WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Financial Statements and Schedule

June 30, 2010 and 2009

(With Independent Auditors' Report Thereon)

KPMG LLP
345 Park Avenue
New York, NY 10154

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, 2010 and 2009, 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, 2010 and 2009, 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.

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 2010 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 2010 basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2010 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2010 basic consolidated financial statements taken as a whole.

KPMG LLP

October 21, 2010

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Balance Sheets

June 30, 2010 and 2009

Assets	**2010**	**2009**
Cash and cash equivalents	$ 61,683,721	52,004,640
Accounts receivable	2,930,310	3,048,333
Mortgage receivable (note 8)	—	3,500,000
Receivable from the City of New York (note 14)	15,476,185	27,894,849
Receivable from the State of New York	5,376,758	7,094,991
Receivable from Federal sources	31,926,806	30,748,827
Grants and contributions receivable, net (note 7)	28,914,521	33,980,098
Inventories, at lower of cost or market	1,789,588	1,845,765
Prepaid expenses and deferred charges (note 10)	4,451,793	6,217,358
Investments (notes 3 and 4)	380,869,413	352,422,420
Amounts held in trust by others (note 3)	1,604,832	1,725,531
Funds held by bond trustee (notes 3 and 10)	12,900	39,395
Property and equipment (note 8)	230,856,403	235,353,020
Collections (note 13)		
Total assets	$ 765,893,230	755,875,227
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (notes 11 and 12)	$ 28,010,653	31,337,039
Annuity liability	3,404,721	3,290,427
Bonds payable (note 10)	66,589,853	66,626,589
Postretirement benefit obligation (note 12)	26,987,606	23,051,378
Total liabilities	124,992,833	124,305,433
Commitments and contingencies (notes 9, 12, and 14)		
Net assets (note 5):		
Unrestricted:		
General operating	1,741,253	—
Designated for long-term investment	154,809,714	147,401,358
Net investment in property and equipment	164,279,450	168,765,826
Total unrestricted	320,830,417	316,167,184
Temporarily restricted (note 6)	114,504,071	113,026,322
Permanently restricted (note 6)	205,565,909	202,376,288
Total net assets	640,900,397	631,569,794
Total liabilities and net assets	$ 765,893,230	755,875,227

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2010

	Unrestricted						
	General	**Board-designated**	**Plant**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Revenues:							
Contributions	$ 6,577,034	1,485,000	—	8,062,034	32,947,132	78,051	41,087,217
Bequests	—	8,541,884	—	8,541,884	1,760,349	3,111,570	13,413,803
Membership dues	10,874,683	—	—	10,874,683	—	—	10,874,683
Appropriation from The City of New York (note 14)	24,382,136	—	—	24,382,136	8,817,154	—	33,199,290
State of New York grants and contracts	—	—	—	—	3,564,753	—	3,564,753
Federal grants and contracts	—	—	—	—	31,372,967	—	31,372,967
Other grants	—	—	—	—	15,587,985	—	15,587,985
Gate and exhibit admissions	27,808,724	800,000	—	28,608,724		—	28,608,724
Investment return (note 4)	17,233,019	2,051,518	—	19,284,537	2,150,951	—	21,435,488
Educational program and activities	1,874,854	—	—	1,874,854	—	—	1,874,854
Sponsorship, licensing, and royalties	1,590,011	—	—	1,590,011	—	—	1,590,011
Miscellaneous	1,818,428	—	—	1,818,428	—	—	1,818,428
	92,158,889	12,878,402	—	105,037,291	96,201,291	3,189,621	204,428,203
Restaurant and merchandise sales and parking fees	24,189,466	—	—	24,189,466	—	—	24,189,466
Net assets released from restrictions and designations (note 6)	84,675,948	(800,000)	10,847,594	94,723,542	(94,723,542)	—	—
Total revenues	201,024,303	12,078,402	10,847,594	223,950,299	1,477,749	3,189,621	228,617,669
Expenses:							
Program services:							
Bronx Zoo	46,509,454	—	9,506,681	56,016,135	—	—	56,016,135
New York Aquarium	10,491,569	—	2,134,664	12,626,233	—	—	12,626,233
City Zoos	16,809,969	—	1,523,226	18,333,195	—	—	18,333,195
Global Conservation Programs	78,167,755	—	1,568,300	79,736,055	—	—	79,736,055
Lower Bronx River Habitat Conservation	1,592,951	—	—	1,592,951	—	—	1,592,951
Total program services	153,571,698	—	14,732,871	168,304,569	—	—	168,304,569

(Continued)

