issuance costs	570,050	44,821
Amortization of bond premium	(38,009)	(39,326)
Net depreciation (appreciation) in fair value of investments	119,652,245	(21,936,160)
Postretirement-related change other than net periodic postretirement benefit cost	(8,723,605)	(2,408,277)
Decrease in value of amounts held in trust by others	232,866	113,561
Endowment contributions	(1,282,945)	(1,068,455)
Contributions and grants restricted for capital	(13,529,850)	(12,424,942)
Decrease (increase) in accounts receivable	864,800	(1,481,824)
Decrease in receivable from the City of New York	165,020	869,456
(Increase) decrease in receivable from the State of New York	(1,750,793)	1,171,599
Decrease (increase) in receivable from Federal sources	1,079,189	(2,238,347)
Decrease in grants and contributions receivable	5,626,752	14,679,922
Increase in inventories	(174,299)	(275,778)
Decrease (increase) in prepaid expenses and deferred charges	112,907	(1,285,843)
Increase in accounts payable and accrued expenses	2,499,194	2,049,771
(Decrease) increase in postretirement benefit obligation	(1,191,164)	1,931,476
Total adjustments	117,733,172	(7,702,895)
Net cash used in operating activities	(9,622,784)	(3,241,208)
Cash flows from investing activities:		
Proceeds from sales of investments	276,261,361	380,787,576
Purchases of investments	(226,473,483)	(344,188,746)
Acquisition of property and equipment	(33,838,197)	(45,357,909)
Increase in mortgage receivable	(3,500,000)	—
Proceeds from sale of property	5,000,000	—
(Decrease) increase in accounts payable and accrued expenses for construction projects	(1,388,213)	1,115,531
Net cash provided by (used in) investing activities	16,061,468	(7,643,548)
Cash flows from financing activities:		
Contributions and grants restricted for capital	13,529,850	12,424,942
Endowment contributions	1,282,945	1,068,455
Increase in receivable from government sources for capital expenditure	(7,929,994)	(3,441,267)
Decrease in contributions and grants receivable for capital	1,584,375	2,675,160
(Increase) decrease in contributions receivable restricted for endowment	(1,018,790)	412,500
Decrease in funds held by bond trustee	1,371,170	11,951,605
Increase in annuity liability, net	490,108	59,279
Net cash provided by financing activities	9,309,664	25,150,674
Net increase in cash and cash equivalents	15,748,348	14,265,918
Cash and cash equivalents at beginning of year	36,256,292	21,990,374
Cash and cash equivalents at end of year	\$ 52,004,640	36,256,292
Supplemental disclosure:		
Interest paid	\$ 3,112,775	3,112,775

See accompanying notes to consolidated financial statements.

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Notes to Consolidated Financial Statements

June 30, 2009 and 2008

(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, Professional Housing Corporation (PHC), 182 Flight Corp. (182 FC), WCS Wildlife Conservation Society Canada (WCSC), Wild Lands Conservation Society (WLCS), Tierras LLC, WCS-Associacao Conservacao da Vida Silvestre (WCS-ACVS) and Makira Carbon Credit Company LLC (MCC). WCS is a not-for-profit corporation founded and incorporated in 1895 as the New York Zoological Society. 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. PHC is incorporated in the State of Delaware and is exempt from Federal income taxes as an organization described in Section 501(c)(2) of the Code. 182 FC is incorporated in the State of Delaware as a nonprofit membership corporation. WCSC is a corporation without share capital incorporated under the Canada Corporations Act and is a tax-exempt registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada). WLCS is incorporated in the State of Delaware and is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Code. Tierras LLC is a Delaware single-member limited liability company whose sole member is WCS. WCS-ACVS is a not-for-profit civil association organized under the laws of the State of Rio de Janeiro, Brazil. MCC is a Delaware single-member limited liability company whose sole member is WCS.

WCS is dedicated to saving wildlife and preserving wild lands. That mission is achieved through careful science, global conservation, education, and 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 purpose of PHC is to own, maintain, and operate residential real estate for the benefit of WCS. The purpose of 182 FC is to own, maintain, and operate aircraft and to assist in the operation of environmental education and conservation programs. The purpose of WCSC, which operates principally in Canada, is the protection and conservation of wildlife and wild lands and the promotion of understanding thereof. The purpose of WLCS is to preserve wild lands. The purpose of Tierras LLC is to own and operate conservation programs on certain lands in Chile held indirectly through wholly owned subsidiaries. The purpose of WCS-ACVS, which operates principally in Brazil, is to promote animal wildlife conservation and education. The purpose of MCC is to act as a nonprofit agent for the Government of Madagascar in transactions by the Government in offsets, from the Makira Forest in Madagascar, of carbon dioxide emissions; the Government plans to use the proceeds of the carbon offset transactions to support conservation of the Makira Forest.

