WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2011
(With comparative summarized financial information as of and for the year ended June 30, 2010)

(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 sheet of Wildlife Conservation Society (WCS) and subsidiaries as of June 30, 2011, and the related consolidated statements of activities and cash flows for the year 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 audit. The prior year's comparative summarized financial information has been derived from WCS's 2010 financial statements and, in our report dated October 21, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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 audit provides 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, 2011, and the changes in their net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was 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 2011 supplementary information included in the schedules 1 and 2 is presented for the purposes of additional analysis and is not a required part of the 2011 basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2011 basic consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the 2011 basic consolidated financial statements taken as a whole.

KPMG LLP

October 19, 2011

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Balance Sheet

June 30, 2011
(With comparative summarized financial information for the year ended June 30, 2010)

Assets		**2011**	**2010**
Cash and cash equivalents	$	66,923,732	61,683,721
Accounts receivable		4,036,614	2,930,310
Receivable from the City of New York (note 14)		14,420,264	15,476,185
Receivable from the State of New York		4,861,354	5,376,758
Receivable from Federal sources		31,056,129	31,926,806
Grants and contributions receivable, net (note 7)		32,092,203	28,914,521
Inventories, at lower of cost or market		2,089,878	1,789,588
Prepaid expenses and deferred charges (note 10)		5,765,165	4,451,793
Investments (notes 3 and 4)		408,305,235	380,869,413
Amounts held in trust by others (note 3)		1,684,172	1,604,832
Funds held by bond trustee (notes 3 and 10)		10,233	12,900
Property and equipment (note 8)		225,368,762	230,856,403
Collections (note 13)			
Total assets	$	796,613,741	765,893,230
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (notes 11 and 12)	$	27,755,703	28,010,653
Annuity liability		3,343,718	3,404,721
Bonds payable (note 10)		66,554,348	66,589,853
Postretirement benefit obligation (note 12)		28,351,181	26,987,606
Total liabilities		126,004,950	124,992,833
Commitments and contingencies (notes 9, 12, and 14)			
Net assets (note 5):			
Unrestricted:			
General operating		1,741,253	1,741,253
Designated for long-term investment		149,058,591	154,809,714
Net investment in property and equipment		158,824,647	164,279,450
Total unrestricted		309,624,491	320,830,417
Temporarily restricted (note 6)		153,233,391	114,504,071
Permanently restricted (note 6)		207,750,909	205,565,909
Total net assets		670,608,791	640,900,397
Total liabilities and net assets	$	796,613,741	765,893,230

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2011
(With comparative summarized financial information for the year ended June 30, 2010)

	Unrestricted General	Unrestricted Board-designated	Unrestricted Plant	Total unrestricted	Temporarily restricted	Permanently restricted	2011 Total	2010 Total
Revenues:								
Contributions	$ 7,077,387	1,000,000	—	8,077,387	39,065,162	85,000	47,227,549	41,087,217
Bequests	—	1,976,781	—	1,976,781	1,947,287	2,100,000	6,024,068	13,413,803
Membership dues	12,009,880	—		12,009,880	—	—	12,009,880	10,874,683
Appropriation from The City of New York (note 14)	23,700,107	—	—	23,700,107	6,548,793	—	30,248,900	33,199,290
State of New York grants and contracts	—	—	—	—	3,187,583	—	3,187,583	3,564,753
Federal grants and contracts	—	—	—	—	32,704,141	—	32,704,141	31,372,967
Other grants	—	—	—	—	18,932,389	—	18,932,389	15,587,985
Gate and exhibit admissions	29,260,416	800,000	—	30,060,416	—	—	30,060,416	28,608,724
Investment return (note 4)	14,952,936	22,091,429	—	37,044,365	9,934,604	—	46,978,969	21,435,488
Educational program and activities	2,045,563	—	—	2,045,563	—	—	2,045,563	1,874,854
Sponsorship, licensing, and royalties	1,420,605	—	—	1,420,605	—	—	1,420,605	1,590,011
Miscellaneous	1,391,974	—	—	1,391,974	—	—	1,391,974	1,818,428
	91,858,868	25,868,210	—	117,727,078	112,319,959	2,185,000	232,232,037	204,428,203
Restaurant and merchandise sales and parking fees	23,876,344	—	—	23,876,344	—	—	23,876,344	24,189,466
Net assets released from restrictions and designations (note 6)	92,587,386	(1,286,048)	9,526,667	100,828,005	(100,828,005)	—	—	—
Total revenues	208,322,598	24,582,162	9,526,667	242,431,427	11,491,954	2,185,000	256,108,381	228,617,669
Expenses:								
Program services:								
Bronx Zoo	48,057,069	—	9,443,046	57,500,115	—	—	57,500,115	56,016,135
New York Aquarium	10,960,336	—	2,245,854	13,206,190	—	—	13,206,190	12,626,233
City Zoos	17,578,660	—	1,704,556	19,283,216	—	—	19,283,216	18,333,195
Global Conservation Programs	84,244,300	—	1,554,953	85,799,253	—	—	85,799,253	79,736,055
Lower Bronx River Habitat Conservation	125,631	—	—	125,631	—	—	125,631	1,592,951
Total program services	160,965,996	—	14,948,409	175,914,405	—	—	175,914,405	168,304,569