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2010

	Unrestricted						
	General	**Board-designated**	**Plant**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
Restaurant, merchandise, and parking expenses	$ 15,541,145	—	1,644,333	17,185,478	—	—	17,185,478
Supporting services:							
Management and general	20,180,801	—	1,951,122	22,131,923	—	—	22,131,923
Membership solicitation and fulfillment	2,026,740	—	33,359	2,060,099	—	—	2,060,099
Fund-raising	4,637,666	—	9,994	4,647,660	—	—	4,647,660
Total supporting services	26,845,207	—	1,994,475	28,839,682	—	—	28,839,682
Total expenses	195,958,050	—	18,371,679 *	214,329,729	—	—	214,329,729
Plant renewal funding	(3,325,000)	3,325,000	—	—	—	—	—
Excess (deficiency) of revenues over expenses and plant renewal funding	1,741,253	15,403,402	(7,524,085)	9,620,570	1,477,749	3,189,621	14,287,940
Other changes:							
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	(4,957,337)	—	—	(4,957,337)	—	—	(4,957,337)
Other transfers	4,957,337	(7,995,046)	3,037,709	—	—	—	—
Changes in net assets	1,741,253	7,408,356	(4,486,376)	4,663,233	1,477,749	3,189,621	9,330,603
Net assets at beginning of year	—	147,401,358	168,765,826	316,167,184	113,026,322	202,376,288	631,569,794
Net assets at end of year	$ 1,741,253	154,809,714	164,279,450	320,830,417	114,504,071	205,565,909	640,900,397

* Represents depreciation expense.

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2009

	Unrestricted						
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted	Permanently restricted	Total
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
Net assets (note 5):							
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

(Continued)

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2009

	Unrestricted						
	General	**Board-designated**	**Plant**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**Total**
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)	(41,529,641)	1,282,945	(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	(7,537,756)	(5,814,939)	—
Other transfers	(10,622,444)	10,748,952	(126,508)	—	—	—	—
Changes in net assets	—	(87,640,787)	13,884,222	(73,756,565)	(49,067,397)	(4,531,994)	(127,355,956)
Net assets at beginning of year	—	235,042,145	154,881,604	389,923,749	162,093,719	206,908,282	758,925,750
Net assets at end of year	$ —	147,401,358	168,765,826	316,167,184	113,026,322	202,376,288	631,569,794

* Represents depreciation expense.

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statements of Cash Flows

Years ended June 30, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Change in net assets	$ 9,330,603	(127,355,956)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Depreciation	18,371,679	15,982,523
Gain from sale of property, net	—	(2,361,709)
Amortization and write-off of bond issuance costs	24,224	570,050
Amortization of bond premium	(36,736)	(38,009)
Net (appreciation) depreciation in fair value of investments	(21,338,252)	119,652,245
Postretirement-related change other than net periodic postretirement benefit cost	4,957,337	(8,723,605)
Decrease in value of amounts held in trust by others	120,699	232,866
Endowment contributions	(3,189,621)	(1,282,945)
Contributions and grants restricted for capital	(3,472,171)	(13,529,850)
Decrease in accounts receivable	118,023	864,800
Decrease in receivable from the City of New York	858,258	165,020
Decrease (increase) in receivable from the State of New York	1,911,082	(1,750,793)
(Increase) decrease in receivable from Federal sources	(1,998,451)	1,079,189
Decrease in grants and contributions receivable	2,794,461	5,626,752
Decrease (increase) in inventories	56,177	(174,299)
Decrease in prepaid expenses and deferred charges	1,741,341	112,907
(Decrease) increase in accounts payable and accrued expenses	(804,028)	2,499,194
Decrease in postretirement benefit obligation	(1,021,109)	(1,191,164)
Total adjustments	(907,087)	117,733,172
Net provided by (used in) operating activities	8,423,516	(9,622,784)
Cash flows from investing activities:		
Proceeds from sales of investments	144,654,236	276,261,361
Purchases of investments	(151,762,977)	(226,473,483)
Acquisition of property and equipment	(13,875,062)	(33,838,197)
Decrease (increase) in mortgage receivable	3,500,000	(3,500,000)
Proceeds from sale of property	—	5,000,000
Decrease in accounts payable and accrued expenses for construction projects	(2,522,358)	(1,388,213)
Net cash (used in) provided by investing activities	(20,006,161)	16,061,468
Cash flows from financing activities:		
Contributions and grants restricted for capital	3,472,171	13,529,850
Endowment contributions	3,189,621	1,282,945
Decrease (increase) in receivable from government sources for capital expenditure	12,188,029	(7,929,994)
Decrease in contributions and grants receivable for capital	1,255,785	1,584,375
Decrease (increase) in contributions receivable restricted for endowment	1,015,331	(1,018,790)
Decrease in funds held by bond trustee	26,495	1,371,170
Increase in annuity liability, net	114,294	490,108
Net cash provided by financing activities	21,261,726	9,309,664
Net increase in cash and cash equivalents	9,679,081	15,748,348
Cash and cash equivalents at beginning of year	52,004,640	36,256,292
Cash and cash equivalents at end of year	$ 61,683,721	52,004,640
Supplemental disclosure:		
Interest paid	$ 3,112,775	3,112,775

See accompanying notes to consolidated financial statements.