(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.

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Notes to Consolidated Financial Statements

June 30, 2009 and 2008

(b) Use of Estimates

The preparation of 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 the fair value of alternative investments and postretirement benefit obligations and related costs. Actual results could differ from those estimates.

(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 – Represents operating activity exclusive of depreciation expense and inclusive of the investment return allocated for spending based on WCS's spending rate;

Board-designated – Represents amounts designated by the board of trustees, principally for long-term investment in excess of WCS's spending rate; and

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 reclassifications between the applicable classes of net assets.

(d) Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Contributions to be received after one year are discounted using a risk-adjusted rate.

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(e) 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 accrued as temporarily restricted revenue, and subgrants to other organizations are recognized as expense and a liability when awarded by WCS.

(f) 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.

(g) Cash Equivalents

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

(h) 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.

(i) 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. Current assets and current liabilities denominated in foreign currencies are translated into dollars using the exchange rates in effect at the consolidated balance sheet date. The resulting translation gain or loss is reflected in the consolidated statements of activities.

(j) 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.

(k) Adoption of New Accounting Pronouncements

Effective July 1, 2008, WCS adopted Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157 (SFAS 157), *Fair Value Measurements*. SFAS 157 defines fair value, and establishes a three-level hierarchy for fair value measurements based on the observable inputs to the valuation of an asset or liability at the

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measurement date. 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) (note 3).

In connection with the adoption of SFAS 157, WCS elected to early adopt the measurement provisions of Accounting Standards Update No. 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, with respect to certain investments in funds that do not have readily determinable fair values. This guidance amends SFAS 157 and allows, as a practical expedient, for the estimation of the fair value of investments within its scope using net asset value per share or its equivalent as provided by the investment manager.

Effective July 1, 2008, WCS adopted the provisions of FASB Staff Position FAS 117-1 (FSP 117-1), *Endowments of Not-for Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds*. FSP 117-1 provides guidance on the net asset class classifications of donor-restricted endowment funds for a not-for-profit organization that subject to an enacted version of Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA), and requires disclosures about endowment funds. As of June 30, 2009, New York State had not enacted the provisions of UPMIFA, and accordingly, the impact of FSP 117-1 has been limited to additional disclosures regarding WCS's endowment funds.

Effective June 30, 2009, WCS adopted SFAS No. 165 (SFAS 165), *Subsequent Events*. SFAS 165 establishes principles and requirements for subsequent events and applies to accounting for and disclosure of subsequent events not addressed in other applicable generally accepted accounting principles. WCS evaluated events subsequent to June 30, 2009 and through December 9, 2009, the date on which the consolidated financial statements were to be available to be issued.

(l) Collections

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

(m) Reclassifications

Certain amounts in the 2008 consolidated financial statements have been reclassified to conform to the 2009 presentation.

(3) Fair Value

At June 30, 2009, the carrying value of WCS's cash and cash equivalents, receivables, prepaid expenses and accrued charges, and accounts payable and accrued expenses approximated their fair values.

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Under SFAS 157, which prioritizes the inputs to valuation techniques used to measure fair value, the three levels of 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 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. Alternative investments which can be redeemed at net asset value at or near the balance sheet date are included in Level 2.

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 in its entirety.

WCS assets at June 30, 2009 that are reported at fair value are summarized in the following table by their fair value hierarchy:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Investments:				
Multi-asset class	\$ —	—	195,896,528	195,896,528
Equity/equity funds	840,500	11,038,614	—	11,879,114
Alternative investments	—	—	48,401,999	48,401,999
Fixed income funds	—	1,142,348	—	1,142,348
Short-term investments	95,102,431	—	—	95,102,431
	<u>95,942,931</u>	<u>12,180,962</u>	<u>244,298,527</u>	<u>352,422,420</u>
Other assets:				
Funds held by bond trustee	39,395	—	—	39,395
Amounts held in trust by others	—	—	1,725,531	1,725,531
	<u>39,395</u>	<u>—</u>	<u>1,725,531</u>	<u>1,764,926</u>
Total	<u>\$ 95,982,326</u>	<u>12,180,962</u>	<u>246,024,058</u>	<u>354,187,346</u>