(Continued)

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2011
(With comparative summarized financial information for the year ended June 30, 2010)

	Unrestricted							
	General	**Board-designated**	**Plant**	**Total unrestricted**	**Temporarily restricted**	**Permanently restricted**	**2011 Total**	**2010 Total**
Restaurant, merchandise, and parking expenses	$ 15,726,633	—	1,652,684	17,379,317	—	—	17,379,317	17,185,478
Supporting services:								
Management and general	21,216,169	—	2,307,221	23,523,390	—	—	23,523,390	22,131,923
Membership solicitation and fulfillment	2,364,145	—	34,971	2,399,116	—	—	2,399,116	2,060,099
Fund-raising	5,137,040	—	6,906	5,143,946	—	—	5,143,946	4,647,660
Total supporting services	28,717,354	—	2,349,098	31,066,452	—	—	31,066,452	28,839,682
Total expenses	205,409,983	—	18,950,191 *	224,360,174	—	—	224,360,174	214,329,729
Plant renewal funding	(2,820,000)	2,820,000	—	—	—	—	—	—
Excess (deficiency) of revenues over expenses and plant renewal funding	92,615	27,402,162	(9,423,524)	18,071,253	11,491,954	2,185,000	31,748,207	14,287,940
Other changes:								
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	(2,039,813)	—	—	(2,039,813)	—	—	(2,039,813)	(4,957,337)
Reclassification for adoption of ASC 958-205 (notes 5 and 6)	—	(27,237,366)	—	(27,237,366)	27,237,366	—	—	—
Other transfers	1,947,198	(5,915,919)	3,968,721	—	—	—	—	—
Changes in net assets	—	(5,751,123)	(5,454,803)	(11,205,926)	38,729,320	2,185,000	29,708,394	9,330,603
Net assets at beginning of year	1,741,253	154,809,714	164,279,450	320,830,417	114,504,071	205,565,909	640,900,397	631,569,794
Net assets at end of year	$ 1,741,253	149,058,591	158,824,647	309,624,491	153,233,391	207,750,909	670,608,791	640,900,397

* Represents depreciation expense.

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Years ended June 30, 2011
(With comparative summarized financial information for the year ended June 30, 2010)

		2011	2010
Cash flows from operating activities:			
Changes in net assets	$	29,708,394	9,330,603
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:			
Depreciation		18,950,191	18,371,679
Amortization of bond issuance costs		23,411	24,224
Amortization of bond premium		(35,505)	(36,736)
Net appreciation in fair value of investments		(46,877,399)	(21,338,252)
Postretirement-related change other than net periodic postretirement benefit cost		2,039,813	4,957,337
(Increase) decrease in value of amounts held in trust by others		(79,340)	120,699
Endowment contributions		(2,185,000)	(3,189,621)
Contributions and grants restricted for capital		(605,755)	(3,472,171)
(Increase) decrease in accounts receivable		(1,106,304)	118,023
(Increase) decrease in receivable from the City of New York		(733,577)	858,258
Decrease in receivable from the State of New York		539,004	1,911,082
Decrease (increase) in receivable from Federal sources		870,677	(1,998,451)
(Increase) decrease in grants and contributions receivable		(5,431,072)	2,794,461
(Increase) decrease in inventories		(300,290)	56,177
(Increase) decrease in prepaid expenses and deferred charges		(1,336,783)	1,741,341
Increase (decrease) in accounts payable and accrued expenses		197,748	(804,028)
Decrease in postretirement benefit obligation		(676,238)	(1,021,109)
Total adjustments		(36,746,419)	(907,087)
Net (used in) provided by operating activities		(7,038,025)	8,423,516
Cash flows from investing activities:			
Proceeds from sales of investments		121,253,864	144,654,236
Purchases of investments		(101,812,287)	(151,762,977)
Acquisition of property and equipment		(13,462,550)	(13,875,062)
Decrease in mortgage receivable		—	3,500,000
Decrease in accounts payable and accrued expenses for construction projects		(452,698)	(2,522,358)
Net cash provided by (used in) investing activities		5,526,329	(20,006,161)
Cash flows from financing activities:			
Contributions and grants restricted for capital		605,755	3,472,171
Endowment contributions		2,185,000	3,189,621
Decrease in receivable from government sources for capital expenditure		1,765,898	12,188,029
Decrease in contributions and grants receivable for capital		2,110,141	1,255,785
Decrease in contributions receivable restricted for endowment		143,249	1,015,331
Decrease in funds held by bond trustee		2,667	26,495
(Decrease) increase in annuity liability, net		(61,003)	114,294
Net cash provided by financing activities		6,751,707	21,261,726
Net increase in cash and cash equivalents		5,240,011	9,679,081
Cash and cash equivalents at beginning of year		61,683,721	52,004,640
Cash and cash equivalents at end of year	$	66,923,732	61,683,721
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 nonprofit 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 nonprofit 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, that 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 nonprofit, nonstock 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, including through Tierra de Guanacos LLC Uno Limitada and Tierra de Guanacos LLC Dos Limitada.