(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 (the 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 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 following are descriptions of the affiliates and wholly-owned subsidiaries of WCS:

Community Markets for Conservation Limited (COMACO Ltd) is a Zambian company limited by guarantee incorporated in Lusaka, Zambia, in December 2009. COMACO Ltd has two guarantors, Conservation Livelihoods International LLC (CLI), described below, and an employee of WCS. The purpose of COMACO Ltd is to operate on a non-profit basis to further the goals of the Community Markets for Conservation program in Zambia and elsewhere, as may be the case, to promote food security, rural income, and sustainable land use practices and development in areas affected by the need for wildlife and habitat conservation and protection of the natural environment.

CLI is a Delaware limited liability company whose sole member is WCS. CLI is a non-profit entity formed to support, assist, and/or undertake programs, projects, and activities in communities around the world, including through participation in the ownership and management of economic development enterprises that foster and promote wildlife conservation and sustainable natural resource uses and management, through the promotion of human livelihoods that are compatible with the conservation and protection of the natural environment, and to carry on any lawful purpose or activity, which is in furtherance of the charitable, scientific, literary, and educational purposes of its sole member (WCS), within the meaning of Section 501(c)(3) of the Code and that a limited liability company may carry on under Delaware law. CLI is a member guarantor of COMACO Ltd.

Makira Carbon Company LLC (MCC) is a Delaware limited liability company whose sole member is WCS. MCC is to act as a nonprofit agent for the Government of Madagascar in transactions by the Government in offsets of carbon dioxide emissions from the Makira Forest in Madagascar; the Government plans to use the proceeds of the carbon offset transactions to support conservation of the Makira Forest.

Professional Housing Corporation (PHC) is a non-profit, non-stock corporation incorporated in the State of Delaware whose sole member is WCS. The Service has determined that PHC is exempt from Federal income tax as an organization described in Section 501(c)(2) of the Code. The purpose of PHC is to own, maintain, and operate residential real estate for the benefit of WCS.

Tierras LLC is a Delaware single-member limited liability company whose sole member is WCS. The purpose of Tierras LLC is to carry on wildlife and land conservation on certain lands in Chile held indirectly through wholly owned subsidiaries.

Tierra De Guanacos LLC is a Delaware limited liability company whose sole member is Tierras LLC. It was formed to carry on wildlife and land conservation in Chile.

Tierra De Truchas LLC is a Delaware limited liability company whose sole member is Tierras LLC. It was formed to carry on wildlife and land conservation in Chile.

WCS-Associação Conservação da Vida Silvestre (WCS do Brasil) is a not-for-profit civil association organized and tax-exempt under the law of the State of Rio de Janiero, Brazil. The members of WCS do Brasil are WCS and employees of WCS. WCS do Brasil operates principally in Brazil, to promote animal wildlife conservation and education.

WCS Wildlife Conservation Society Canada (WCSC) is a corporation without share capital incorporated under the Canada Corporations Act whose sole member is WCS. WCSC is a tax-exempt registered charity under paragraph 149(1)(f) of the Income Tax Act (Canada). 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.

WCS Europe is a charitable company limited by guarantee formed in November 2009 under the law of England and Wales whose sole member is WCS. The objects of WCS Europe are, for the public benefit and in any part of the world, to promote: (a) the protection and conservation of the natural environment, its flora and fauna and in particular the preservation of wild places and wildlife; (b) education and instruction of the public regarding the protection and conservation of the natural environment and related subjects; and (c) all other objects which are exclusively charitable under the law of England and Wales.

Wildlife Conservation Society Singapore Ltd. (WCS Singapore) is a public company limited by guarantee formed under Singapore law in December 2009. WCS is a member of WCS Singapore; the two other members are WCS employees. WCS Singapore has been established for charitable, educational and conservation purposes and has as its objects the protection and conservation of the natural environment, its flora and fauna, and, in particular, the preservation of wildlife and wild places in Singapore and anywhere in the world.