Most investments classified in Levels 2 and 3 consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the net asset value reported by each fund is used as a practical expedient to estimate the fair value of WCS's interest therein, its classification in Level 2 or 3 is based on WCS's ability to redeem its interest at or near the date of the balance sheet. If the interest can be redeemed in the near term, the investment is classified in Level 2. The classification of investments in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

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The following table presents WCS's activity for the fiscal year ended June 30, 2009 for investments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in SFAS 157:

	<u>Multi-asset class</u>	<u>Alternatives</u>	<u>Other assets</u>	<u>Total</u>
Fair value at June 30, 2008	\$ 329,129,242	163,066,917	1,958,397	494,154,556
Purchases and sales, net	(58,932,384)	(72,594,097)	(118,617)	(131,645,098)
Net depreciation in fair value of investments	<u>(74,300,330)</u>	<u>(42,070,821)</u>	<u>(114,249)</u>	<u>(116,485,400)</u>
Fair value at June 30, 2009	<u>\$ 195,896,528</u>	<u>48,401,999</u>	<u>1,725,531</u>	<u>246,024,058</u>

The unrealized net (depreciation) appreciation on Level 3 assets held at June 30, 2009 is as follows:

	<u>Multi-asset class</u>	<u>Alternative investments</u>	<u>Other assets</u>	<u>Total</u>
Unrealized (depreciation) appreciation at June 30, 2009	\$ (29,229,186)	12,111,190	(52,176)	(17,170,172)

(4) 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. Investments without a readily determinable fair value, such as the multi-asset class 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 multi-asset class and alternative investments.

Details of investments at June 30, 2009 and 2008 are as follows:

	<u>2009</u>		<u>2008</u>	
	<u>Cost</u>	<u>Fair value</u>	<u>Cost</u>	<u>Fair value</u>
Multi-asset class, including other alternative assets	\$ 225,125,714	195,896,528	339,010,859	329,129,242
Equity/equity funds	7,082,540	11,879,114	15,116,554	28,404,541
Alternative investments	36,290,809	48,401,999	81,810,368	163,066,917
Fixed income funds	1,112,119	1,142,348	133,674	132,251
Short-term investments	<u>95,102,431</u>	<u>95,102,431</u>	<u>1,104,615</u>	<u>1,129,592</u>
	<u>\$ 364,713,613</u>	<u>352,422,420</u>	<u>437,176,070</u>	<u>521,862,543</u>

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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 sheets.

Prior to January 2008, WCS invested in multiple managers to meet WCS's long-term asset allocation requirements. In January 2008, WCS streamlined investment management and allocated a significant portion of the investment portfolio to one manager, Makena Capital Management, LLC (Makena). Makena offers a pooled investment vehicle, the Makena Endowment Portfolio, utilizing a multi-asset manager structure. The cost and fair values of WCS investments in Makena as of June 30, 2009 and 2008 are as follows:

	2009		2008	
	Cost	Fair value	Cost	Fair value
Investments in Makena	\$ 225,125,714	195,896,528	339,010,859	329,129,242

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, 2009 are as follows:

Asset Class	Percentage of Portfolio
U.S. equity	5%
International equity	5
Emerging markets equity	5
Tactical hedged equity	7
Real estate	9
Private equity	11
Natural resources	6
Absolute return	28
Fixed income	8
Short-term investments	16
	100%

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In addition to the investments in Makena, WCS's investment portfolio includes other alternative investments. These alternative investments are less liquid than readily marketable investments. The following table summarizes these investments by investment strategy type at June 30, 2009 and 2008:

Other alternative investments	2009			2008		
	Number of funds	Cost	Fair value	Number of funds	Cost	Fair value
Fund of funds (hedge funds)	—	\$ —	—	2	\$ 15,000,000	23,607,816
Diversified long-short equities	—	—	—	1	10,000,000	11,684,257
Event-driven arbitrage, distressed, and high-yield securities	3	16,290,809	24,784,605	3	36,810,368	96,042,534
Real estate	1	20,000,000	23,617,394	1	20,000,000	31,732,310
	<u>4</u>	<u>\$ 36,290,809</u>	<u>48,401,999</u>	<u>7</u>	<u>\$ 81,810,368</u>	<u>163,066,917</u>

The components of investment return for the years ended June 30, 2009 and 2008 are as follows:

	2009	2008
Interest and dividend income, net of investment expenses of \$221,203 and \$809,849 in 2009 and 2008, respectively	\$ 410,600	1,405,761
Net (depreciation) appreciation in fair value of investments	<u>(119,652,245)</u>	<u>21,936,160</u>
Total investment return	(119,241,645)	23,341,921
Less investment return available under spending policy, including board-designated amount of \$565,811 and temporarily restricted amounts of \$3,326,495 in 2009 and \$3,011,633 in 2008	<u>(22,410,314)</u>	<u>(22,590,099)</u>
Investment return (less than) in excess of amount available under spending policy, including permanently restricted amount of \$153,528 in 2008, and temporarily restricted amounts of \$(21,969,998) in 2009 and \$718,111 in 2008	<u>\$ (141,651,959)</u>	<u>751,822</u>

(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.

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The Board 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 endowment funds and funds designated for long-term investment for the most recent twelve-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 may authorize additional spending, as needed, to finance special purposes, including capital expenditures, and operating deficits, if any, subject to donor restrictions.

WCS follows the published guidance of the Attorney General of the State of New York on the application of the New York Not-for-Profit Corporation Law (N-PCL) to underwater endowment funds. Under that guidance, income in the traditional sense (e.g., interest and dividends) earned on endowment funds may be expended even if the fair value of a fund falls below original fair dollar value. WCS's endowment consists of 98 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, 2009, the fair values of 25 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately \$3,383,000.

WCS has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the original gift of the donor-restricted endowment fund absent explicit donor stipulations to the contrary. As a result of this interpretation, WCS classifies as permanently restricted net assets the original value of the gifts donated to the permanent endowment and any investment return required by the donor to be added to the permanent endowment as earned.

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets (excluding pledges of \$1,458,580 and \$439,790) at June 30, 2009 and 2008 consisted of the following:

2009				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ 23,993,807	19,277,581	200,917,708	244,189,096
Board-designated	97,457,195	—	—	97,457,195
Total	\$ 121,451,002	19,277,581	200,917,708	341,646,291
2008				
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	\$ 67,151,519	48,261,639	206,468,492	321,881,650
Board-designated	160,480,026	—	—	160,480,026
Total	\$ 227,631,545	48,261,639	206,468,492	482,361,676

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Changes in endowment net assets for the fiscal years ended June 30, 2009 and 2008 were as follows:

	2009			Total
	Unrestricted	Temporarily restricted	Permanently restricted	
Endowment net assets, June 30, 2008	\$ 227,631,545	48,261,639	206,468,492	482,361,676
Investment return:				
Interest and dividend income	410,600	—	—	410,600
Net depreciation (realized and unrealized)	(102,759,182)	(18,119,807)	—	(120,878,989)
Contributions	—	—	264,155	264,155
Appropriation of endowment assets for expenditure	(19,083,819)	(3,326,495)	—	(22,410,314)
Transfer to board-designated endowment	2,140,809	—	—	2,140,809
Net asset reclassification	13,111,049	(7,537,756)	(5,814,939)	(241,646)
Endowment net assets, June 30, 2009	<u>\$ 121,451,002</u>	<u>19,277,581</u>	<u>200,917,708</u>	<u>341,646,291</u>
	2008			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, June 30, 2007	\$ 216,986,478	48,059,669	204,834,010	469,880,157
Investment return:				
Interest and dividend income	1,405,761	—	—	1,405,761
Net depreciation (realized and unrealized)	18,944,943	3,213,603	153,528	22,312,074
Contributions	—	—	1,480,954	1,480,954
Appropriation of endowment assets for expenditure	(19,578,466)	(3,011,633)	—	(22,590,099)
Transfer to board-designated endowment	9,872,829	—	—	9,872,829
Endowment net assets, June 30, 2008	<u>\$ 227,631,545</u>	<u>48,261,639</u>	<u>206,468,492</u>	<u>482,361,676</u>

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(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2009 and 2008 consist of the following:

	2009	2008
Amounts restricted for the following purposes:		
Domestic programs	\$ 35,917,390	74,009,183
Building and exhibit improvements	6,214,424	16,377,652
International programs	68,279,276	65,340,393
Future periods	2,162,209	4,997,209
Other	453,023	1,369,282
	\$ 113,026,322	162,093,719

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2009 and 2008 were as follows:

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications	Balance at end of year
2009:				
Contributions and bequests	\$ 77,132,917	32,384,054	48,245,394	61,271,577
Appropriation from The City of New York	93,873	12,185,185	12,267,320	11,738
State of New York grants and contracts	1,052,592	3,619,286	3,720,376	951,502
Federal grants and contracts	22,602,107	27,590,368	27,822,510	22,369,965
Other grants	7,502,094	13,848,339	13,074,599	8,275,834
Investment return	53,710,136	(18,643,503)	7,383,171	27,683,462
Reclassifications	—	—	7,537,756	(7,537,756)
	\$ 162,093,719	70,983,729	120,051,126	113,026,322

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	Balance at beginning of year	Revenues pending release	Released from restrictions	Balance at end of year
2008:				
Contributions and bequests	\$ 97,576,184	35,149,888	55,593,155	77,132,917
Appropriation from The City of New York	93,873	9,879,406	9,879,406	93,873
State of New York grants and contracts	867,556	3,680,670	3,495,634	1,052,592
Federal grants and contracts	29,864,831	25,319,512	32,582,236	22,602,107
Other grants	5,857,957	11,435,749	9,791,612	7,502,094
Investment return	52,524,550	3,729,744	2,544,158	53,710,136
	\$ 186,784,951	89,194,969	113,886,201	162,093,719

Permanently restricted net assets at June 30, 2009 and 2008 represent endowment gifts as follows:

	2009	2008
Lila Acheson Wallace Endowment Fund	\$ 151,363,015	151,363,015
Income unrestricted	17,957,368	21,216,731
Income restricted (principally for international programs)	33,055,905	34,328,536
	\$ 202,376,288	206,908,282

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, 2009 and 2008 are due to be collected as follows:

	<u>2009</u>	<u>2008</u>
Within one year	\$ 27,577,664	28,357,957
One to five years	6,496,329	12,148,952
Six to ten years	261,508	429,675
	<u>34,335,501</u>	<u>40,936,584</u>
Less present value discount (3.53% in 2009 and 3.99% in 2008)	<u>(355,403)</u>	<u>(764,149)</u>
	<u>\$ 33,980,098</u>	<u>40,172,435</u>

(8) Property and Equipment

At June 30, 2009 and 2008, the cost and accumulated depreciation of property and equipment are as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 651,268	651,268
Buildings and exhibits	367,747,575	308,708,753
Furniture, fixtures, and equipment	20,242,850	17,101,739
Construction in progress	23,879,697	56,893,606
	<u>412,521,390</u>	<u>383,355,366</u>
Less accumulated depreciation	<u>177,168,370</u>	<u>163,219,729</u>
	<u>\$ 235,353,020</u>	<u>220,135,637</u>

In January 2009, WCS sold a building located on City Island for \$5,000,000. As part of this transaction, WCS received \$1,500,000 in cash and issued a twelve-month purchase money mortgage to the buyer in the amount of \$3,500,000. The mortgage matures in January 2010 and bears interest at 5% per annum due monthly. This sale resulted in a gain of \$2,525,897 net of expenses.

(9) Line of Credit

WCS has a \$15,000,000 364-day revolving credit facility with JPMorgan Chase Bank to support working capital needs, which bears interest at (i) the London Interbank Offered Rate (LIBOR) plus 1.00%, (ii) the Commercial Bank Floating Rate, or (iii) the Money Market Rate, as elected by WCS. This credit facility is an uncollateralized committed facility, which expires on March 24, 2010. There were no outstanding borrowings as of June 30, 2009 and 2008.

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(10) Bonds Payable

On February 1, 2004, WCS entered into a Loan Agreement with The Trust for Cultural Resources of the City of New York (the Trust) to finance a portion of the costs of capital improvements at the Bronx Zoo and the New York Aquarium. In connection with the Loan Agreement, on March 11, 2004, the Trust issued \$65,530,000 of Revenue Bonds, Series 2004 (the Bonds) with a net original issue premium of \$1,313,867, loaning the proceeds of the issuance to WCS. The unamortized bond premium was \$1,096,589 and \$1,134,598 at June 30, 2009 and 2008, respectively. While the Bonds are not the debt of WCS, the Loan Agreement obligates WCS to make payments equal to the debt service on the Bonds. Through their maturity in 2034, the Bonds require only semiannual interest payments at annual rates of 4.50% to 5.00%. The loan can be prepaid, without penalty, at any time. WCS's obligation under the Loan Agreement is guaranteed by a municipal bond insurance policy issued by Financial Guaranty Insurance Company.