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, including through Tierra de Guanacos LLC Uno Limitada and Tierra de Guanacos LLC Dos Limitada.

Tierra de Guanacos LLC Uno Limitada is a Chilean limited liability company that holds real property for wildlife conservation purposes in Chile, and is controlled by Tierra de Guanacos LLC and Tierras de Truchas LLC.

Tierra de Guanacos LLC Dos Limitada is a Chilean limited liability company that holds real property for wildlife conservation purposes in Chile, and is controlled by Tierra de Guanacos LLC and Tierras de Truchas LLC.

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 representatives 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.

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 nonprofit 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.

Wildlife Conservation Society – India (WCS India) is a company limited by guarantee established in April 2011. It has been established for the protection and conservation of the natural environment, its flora and fauna and in particular the preservation of wildlife and wild places, the conduct and support of scientific, conservation and veterinary research regarding wildlife and wild places, the management and care of wildlife and the education and instruction of the public regarding the protection and conservation of the natural environment.

Wild Lands Conservation Society (WLCS) is a nonprofit, nonstock 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. 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 nonprofit, nonstock 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 the consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include net realizable value of contributions receivable, 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; 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 recorded as temporarily restricted revenue, and sub grants to other organizations are recognized as expense and a liability when awarded by WCS. All Federal receivables are due within one year.

(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 original 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 $3,963,087 and $3,575,186 at June 30, 2011 and 2010, 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. Assets and liabilities denominated in foreign currencies are translated into dollars using the exchange rates in effect at the consolidated balance sheet date. Revenue and expenses are translated into dollars using the exchange rate in effect on the transaction date. The resulting translation gain or loss is reflected in the consolidated statements of activities.

(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) Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with WCS's consolidated financial statements for the year ended June 30, 2010 from which the summarized information was derived.

(m) Subsequent Events

In conjunction with the preparation of the consolidated financial statements, WCS evaluated subsequent events from June 30, 2011 and through October 19, 2011, the date on which the consolidated financial statements were issued and has concluded that there are no subsequent events for disclosure.

(n) Contingencies

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

(3) Fair Value

At June 30, 2011, 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.

WCS assets at June 30, 2011 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	$ 16,326,013	—	—	16,326,013	1
Fixed income:					
Mutual Funds – U.S. government	17,278,985	—	—	17,278,985	1
Mutual Funds – U.S. Corporate	11,402,519	—	—	11,402,519	1
Equity:					
Mutual Funds – United States	4,926,143	—	—	4,926,143	1
Direct Ownership – United States	24,259,932	—	—	24,259,932	1
Monthly liquidity:					
Fixed income:					
Commingled Funds:					
Emerging Markets	—	2,617,795	—	2,617,795	60
Equity:					
Commingled Funds:					
United States	—	6,043,963	—	6,043,963	15
International emerging markets	—	37,352,839	—	37,352,839	15
Natural Resources					
Commingled Funds:					
United States	—	3,864,819	—	3,864,819	5
Alternatives					
Absolute Return	—	2,253,275	—	2,253,275	15
Quarterly liquidity:					
Fixed income:					
Commingled Funds:					
United States	—	4,995,100	—	4,995,100	90
Equity:					
Commingled Funds:					
Emerging Markets	—	1,605,132	—	1,605,132	60

(Continued)