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Wildlife Conservation and Science (Malaysia) Bhd (WCS Malaysia) is a company limited by guarantee incorporated under Malaysian law. Currently five out of the six members of WCS Malaysia are WCS employees. WCS Malaysia was formed as Baram Wildlife Conservation Bhd in 2004. WCS Malaysia changed its name to its current name in May 2009 and became active in February 2010. The objects of WCS Malaysia are charitable, educational, and scientific and conservation non-profit objects and purposes within the meaning of Malaysian law and, without limitation, include, anywhere in the world, the support and promotion of, and participation in, the protection and conservation of wildlife and wild places.

Wild Lands Conservation Society (WLCS) is a non-profit, non-stock corporation incorporated in the State of Delaware whose sole member is WCS. The Service has determined that 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 whose sole member is WCS. The Service has determined that 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 non-profit, non-stock corporation, whose sole member is 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. 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 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.

(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, currently 4%, and other changes in the estimates of future benefits. Assets related to such agreements amounted to $3,575,186 and $2,943,165 at June 30, 2010 and 2009, respectively.

(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) Collections

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

(l) Subsequent Events

In conjunction with the preparation of the consolidated financial statements, WCS evaluated subsequent events from July 1, 2010 and through October 21, 2010, the date on which the financial statements were issued and has concluded that there are no subsequent events for disclosure.

(m) 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 or anticipating litigation or claims that would have a material adverse effect on WCS's financial position.

(3) Fair Value

At June 30, 2010, the carrying value of WCS's cash and cash equivalents, receivables, prepaid expenses and accrued charges, and accounts payable and accrued expenses approximates their fair values.

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).

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 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.

(Continued)

WCS assets at June 30, 2010 that are reported at fair value on an annual basis are summarized in the following table by their fair value hierarchy:

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
Assets:					
Investments:					
Daily Liquidity:					
Short-term investments	$ 27,131,275	—	—	27,131,275	1
Fixed Income:					
Mutual Funds – U.S. Government	29,544,055	—	—	29,544,055	1
Mutual Funds – U.S. Corporate	10,909,284	1,772,370	—	12,681,654	1
Equity:					
Mutual Funds – United States	4,510,769	—	—	4,510,769	1
Direct Ownership – United States	9,567,752	—	—	9,567,752	1 – 30
Monthly Liquidity:					
Fixed Income:					
Commingled Funds:					
Emerging Markets	—	2,484,582	—	2,484,582	60
Equity:					
Commingled Funds:					
United States	—	4,182,142	—	4,182,142	15
International emerging markets	—	29,475,206	—	29,475,206	6 – 30
Semi-annual Liquidity:					
Equity:					
Commingled Funds – United States	—	1,754,368	—	1,754,368	1 Month
Annual Liquidity:					
Multi-asset Class	—	—	212,581,382	212,581,382	1 Year, at 12/31
Illiquid Investments:					
Alternatives:					
Multi-strategy	—	—	6,283,720	6,283,720	Not applicable
Directional equity	—	—	18,972,150	18,972,150	Not applicable
Distressed securities	—	—	4,047,284	4,047,284	Not applicable
Real estate	—	—	17,505,542	17,505,542	Not applicable
Other	—	—	147,532	147,532	Not applicable
	81,663,135	39,668,668	259,537,610	380,869,413	
Other assets:					
Funds held by bond trustee	12,900	—	—	12,900	Not applicable
Amounts held in trust by others	—	—	1,604,832	1,604,832	Not applicable
	12,900	—	1,604,832	1,617,732	
Total	$ 81,676,035	39,668,668	261,142,442	382,487,145	

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

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
Assets:					
Investments:					
Daily Liquidity:					
Short-term investments	$ 95,102,431	—	—	95,102,431	1
Fixed Income:					
Mutual Funds – U.S. Corporate	—	1,142,348	—	1,142,348	1
Equity:					
Direct Ownership – United States	266,736	—	—	266,736	1
Mutual Funds – United States	573,764	60,574	—	634,338	1
Semi-annual Liquidity:					
Equity:					
Commingled Funds – United States	—	10,978,040	—	10,978,040	1 Month
Annual Liquidity:					
Multi-asset Class	—	—	195,896,528	195,896,528	1 Year, at 12/31
Illiquid Investments:					
Alternatives:					
Multi-strategy	—	—	6,943,864	6,943,864	Not applicable
Directional equity	—	—	11,966,040	11,966,040	Not applicable
Distressed securities	—	—	5,874,701	5,874,701	Not applicable
Real estate	—	—	23,617,394	23,617,394	Not applicable
	95,942,931	12,180,962	244,298,527	352,422,420	
Other assets:					
Funds held by bond trustee	39,395	—	—	39,395	Not applicable
Amounts held in trust by others	—	—	1,725,531	1,725,531	Not applicable
	39,395	—	1,725,531	1,764,926	
Total	$ 95,982,326	12,180,962	246,024,058	354,187,346	

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.