Bond issuance costs are being amortized over the term of the Bonds. The unamortized balance of \$723,074 and \$1,293,124 at June 30, 2009 and 2008, respectively, is included in prepaid expenses and deferred charges in the accompanying consolidated balance sheets.

Interest expense on the Bonds amounted to \$3,112,775 in both fiscal years 2009 and 2008. Interest expense, net of interest income, of \$441,478 and \$935,645 has been capitalized in construction in progress at June 30, 2009 and 2008, respectively.

The Loan Agreement requires WCS to meet certain financial covenants. At June 30, 2009, WCS was in compliance with these covenants.

The aggregate fair value of long-term debt was estimated to be approximately \$62,188,000 at June 30, 2009.

(11) Deferred Compensation

In January 2004 and 2005, WCS established two deferred compensation plans. These plans were revised and restated in 2007, 2008, and 2009. The plans provide for certain benefits currently payable from July 1, 2009 through December 31, 2017. 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 \$519,381 in 2009 and \$350,959 in 2008 related to the plans. The liability balance of \$1,550,154 and \$1,030,773 is within accounts payable and accrued expenses at June 30, 2009 and 2008, respectively.

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(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. WCS's policy is to fund pension cost accrued. Because the CIRS Pension Plan is a multiemployer plan, certain information with respect to vested and nonvested benefits, as well as plan assets relating to WCS employees, is not readily available. WCS contributes up to 3% of salary as determined by the level of employee contributions to the 401(k) Savings Plan. Pension expense for the years ended June 30, 2009 and 2008 was:

	2009	2008
Pension	\$ 3,819,000	3,497,000
401(k) Savings	1,212,000	1,151,000
Group Life and Welfare Benefits	241,000	188,000
Administration (all three plans)	728,000	630,000
	\$ 6,000,000	5,466,000

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. During 2007, WCS accrued for this accumulated terminal leave payment obligation. During 2009 and 2008, WCS recognized expense of \$196,154 and \$434,186 related to the terminal leave, respectively. The terminal leave obligation amounted to \$1,823,410 and \$2,375,801 at June 30, 2009 and 2008, respectively, which is included in the accounts payable and accrued expenses in the consolidated balance sheets.

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.

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The following provides a summary of this unfunded plan as of June 30, 2009 and 2008:

	2009	2008
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 32,966,147	33,442,948
Service cost	1,170,489	1,706,720
Interest cost	1,700,097	1,959,634
Plan participants' contribution	140,285	100,191
* Amendments	(10,220,886)	—
Actuarial gain	(1,370,908)	(2,902,967)
Curtailments	223,512	—
Benefits paid	(1,557,358)	(1,340,379)
Benefit obligation at end of year	23,051,378	32,966,147
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	1,557,358	1,340,379
Benefits paid	(1,557,358)	(1,340,379)
Fair value of plan assets at end of year	—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheets	\$ (23,051,378)	(32,966,147)

* Effective December 31, 2008, WCS made the following amendments to its postretirement benefit plan for nonunion employees:

- WCS's contribution towards its nonunion postretirement medical benefits will be fixed at the levels in place at January 1, 2009. All current and future nonunion retirees will pay all annual increases above this amount.
- Changed eligibility for nonunion postretirement benefits from the earlier of 52 years of age with 5 years of service or Rule of 85 to the earlier of 62 years of age with 5 years of service or the Rule of 85 (age plus service greater than or equal to 85) for employees who retire after December 31, 2008 with the exception of those affected by the reduction in force (voluntary separation, voluntary retirement, and involuntary separation) in March 2009.

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These changes resulted in a negative prior service cost. The amortization period for the negative prior service cost is 11.3 years, which represents the average future working lifetime to full eligibility of employees not yet eligible to retire.

	2009	2008
Components of net periodic benefit expense:		
Service cost	\$ 1,170,489	1,706,720
Interest cost	1,700,097	1,959,634
Amortization of prior service credit	(862,418)	(484,567)
Amortization of net gain	(136,399)	(10,123)
Total periodic benefit cost, before curtailment	1,871,769	3,171,664
* Curtailment gain	(1,645,860)	—
Net periodic benefit expense	\$ 225,909	3,171,664

* The curtailment gain is the net result of the recognition of prior service credits and the change in accumulated projected benefit obligation due to the plan amendments and reduction in force.