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
Alternatives:					
Absolute Return	—	3,265,550	—	3,265,550	15
Natural Resources	—	2,722,731	—	2,722,731	60
Annual liquidity:					
Alternatives:					
Absolute Return	—	—	4,565,291	4,565,291	45 – 90
Multi-asset Class	—	—	235,702,598	235,702,598	1 year, at 12/31
Illiquid Investments:					
Alternatives:					
Multi-strategy	—	—	3,912,473	3,912,473	Not applicable
Directional equity	—	—	9,449,529	9,449,529	Not applicable
Distressed securities	—	—	2,420,106	2,420,106	Not applicable
Real estate	—	—	13,196,304	13,196,304	Not applicable
Other	—	—	144,138	144,138	Not applicable
	74,193,592	64,721,204	269,390,439	408,305,235	
Other assets:					
Funds held by bond trustee	10,233	—	—	10,233	Not applicable
Amounts held in trust by others	—	—	1,684,172	1,684,172	Not applicable
	10,233	—	1,684,172	1,694,405	
Total	$ 74,203,825	64,721,204	271,074,611	409,999,640	

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	12,681,654	—	—	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
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
	83,435,505	37,896,298	259,537,610	380,869,413	

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
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	$ 83,448,405	37,896,298	261,142,442	382,487,145	

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 consolidated 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, 2011 and 2010 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, 2010	$ 212,581,382	46,956,228	1,604,832	261,142,442
Purchases and sales, net	(11,792,285)	(10,067,585)	(117,001)	(21,976,871)
Net appreciation (depreciation) in fair value of investments	34,913,501	(3,200,802)	196,341	31,909,040
Fair value at June 30, 2011	$ 235,702,598	33,687,841	1,684,172	271,074,611

	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

The unrealized net (depreciation) appreciation on Level 3 assets held at June 30, 2011 and 2010 is as follows:

		Multi-asset class	Alternative investments	Other assets	Total
Unrealized appreciation at June 30, 2011	$	24,898,523	80,145	130,591	25,109,259
Unrealized (depreciation) appreciation at June 30, 2010	$	(2,187,539)	7,934,713	27,657	5,774,831

WCS does not have any unfunded investment commitments outstanding as of June 30, 2011.

(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. As a practical expedient, 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, 2011 and 2010 are as follows:

	2011		2010	
	Cost	Fair value	Cost	Fair value
Multi-asset class, including other alternative assets	$ 210,804,075	235,702,598	214,768,921	212,581,382
Equity/equity funds	66,651,627	74,188,009	52,652,516	49,490,237
Alternative investments	41,517,971	41,929,397	39,021,515	46,956,228
Fixed income funds	35,675,612	36,294,399	44,034,991	44,710,291
Natural Resources	4,000,000	3,864,819	—	—
Short-term investments	16,298,629	16,326,013	27,129,230	27,131,275
	$ 374,947,914	408,305,235	377,607,173	380,869,413

WCS invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur and that such changes could materially affect the amounts reported in the consolidated balance sheet.

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

Absolute return hedge funds – investments through individual managers who invest in strategies that have a low level of correlation with fixed-income and equity markets, and therefore a measurable degree of independence from systematic market risk factors.

Natural resource funds – investments through individual managers who invest in commodity-linked derivative instruments or invest in companies that operate in commodity-related fields, such as energy, mining, oil drilling and agricultural businesses.

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. WCS has one investment fund in the multi-strategy category which do not provide for redemption due to side pocket investments. However, distributions are made when underlying investments are realized and full liquidation of the investment fund is anticipated by 2013.

Directional equity hedge funds – investments through individual managers who invest in companies believed to be undervalued via marketable securities or private transactions. WCS investments in directional equity funds are comprised of illiquid equity positions and side pocket investments. Distributions are made when underlying investments are realized. These investments do not provide for redemption at this time.

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. WCS investments in directional equity funds are comprised of liquidating trust and side pocket investments. Distributions are made when underlying investments are realized. These investments do not provide for redemption at this time.

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. WCS has one investment fund in the real estate category which does not provide for redemption, but is contractually obligated to close by 2013.