The following tables present WCS's activity for the fiscal years ended June 30, 2010 and 2009 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Multi-asset class	Alternatives	Other assets	Total
Fair value at June 30, 2009	$ 195,896,528	48,401,999	1,725,531	246,024,058
Purchases and sales, net	(8,481,852)	1,512,307	(215,319)	(7,184,864)
Net appreciation (depreciation) in fair value of investments	25,166,706	(2,958,078)	94,620	22,303,248
Fair value at June 30, 2010	$ 212,581,382	46,956,228	1,604,832	261,142,442

	Multi-asset class	Alternatives	Other assets	Total
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	(74,300,330)	(42,070,821)	(114,249)	(116,485,400)
Fair value at June 30, 2009	$ 195,896,528	48,401,999	1,725,531	246,024,058

The unrealized net (depreciation) appreciation on Level 3 assets held at June 30, 2010 and 2009 is as follows:

	Multi-asset class	Alternative investments	Other assets	Total
Unrealized (depreciation) appreciation at June 30, 2010	$ (2,187,539)	7,934,713	27,657	5,774,831

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

The investments within the Level 3 assets have a variety of liquidity profiles. The multi-asset class investment, valued at $212,581,382 at June 30, 2010, is accessible on an annual basis with one year's notice by December 31. The real estate investment, valued at $17,505,542 at June 30, 2010, does not provide for redemptions but is contractually obligated to close by 2013. Of the equity directional alternative investments, the largest fund manager (accounting for $14,637,453 of $18,972,150 in this category at June 30, 2010) does not provide for redemptions but has begun making quarterly distributions, as liquidity allows, to investors as it prepares to close the fund. The multi-strategy and distressed securities alternative investments, valued at $6,283,720 and $4,047,284 at June 30, 2010 and 2009, respectively, are comprised of side pocket investments and a liquidating trust. The fund managers for these investments make distributions as underlying investments are realized and converted to cash. The remaining investments do not provide for redemptions at this time.

WCS does not have any unfunded investment commitments outstanding as of June 30, 2010.

(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, 2010 and 2009 are as follows:

	2010		2009	
	Cost	**Fair value**	**Cost**	**Fair value**
Multi-asset class, including other alternative assets	$ 214,768,921	212,581,382	225,125,714	195,896,528
Equity/equity funds	52,652,516	49,490,237	7,082,540	11,879,114
Alternative investments	39,021,515	46,956,228	36,290,809	48,401,999
Fixed income funds	44,034,991	44,710,291	1,112,119	1,142,348
Short-term investments	27,129,230	27,131,275	95,102,431	95,102,431
	$ 377,607,173	380,869,413	364,713,613	352,422,420

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.

Alternative investments held by the WCS follow four basic strategies, as follows:

Multi-strategy hedge funds – investments through individual managers who employ a broad range of investment strategies to seek benefit from opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies and include event-driven strategies, distressed debt, merger and other arbitrage and value investing.

Directional equity hedge funds – investments through individual managers who invest in companies believed to be undervalued via marketable securities or private transactions.

Distressed securities hedge funds – investments through individual managers who 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.

Real estate – investments through limited liability company interests 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 publicly traded Real Estate Investment Trusts and privately held properties.

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, 2010 and 2009 are as follows:

	2010		2009	
	Cost	**Fair value**	**Cost**	**Fair value**
Investments in Makena	$ 214,768,921	212,581,382	225,125,714	195,896,528

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, 2010 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	8
Private equity	16
Natural resources	9
Absolute return	31
Fixed income	12
Short-term investments	2
	100%

The components of investment return for the years ended June 30, 2010 and 2009 are as follows:

		2010	2009
Interest and dividend income, net of investment expenses of $1,917,270 and $1,327,982 in 2010 and 2009, respectively	$	97,236	410,600
Net appreciation (depreciation) in fair value of investments		21,338,252	(119,652,245)
Total investment return		21,435,488	(119,241,645)
Less investment return available under spending policy, including temporarily restricted amounts of $1,684,412 in 2010 and $3,326,495 in 2009		(18,917,431)	(22,410,314)
Investment return in excess of (less than) amount available under spending policy, including temporarily restricted amounts of $466,539 in 2010 and $(21,969,998) in 2009	$	2,518,057	(141,651,959)

(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 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, 2010, the fair values of 27 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately $2,735,000. 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 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.