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

	2009	2008
Benefit obligation weighted average assumptions as of June 30, 2009 and 2008:		
Discount rate	6.63%	6.57%
Benefit cost weighted average assumptions for the years ended June 30, 2009 and 2008:		
Discount rate		6.29%
07/01/2008 – 12/31/2008	6.57%	
01/01/2009 – 03/31/2009	5.76	
04/01/2009 – 06/30/2009	7.23	

As of June 30, 2009, a total credit of \$12,830,776, consisting of \$2,298,889 net actuarial gain and \$10,531,887 prior service credit has not yet been recognized as a component of net periodic benefit costs. As of June 30, 2008, a total credit of \$4,107,171, consisting of \$1,064,380 net actuarial gain and \$3,042,791 prior service credit, had not been recognized as a component of net periodic benefit cost.

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During the years ended June 30, 2009 and 2008, net credits of \$8,723,605 and \$2,408,777, respectively, were reported as postretirement-related change other than net periodic postretirement benefit costs. The components of the net credit are as follows:

	2009	2008
Net actuarial gain	\$ 1,234,509	2,892,844
Prior service credit	7,489,096	(484,567)
	\$ 8,723,605	2,408,277

It is estimated that \$121,208 actuarial gain and \$1,161,729 of the prior service credit will be recognized as components of net periodic benefit costs in fiscal year 2009.

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 8.00% in 2009 grading down to 4.75% in 2013 and thereafter was assumed.

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 2009:

	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	\$ 397,684	(337,928)
Effect on the postretirement benefit obligation	1,753,602	(1,439,456)

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

2010	\$ 1,527,480
2011	1,543,742
2012	1,543,865
2013	1,572,468
2014	1,590,019
2015 through 2018	8,504,260
	\$ 16,281,834

Estimated contributions for 2010 are \$1,527,480.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

(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. A change in convention amongst zoos provided, for the first time, a count of invertebrates (including insects) in the census. At the Bronx Zoo, this added 59,903 animals to the count. At the City Zoos, this added 110,028 animals to the count. Also of note were changes in the census method for births/hatchings of groups formerly considered colonies that are now estimated as individuals. At the Bronx Zoo, birth estimates included 3,488 invertebrates and 1,075 bats and rodents. At the City Zoos, birth estimates included 655 bats as well as 1300 Puerto Rican Crested Toads and 500 Wyoming Toads that are part of an endangered species reintroduction program. The most recent census, as of June 30, 2009, follows:

<u>Facility/location</u>	<u>Species and subspecies</u>	<u>Specimens owned</u>	<u>Births/hatchings</u>
Bronx Zoo	606	66,209	5,529
New York Aquarium	345	11,118	N/A
City Zoos	379	113,688	2,830
	<u>1,330</u>	<u>191,015</u>	<u>8,359</u>

During the years ended June 30, 2009 and 2008, animal collection accessions aggregated approximately \$179,200 and \$318,400, respectively, while proceeds from deaccessions aggregated approximately \$74,100 and \$18,400, respectively. In addition, WCS disposition policy prohibits the sale of collection animals.

(14) City of New York Support

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 1953. 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 \$17,705,668 and \$19,145,522 in operating support during 2009 and 2008, respectively.

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 \$10,358,314 and \$9,682,197 in support during 2009 and 2008, respectively, under these agreements.

WCS has also received funding from other City agencies through local initiatives amounting to \$47,354 during 2008.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

June 30, 2009 and 2008

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 pass-through funding to WCS for certain capital improvements. Pass-through funding in fiscal years 2009 and 2008 amounted to \$12,185,185 and \$9,879,406, respectively.

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

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Statement of Functional Expenses

Year ended June 30, 2009

(with summarized totals for the year ended June 30, 2008)