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, 2011 and 2010 are as follows:

	2011		2010	
	Cost	**Fair value**	**Cost**	**Fair value**
Investments in Makena	$ 210,804,075	235,702,598	214,768,921	212,581,382

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, 2011 are as follows:

Asset Class	**Percentage of Portfolio**
U.S. equity	5%
International equity	5
Emerging markets equity	5
Tactical hedged equity	10
Real estate	10
Private equity	19
Natural resources	9
Absolute return	23
Fixed income	10
Short-term investments	4
	100%

The components of investment return for the years ended June 30, 2011 and 2010 are as follows:

		2011	2010
Interest and dividend income, net of investment expenses of $2,746,938 and $1,917,270 in 2011 and 2010, respectively	$	101,570	97,236
Net appreciation in fair value of investments		46,877,399	21,338,252
Total investment return		46,978,969	21,435,488
Less investment return available under spending policy, including temporarily restricted amounts of $4,030,297 in 2011 and $1,684,412 in 2010		(18,983,233)	(18,917,431)
Investment return in excess of amount available under spending policy, including temporarily restricted amounts of $5,904,307 in 2011 and $466,539 in 2010	$	27,995,736	2,518,057

(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 of trustees may authorize additional spending, as needed, to finance special purposes, including capital expenditures, and operating deficits, if any, subject to donor restrictions.

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, 2011, the fair values of 15 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately $582,000. 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.

On September 17, 2010, New York State enacted the provisions of the New York Uniform Prudent Management of Institutional Funds Act (NYPMIFA), a version of the Uniform Prudent Management of Institutional Funds Act. WCS has interpreted NYPMIFA as allowing WCS to appropriate for expenditure or accumulate so much of an endowment fund as WCS determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument.

WCS has adopted Accounting Standards Codification (ASC 958-205) as requiring the portion of a donor-restricted endowment fund that is not classified as permanently restricted to be classified as temporarily restricted net assets until appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA. The impact of adopting this standard has resulted in a $27,237,366 reclassification from unrestricted net assets to temporarily restricted net assets and is reflected in the fiscal 2011 consolidated statement of activities.

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 $300,000 and $443,249, respectively) at June 30, 2011 and 2010 consisted of the following:

	2011			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted	$ (582,056)	49,501,598	207,450,909	256,370,451
Board-designated	145,812,957	—	—	145,812,957
Total	$ 145,230,901	49,501,598	207,450,909	402,183,408

	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

Changes in endowment net assets for the fiscal years ended June 30, 2011 and 2010 were as follows:

	2011			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2010 as reported	$ 146,263,501	19,640,731	205,122,660	371,026,892
Net asset reclassification based on adoption of ASC 958-205	(27,237,366)	27,237,366	—	—
Net appreciation (realized and unrealized)	39,111,447	6,653,798	—	45,765,245
Contributions	—	—	2,328,249	2,328,249
Appropriation of endowment assets for expenditure	(14,952,936)	(4,030,297)	—	(18,983,233)
Transfer to board-designated endowment	2,046,255	—	—	2,046,255
Endowment net assets, June 30, 2011	$ 145,230,901	49,501,598	207,450,909	402,183,408

	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

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010 consist of the following:

	2011	2010
Amounts restricted for the following purposes:		
Domestic programs	$ 79,514,747	39,886,317
Building and exhibit improvements	6,189,508	8,451,392
Global conservation programs	66,000,357	60,995,522
Future periods	526,696	4,632,528
Other	1,002,083	538,312
	$ 153,233,391	114,504,071

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2011 and 2010 were as follows:

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications	Balance at end of year
2011:				
Contributions and bequests	$ 56,597,444	41,012,449	38,201,983	59,407,910
Appropriation from The City of New York	13,956	6,548,793	6,492,033	70,716
State of New York grants and contracts	1,186,880	3,187,583	3,638,330	736,133
Federal grants and contracts	24,365,481	32,704,141	32,949,865	24,119,757
Other grants	11,769,566	18,932,389	15,447,798	15,254,157
Investment return	20,570,744	9,934,604	4,097,996	26,407,352
Net asset reclassification based on adoption of ASC 958-205	—	27,237,366	—	27,237,366
	$ 114,504,071	139,557,325	100,828,005	153,233,391

		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

Permanently restricted net assets at June 30, 2011 and 2010 represent endowment gifts as follows:

		2011	2010
Lila Acheson Wallace Endowment Fund	$	151,363,015	151,363,015
Income unrestricted		21,169,943	21,119,943
Income restricted (principally for international programs)		35,217,951	33,082,951
	$	207,750,909	205,565,909

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, 2011 and 2010 are due to be collected as follows:

	2011	2010
Within one year	$ 29,620,898	25,259,935
One to five years	2,380,248	3,436,732
Six to ten years	287,728	488,413
	32,288,874	29,185,080
Less present value discount (3.18% in 2011 and 2.97% in 2010)	(196,671)	(270,559)
	$ 32,092,203	28,914,521

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 $5,000,000 and $2,500,000 was recognized as revenue in fiscal 2011 and fiscal 2010, respectively.