On September 17, 2010, New York State enacted the provisions of the New York Uniform Prudent Management of Institutional Funds Act, a version of the Uniform Prudent Management of Institutional Funds Act. WCS is currently in the process of determining the impact of the act on WCS's consolidated financial statements.

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 $443,249 and $1,458,580, respectively) at June 30, 2010 and 2009 consisted of the following:

	2010			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted	$ 24,502,058	19,640,731	205,122,660	249,265,449
Board-designated	121,761,443	—	—	121,761,443
Total	$ 146,263,501	19,640,731	205,122,660	371,026,892

	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

Changes in endowment net assets for the fiscal years ended June 30, 2010 and 2009 were as follows:

	2010			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2009	$ 121,451,002	19,277,581	200,917,708	341,646,291
Investment return:				
Interest and dividend income	14,971	1,908	—	16,879
Net appreciation (realized and unrealized)	21,449,520	2,045,654	—	23,495,174
Contributions	—	—	4,204,952	4,204,952
Appropriation of endowment assets for expenditure	(17,233,019)	(1,684,412)	—	(18,917,431)
Transfer to board-designated endowment	20,581,027	—	—	20,581,027
Endowment net assets, June 30, 2010	$ 146,263,501	19,640,731	205,122,660	371,026,892

	2009			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
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	$ 121,451,002	19,277,581	200,917,708	341,646,291

(Continued)

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2010 and 2009 consist of the following:

	2010	2009
Amounts restricted for the following purposes:		
Domestic programs	$ 39,886,317	35,917,390
Building and exhibit improvements	8,451,392	6,214,424
Global conservation programs	60,995,522	68,279,276
Future periods	4,632,528	2,162,209
Other	538,312	453,023
	$ 114,504,071	113,026,322

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2010 and 2009 were as follows:

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications	Balance at end of year
2010:				
Contributions and bequests	$ 61,271,577	34,707,481	39,381,614	56,597,444
Appropriation from The City of New York	11,738	8,817,154	8,814,936	13,956
State of New York grants and contracts	951,502	3,564,753	3,329,375	1,186,880
Federal grants and contracts	22,369,965	31,372,967	29,377,451	24,365,481
Other grants	8,275,834	15,587,985	12,094,253	11,769,566
Investment return	20,145,706	2,150,951	1,725,913	20,570,744
	$ 113,026,322	96,201,291	94,723,542	114,504,071

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		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

Permanently restricted net assets at June 30, 2010 and 2009 represent endowment gifts as follows:

		2010	2009
Lila Acheson Wallace Endowment Fund	$	151,363,015	151,363,015
Income unrestricted		21,119,943	17,957,368
Income restricted (principally for international programs)		33,082,951	33,055,905
	$	205,565,909	202,376,288

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.

(7) Grants and Contributions Receivable

Grants and contributions receivable as of June 30, 2010 and 2009 are due to be collected as follows:

		2010	2009
Within one year	$	25,259,935	27,577,664
One to five years		3,436,732	6,496,329
Six to ten years		488,413	261,508
		29,185,080	34,335,501
Less present value discount (2.97% in 2010 and 3.53% in 2009)		(270,559)	(355,403)
	$	28,914,521	33,980,098

During 2010, WCS received a grant not to exceed $25,000,000, which is to support activities within the Global Conservation Programs. The grant is expected to be received through December 31, 2014. As the receipt of future amounts is conditional, revenue is recognized as requirements are met. Approximately $2,500,000 was recognized as revenue in fiscal 2010.

(8) Property and Equipment

At June 30, 2010 and 2009, the cost and accumulated depreciation of property and equipment are as follows:

		2010	2009
Land	$	651,268	651,268
Buildings and exhibits		377,232,544	367,747,575
Furniture, fixtures, and equipment		24,544,593	20,242,850
Construction in progress		23,968,047	23,879,697
		426,396,452	412,521,390
Less accumulated depreciation		195,540,049	177,168,370
	$	230,856,403	235,353,020

In January 2009, WCS sold a building located on City Island for $5,000,000 resulting in a gain of $2,525,897, net of expenses. 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 outstanding mortgage receivable was collected in March 2010.

(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 .75%, (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 23, 2011. There were no outstanding borrowings as of June 30, 2010 and 2009.

(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 $1,059,853 and $1,096,589 at June 30, 2010 and 2009, 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.

Bond issuance costs are being amortized over the term of the Bonds. The unamortized balance of $698,850 and $723,074 at June 30, 2010 and 2009, 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 2010 and 2009. Interest expense, net of interest income, of $106,310 and $441,478 has been capitalized in construction in progress at June 30, 2010 and 2009, respectively.