	<u>Bronx Zoo</u>	<u>New York Aquarium</u>	<u>City Zoos</u>	<u>Global Conservation Programs</u>	<u>Wildlife Conservation Magazine</u>	<u>Lower Bronx River Habitat Conservation</u>
Salaries and wages	\$ 25,251,345	6,005,543	9,902,428	14,146,500	549,977	60,339
Employee benefits and payroll taxes	8,439,530	2,007,903	3,674,426	3,737,154	102,173	15,721
Employment costs	10,987	1,906	3,576	1,840,748	—	688
Stipends	67,482	406	580	13,709,306	—	—
Purchased services	1,349,999	246,928	399,078	6,568,809	469,799	—
Grants	91,656	76	109	10,638,359	—	764,891
Professional fees	830,316	22,956	56,615	1,488,521	—	—
Property and casualty insurance	1,481,424	134,454	129,365	640,382	5,000	—
Advertising	—	—	—	—	—	—
Repairs and maintenance	2,430,056	725,018	352,308	1,559,118	40	—
Supplies and materials	2,626,105	771,874	1,478,775	6,854,569	159,495	—
Animal food and forage	999,952	197,765	301,236	—	—	—
Telephone	293,945	81,318	96,789	977,839	5,571	138
Heat, light, and power	4,713,288	1,484,738	51,995	254,477	—	—
Rent	115,186	170,010	—	1,226,656	—	—
Travel	243,217	50,565	39,804	9,253,821	375	318
Dues and fees	81,148	33,197	88,799	112,438	2,244	—
Postage and shipping	73,600	22,951	8,995	328,971	162,938	—
Cost of product sold	—	—	—	—	—	—
Collection accessions	174,999	30,667	45,552	—	—	—
Currency translation loss	—	—	—	465,600	—	—
Bond interest expense	—	—	—	—	—	—
Other	870,297	120,084	35,008	698,110	136	442
Subtotal	<u>50,144,532</u>	<u>12,108,359</u>	<u>16,665,438</u>	<u>74,501,378</u>	<u>1,457,748</u>	<u>842,537</u>
Depreciation	<u>9,138,728</u>	<u>2,574,552</u>	<u>1,087,860</u>	<u>447,478</u>	<u>—</u>	<u>—</u>
Total 2009 expenses	<u>\$ 59,283,260</u>	<u>14,682,911</u>	<u>17,753,298</u>	<u>74,948,856</u>	<u>1,457,748</u>	<u>842,537</u>
Total 2008 expenses	<u>\$ 59,483,556</u>	<u>14,526,828</u>	<u>17,859,927</u>	<u>72,388,302</u>	<u>1,195,296</u>	<u>2,148,821</u>

See accompanying independent auditors' report.

Schedule

Total program services	Restaurant, merchandise, and parking expenses	Management and general	Membership solicitation and fulfillment	Fund-raising	Total supporting services	Total 2009	Total 2008
55,916,132	5,792,754	10,209,604	874,789	2,814,182	13,898,575	75,607,461	72,837,320
17,976,907	1,581,266	2,544,754	229,014	703,259	3,477,027	23,035,200	23,411,522
1,857,905	—	318,025	320	—	318,345	2,176,250	1,951,757
13,777,774	—	104,075	—	108,976	213,051	13,990,825	12,929,987
9,034,613	261,387	477,239	713,978	304,234	1,495,451	10,791,451	10,562,584
11,495,091	—	—	—	—	—	11,495,091	10,654,839
2,398,408	—	1,355,510	29,068	522,530	1,907,108	4,305,516	6,400,744
2,390,625	—	22,106	1,852	3,969	27,927	2,418,552	3,316,162
—	—	2,853,940	—	—	2,853,940	2,853,940	2,848,511
5,066,540	137,345	405,780	808	46,200	452,788	5,656,673	5,964,194
11,890,818	583,131	178,460	127,124	47,841	353,425	12,827,374	12,434,925
1,498,953	—	—	—	—	—	1,498,953	1,626,405
1,455,600	68,926	196,989	18,405	32,566	247,960	1,772,486	1,550,084
6,504,498	—	—	—	—	—	6,504,498	6,798,063
1,511,852	—	106,174	—	—	106,174	1,618,026	1,459,455
9,588,100	25,711	177,585	1,383	37,105	216,073	9,829,884	10,847,134
317,826	2,109	237,503	151	51,329	288,983	608,918	636,326
597,455	7,154	30,768	175,221	48,812	254,801	859,410	1,082,852
—	5,838,889	—	—	—	—	5,838,889	5,596,022
251,218	—	—	—	—	—	251,218	420,556
465,600	—	—	—	—	—	465,600	59,608
—	—	2,616,835	—	—	2,616,835	2,616,835	1,759,386
1,724,077	522,502	1,011,607	123,789	77,218	1,212,614	3,459,193	2,716,886
155,719,992	14,821,174	22,846,954	2,295,902	4,798,221	29,941,077	200,482,243	197,865,322
13,248,618	1,233,730	1,380,200	32,554	87,421	1,500,175	15,982,523	14,595,451
168,968,610	16,054,904	24,227,154	2,328,456	4,885,642	31,441,252	216,464,766	
167,602,730	15,071,043	22,399,658	2,627,142	4,760,200	29,787,000	\$ 212,460,773	