(8) Property and Equipment

At June 30, 2011 and 2010, the cost and accumulated depreciation of property and equipment are as follows:

	2011	2010
Land	$ 651,268	651,268
Buildings and exhibits	380,096,009	377,232,544
Furniture, fixtures, and equipment	26,215,609	24,544,593
Construction in progress	32,896,116	23,968,047
	439,859,002	426,396,452
Less accumulated depreciation	214,490,240	195,540,049
	$ 225,368,762	230,856,403

(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 0.65%, (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 21, 2012. There were no outstanding borrowings as of June 30, 2011 and 2010.

(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 $1,024,348 and $1,059,853 at June 30, 2011 and 2010, 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 $675,469 and $698,850 at June 30, 2011 and 2010, 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 2011 and 2010. Interest expense, net of interest income, of $106,310 has been capitalized in construction in progress at June 30, 2010. No interest expense was capitalized in fiscal 2011.

The Loan Agreement requires WCS to meet certain financial covenants. At June 30, 2011, WCS was in compliance with these covenants.

The aggregate fair value of long-term debt was estimated to be approximately $64,635,000 and $65,087,000 at June 30, 2011 and 2010, respectively.

(11) Deferred Compensation

WCS has established two deferred compensation plans which 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 $65,007 in 2011 and $805,695 in 2010 related to the plans. The liability balance of $777,182 and $904,599 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2011 and 2010, 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, 2011 and 2010 was as follows:

		2011	2010
Pension	$	4,237,300	3,972,000
401(k) Savings		1,138,300	1,016,000
Group Life and Welfare Benefits		214,800	238,000
Administration (all three plans)		696,100	626,400
	$	6,286,500	5,852,400

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 2011 and 2010, WCS recognized expense of $159,468 and $343,804 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to $2,326,682 and $2,167,214 at June 30, 2011 and 2010, 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.

The following table provides a summary of this unfunded plan as of June 30, 2011 and 2010:

		2011	2010
Change in benefit obligation:			
Benefit obligation at beginning of year	$	26,987,606	23,051,378
Service cost		775,441	630,605
Interest cost		1,445,945	1,432,275
Plan participants' contribution		347,405	262,000
Actuarial gain		879,259	3,660,651
Benefits paid		(2,084,475)	(2,049,303)
Benefit obligation at end of year		28,351,181	26,987,606
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contribution		2,084,475	2,049,303
Benefits paid		(2,084,475)	(2,049,303)
Fair value of plan assets at end of year		—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheets	$	(28,351,181)	(26,987,606)

		2011	2010
Components of net periodic benefit expense:			
Service cost	$	775,441	630,605
Interest cost		1,445,945	1,432,275
Amortization of prior service credit		(1,161,729)	(1,161,729)
Amortization of net gain		1,175	(134,957)
Net periodic benefit expense	$	1,060,832	766,194

(Continued)

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

	2011	2010
Benefit obligation weighted average assumptions as of June 30, 2011 and 2010:		
Discount rate	5.56%	5.50%
Benefit cost weighted average assumptions for the years ended June 30, 2011 and 2010:		
Discount rate	5.50%	6.63%

As of June 30, 2011, a total credit of $5,833,626, consisting of $2,374,802 net actuarial loss and $8,208,428 prior service credit, has not yet been recognized as a component of net periodic benefit costs. 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.

During the years ended June 30, 2011 and 2010, $2,039,813 and $4,957,337 were reported, respectively, as postretirement-related change other than net periodic postretirement benefit costs. The components of the amounts are as follows:

	2011	2010
Net actuarial gain	$ 878,084	3,795,608
Prior service credit	1,161,729	1,161,729
	$ 2,039,813	4,957,337

It is estimated that $1,024,962 of the prior service credit will be recognized as components of net periodic benefit costs in fiscal year 2012.

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 9.00% in 2011 grading down to 4.75% in 2020 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 2011:

		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	$	248,332	(198,195)
Effect on the postretirement benefit obligation		2,703,221	(2,204,349)

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

2012	$	1,475,000
2013		1,541,000
2014		1,572,000
2015		1,582,000
2016		1,611,000
2017 through 2021		9,407,000
	$	17,188,000

Estimated contributions for 2012 are $1,475,000.