The Loan Agreement requires WCS to meet certain financial covenants. At June 30, 2010, WCS was in compliance with these covenants.

The aggregate fair value of long-term debt was estimated to be approximately $65,087,000 and $62,188,000 at June 30, 2010 and 2009, respectively.

(11) Deferred Compensation

In January 2004 and 2005, WCS established two deferred compensation plans. These plans were revised and restated. 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 $805,695 in 2010 and $519,381 in 2009 related to the plans. The liability balance of $904,599 and $1,550,154 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2010 and 2009, 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. 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, 2010 and 2009 was:

		2010	2009
Pension	$	3,972,000	3,819,000
401(k) Savings		1,016,000	1,212,000
Group Life and Welfare Benefits		238,000	241,000
Administration (all three plans)		626,400	728,000
	$	5,852,400	6,000,000

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. WCS accrues for this accumulated terminal leave payment obligation. During 2010 and 2009, WCS recognized expense of $343,804 and $196,154 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to $2,167,214 and $1,823,410 at June 30, 2010 and 2009, respectively, which is included in the accounts payable and accrued expenses in the accompanying 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.

(Continued)

The following provides a summary of this unfunded plan as of June 30, 2010 and 2009:

		2010	2009
Change in benefit obligation:			
Benefit obligation at beginning of year	$	23,051,378	32,966,147
Service cost		630,605	1,170,489
Interest cost		1,432,275	1,700,097
Plan participants' contribution		262,000	140,285
* Amendments		—	(10,220,886)
Actuarial gain		3,660,651	(1,370,908)
Curtailments		—	223,512
Benefits paid		(2,049,303)	(1,557,358)
Benefit obligation at end of year		26,987,606	23,051,378
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contribution		2,049,303	1,557,358
Benefits paid		(2,049,303)	(1,557,358)
Fair value of plan assets at end of year		—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheets	$	(26,987,606)	(23,051,378)

* 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 was 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.

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.

		2010	2009
Components of net periodic benefit expense:			
Service cost	$	630,605	1,170,489
Interest cost		1,432,275	1,700,097
Amortization of prior service credit		(1,161,729)	(862,418)
Amortization of net gain		(134,957)	(136,399)
Total periodic benefit cost, before curtailment		766,194	1,871,769
* Curtailment gain		—	(1,645,860)
Net periodic benefit expense	$	766,194	225,909

* 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:

	2010	2009
Benefit obligation weighted average assumptions as of June 30, 2010 and 2009:		
Discount rate	5.50%	6.63%
Benefit cost weighted average assumptions for the years ended June 30, 2010 and 2009:		
Discount rate	6.63%	
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, 2010, a total credit of $7,873,439, consisting of $1,496,719 net actuarial loss and $9,370,158 prior service credit, has not yet been recognized as a component of net periodic benefit costs. 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.

During the year ended June 30, 2010, a net debit of $4,957,337 and a net credit of $8,723,605 for the year ended June 20, 2009 were reported as postretirement-related change other than net periodic postretirement benefit costs. The components of the net credit are as follows:

		2010	2009
Net actuarial gain	$	3,795,608	1,234,509
Prior service credit		1,161,729	7,489,096
	$	4,957,337	8,723,605

It is estimated that $1,161,729 of the prior service credit will be recognized as components of net periodic benefit costs in fiscal year 2010.

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 7.00% in 2010 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 2010:

		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	$	176,072	(142,187)
Effect on the postretirement benefit obligation		2,340,460	(1,907,330)

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

2011	$	1,484,000
2012		1,510,000
2013		1,564,000
2014		1,582,000
2015		1,577,000
2016 through 2020		8,434,000
	$	16,151,000

Estimated contributions for 2011 are $1,484,000.

As of June 30, 2010, WCS has not identified any provisions of health care reform that would be expected to have a significant impact on the measured obligation.

(Continued)

(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, 2010, follows:

Facility/location	Species and subspecies	Specimens owned	Births/ hatchings
Bronx Zoo	602	66,335	3,133
New York Aquarium	348	11,159	22
City Zoos	386	113,372	120
	1,336	190,866	3,275

During the years ended June 30, 2010 and 2009, animal collection accessions aggregated approximately $210,792 and $179,200, respectively, while proceeds from deaccessions aggregated approximately $18,003 and $74,100, 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 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 $16,021,764 and $17,705,668 in operating support during 2010 and 2009, 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 $8,360,372 and $10,358,314 in support during 2010 and 2009, 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 2010 and 2009, this funding amounted to $8,817,154 and $12,185,185, respectively.