(13) Collections (Unaudited)

WCS-operated facilities care for and exhibit an extensive collection of animals, including rare and endangered species. Annual censuses are prepared for each of WCS's facilities. The most recent census, as of June 30, 2011, follows:

Facility/location	Species and subspecies	Specimens owned	Births/ hatchings
Bronx Zoo	658	67,324	5,374
New York Aquarium	341	12,151	5,133
City Zoos	437	4,359	476
	1,436	83,834	10,983

During the years ended June 30, 2011 and 2010, animal collection accessions aggregated approximately $223,769 and $210,792, respectively, while proceeds from deaccessions aggregated approximately $84,353 and $18,003, 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 $15,844,934 and $16,021,764 in operating support during 2011 and 2010, 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 $7,855,173 and $8,360,372 in support during 2011 and 2010, 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 2011 and 2010, this funding amounted to $6,473,793 and $8,817,154, respectively.

In fiscal 2011, WCS also received, through the Department of Parks and Recreation, a temporarily restricted grant in the amount of $75,000.

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, 2011
(With comparative summarized financial information for the year ended June 30, 2010)

		Bronx Zoo	New York Aquarium	City Zoos	Global Conservation Programs	Lower Bronx River Habitat Conservation	Total program services
Salaries and wages	$	22,642,870	4,591,808	9,915,284	15,627,461	67,199	52,844,622
Employee benefits and payroll taxes		8,607,058	1,790,386	4,251,701	4,057,472	17,856	18,724,473
Employment costs		—	—	—	1,889,025	—	1,889,025
Stipends		47,257	925	3,134	18,250,442	—	18,301,758
Purchased services		1,471,981	285,346	300,112	7,329,966	—	9,387,405
Grants		49,200			11,165,860	40,000	11,255,060
Professional fees		645,316	241,200	34,704	1,105,008	—	2,026,228
Property and casualty insurance		1,439,034	148,359	139,916	705,816	—	2,433,125
Advertising		—	—	—	—	—	—
Repairs and maintenance		2,749,132	867,042	437,158	1,865,737	—	5,919,069
Supplies and materials		2,529,820	819,374	1,281,423	7,835,595	120	12,466,332
Animal food and forage		1,146,813	200,264	389,557	—	—	1,736,634
Telephone		164,293	72,994	94,766	960,946		1,292,999
Heat, light, and power		4,487,692	1,536,156	155,246	290,920	—	6,470,014
Rent		923,717	68,760	209,271	1,214,626	—	2,416,374
Travel		254,187	49,568	46,065	10,802,666	302	11,152,788
Dues and fees		108,461	22,603	80,436	124,840	—	336,340
Postage and shipping		63,133	18,064	9,723	290,872	—	381,792
Cost of product sold		14,375	—	—	—	—	14,375
Collection accessions		218,906	42,354	92,611	—	—	353,871
Currency translation (gain) loss		—	—	—	(96,397)	—	(96,397)
Bond interest expense		—	—	—	—	—	—
Other		493,824	205,133	137,553	823,445	154	1,660,109
Subtotal		48,057,069	10,960,336	17,578,660	84,244,300	125,631	160,965,996
Depreciation		9,443,046	2,245,854	1,704,556	1,554,953	—	14,948,409
Total 2011 expenses	$	57,500,115	13,206,190	19,283,216	85,799,253	125,631	175,914,405
Total 2010 expenses	$	56,016,135	12,626,233	18,333,195	79,736,055	1,592,951	168,304,569

See accompanying independent auditors’ report.

Schedule 1

Restaurant, merchandise, and parking expenses	Management and general	Membership solicitation and fulfillment	Fund-raising	Total supporting services	Total 2011	Total 2010
6,293,908	10,099,778	502,668	3,071,563	13,674,009	72,812,539	69,571,285
1,868,442	2,178,289	114,582	798,140	3,091,011	23,683,926	21,685,196
—	299,626	—	14,689	314,315	2,203,340	1,867,365
—	40,063	—	280	40,343	18,342,101	15,766,047
105,689	400,323	1,065,113	303,841	1,769,277	11,262,371	10,308,850
—	—	—	—	—	11,255,060	13,894,323
—	1,552,491	—	278,641	1,831,132	3,857,360	3,642,131
—	16,695	1,654	3,593	21,942	2,455,067	3,363,369
—	1,791,519	—	—	1,791,519	1,791,519	1,816,821
182,830	423,579	3,267	86,736	513,582	6,615,481	6,927,073
727,218	297,406	160,546	94,706	552,658	13,746,208	12,157,314
—	—	—	—	—	1,736,634	1,741,795
29,427	152,342	11,569	20,051	183,962	1,506,388	1,520,012
—	—	—	—	—	6,470,014	5,799,147
—	107,373	—	—	107,373	2,523,747	1,884,483
25,146	227,308	6,711	194,578	428,597	11,606,531	10,666,369
3,503	181,629	5	150,739	332,373	672,216	722,681
4,689	23,163	343,539	48,831	415,533	802,014	920,090
6,207,826	—	—	—	—	6,222,201	6,115,186
—	—	—	—	—	353,871	280,124
—	—	—	—	—	(96,397)	230,108
—	3,077,270	—	—	3,077,270	3,077,270	2,969,644
277,955	347,315	154,491	70,652	572,458	2,510,522	2,108,637
15,726,633	21,216,169	2,364,145	5,137,040	28,717,354	205,409,983	195,958,050
1,652,684	2,307,221	34,971	6,906	2,349,098	18,950,191	18,371,679
17,379,317	23,523,390	2,399,116	5,143,946	31,066,452	224,360,174	
17,185,478	22,131,923	2,060,099	4,647,660	28,839,682		$ 214,329,729