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

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended June 30, 2010
(with summarized totals for the year ended June 30, 2009)

	Bronx Zoo	New York Aquarium	City Zoos	Global Conservation Programs	Wildlife Conservation Magazine *	Lower Bronx River Habitat Conservation
Salaries and wages	$ 21,904,069	4,396,429	9,860,489	14,495,555	—	59,844
Employee benefits and payroll taxes	8,178,392	1,704,359	3,932,132	3,857,620	—	15,407
Employment costs	—	—	6,171	1,496,082	—	—
Stipends	14,570	25,081	280	15,702,664	—	—
Purchased services	1,419,852	261,062	212,600	6,635,787	—	—
Grants	78,364	214	342	12,299,855	—	1,515,548
Professional fees	495,161	43,776	33,778	948,637	—	—
Property and casualty insurance	2,060,520	185,007	271,357	823,454	—	—
Advertising	—	—	—	—	—	—
Repairs and maintenance	3,236,989	808,726	444,475	1,724,550	—	—
Supplies and materials	2,593,027	766,358	1,194,084	6,459,975	—	1,720
Animal food and forage	1,166,661	179,408	395,726	—	—	—
Telephone	220,367	56,085	64,847	915,695	—	32
Heat, light, and power	3,920,050	1,507,379	96,350	275,368	—	—
Rent	179,720	266,280	—	1,328,551	—	—
Travel	286,792	47,110	52,331	9,850,024	—	55
Dues and fees	96,839	40,086	82,190	136,163	—	—
Postage and shipping	65,920	21,892	8,373	467,505	—	—
Cost of product sold	—	—	—	—	—	—
Collection accessions	152,427	41,276	86,421	—	—	—
Currency translation loss	—	—	—	230,108	—	—
Bond interest expense	—	—	—	—	—	—
Other	439,734	141,041	68,023	520,162	—	345
Subtotal	46,509,454	10,491,569	16,809,969	78,167,755	—	1,592,951
Depreciation	9,506,681	2,134,664	1,523,226	1,568,300	—	—
Total 2010 expenses	$ 56,016,135	12,626,233	18,333,195	79,736,055	—	1,592,951
Total 2009 expenses	$ 59,283,260	14,682,911	17,753,298	74,948,856	1,457,748	842,537

* Wildlife Conservation Magazine was discontinued in fiscal 2009.

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 2010	Total 2009
50,716,386	6,023,186	9,820,011	477,800	2,533,902	12,831,713	69,571,285	75,607,461
17,687,910	1,734,635	1,468,615	111,952	682,084	2,262,651	21,685,196	23,035,200
1,502,253	—	364,562	550	—	365,112	1,867,365	2,176,250
15,742,595	—	5,955	—	17,497	23,452	15,766,047	13,990,825
8,529,301	303,444	346,887	900,166	229,052	1,476,105	10,308,850	10,791,451
13,894,323	—	—	—	—	—	13,894,323	11,495,091
1,521,352	15,488	1,333,303	—	771,988	2,105,291	3,642,131	4,305,516
3,340,338	—	17,184	1,651	4,196	23,031	3,363,369	2,418,552
—	—	1,816,821	—	—	1,816,821	1,816,821	2,853,940
6,214,740	199,765	458,094	4,727	49,747	512,568	6,927,073	5,656,673
11,015,164	720,974	238,426	121,610	61,140	421,176	12,157,314	12,827,374
1,741,795	—	—	—	—	—	1,741,795	1,498,953
1,257,026	50,988	177,426	12,927	21,645	211,998	1,520,012	1,772,486
5,799,147	—	—	—	—	—	5,799,147	6,504,498
1,774,551	—	108,809	—	1,123	109,932	1,884,483	1,618,026
10,236,312	27,455	292,180	7,916	102,506	402,602	10,666,369	9,829,884
355,278	1,647	311,377	—	54,379	365,756	722,681	608,918
563,690	4,373	24,104	278,900	49,023	352,027	920,090	859,410
—	6,115,186	—	—	—	—	6,115,186	5,838,889
280,124	—	—	—	—	—	280,124	251,218
230,108	—	—	—	—	—	230,108	465,600
—	—	2,969,644	—	—	2,969,644	2,969,644	2,616,835
1,169,305	344,004	427,403	108,541	59,384	595,328	2,108,637	3,459,193
153,571,698	15,541,145	20,180,801	2,026,740	4,637,666	26,845,207	195,958,050	200,482,243
14,732,871	1,644,333	1,951,122	33,359	9,994	1,994,475	18,371,679	15,982,523
168,304,569	17,185,478	22,131,923	2,060,099	4,647,660	28,839,682	214,329,729	
168,968,610	16,054,904	24,227,154	2,328,456	4,885,642	31,441,252		$ 216,464,766