Schedule 2

WILDLIFE CONSERVATION SOCIETY
SUBSIDIARIES

Consolidating Schedule of Activities

Year ended June 30, 2011

	WCS do Brazil	WCS Canada	WCS Europe	WCS Singapore	WCS Malaysia	WCS USA	Elimination	WCS Consolidated
Revenues:								
Contributions	$ 657,480	1,339,868	—	—	502,000	44,728,201	—	47,227,549
Bequests	—	—	—	—	201,964	5,822,104	—	6,024,068
Membership dues	—	—	—	—	—	12,009,880	—	12,009,880
Appropriation from The City of New York	—	—	—	—	—	— 30,248,900	—	30,248,900
State of New York grants and contracts	—	—	—	—	—	3,187,583	—	3,187,583
Federal grants and contracts	—	459,724	—	—	—	32,244,417	—	32,704,141
Other grants	197,452	258,297	193,810	379,948	308,425	18,298,651	(704,194)	18,932,389
Gate and exhibit admissions	—	—	—	—	—	30,060,416	—	30,060,416
Investment return	—	—	—	—	—	46,978,969	—	46,978,969
Educational program and activities	—	—	—	—	—	2,045,563	—	2,045,563
Sponsorship, licensing, and royalties	—	—	—	—	—	1,420,605	—	1,420,605
Miscellaneous	—	—	—	—	—	1,391,974	—	1,391,974
	854,932	2,057,889	193,810	379,948	1,012,389	228,437,263	(704,194)	232,232,037
Restaurant and merchandise sales and parking fees	—	—	—	—	—	23,876,344	—	23,876,344
Total revenues	854,932	2,057,889	193,810	379,948	1,012,389	252,313,607	(704,194)	256,108,381
Expenses:								
Salaries and wages	2,558	1,062,849	74,296	120,321	87,824	71,464,691	—	72,812,539
Employee benefits and payroll taxes	7,623	—	8,916	31,455	19,662	23,616,270	—	23,683,926
Employment costs	—	—	4,413	83,024	22,443	2,093,460	—	2,203,340
Stipends	463,911	—	10,826	5,084	245,276	17,617,004	—	18,342,101
Purchased services	198,886	177,728	40,031	2,646	41,841	10,801,239	—	11,262,371
Grants	131,777	226,185	17,572	14,427	10,271	11,559,022	(704,194)	11,255,060
Professional fees	—	8,303	—	—	—	3,849,057	—	3,857,360
Advertising	—	—	—	—	—	2,455,067	—	2,455,067
Property and casualty insurance	9,712	10,849	—	—	10,716	1,760,242	—	1,791,519
Repairs and maintenance	10,537	—	—	—	30,609	6,574,335	—	6,615,481
Supplies and materials	42,613	48,583	4,618	4,859	102,568	13,542,967	—	13,746,208
Animal food and forage	—	—	—	—	—	1,736,634	—	1,736,634
Telephone	8,646	14,339	1,641	669	3,581	1,477,512	—	1,506,388
Heat, light, and power	—	—	—	2,649	2,461	6,464,904	—	6,470,014
Rent	3,838	45,705	12,665	3,660	7,375	2,450,504	—	2,523,747
Travel	92,613	121,042	18,596	32,671	93,376	11,248,233	—	11,606,531
Dues and fees	108	2,963	—	291	737	668,117	—	672,216
Postage and shipping	1,403	1,972	13	610	1,609	796,407	—	802,014
Cost of product sold	—	—	—	—	—	6,222,201	—	6,222,201
Collection accessions	—	—	—	—	—	353,871	—	353,871
Currency translation loss	(3,681)	(53,809)	—	—	(8,891)	(30,016)	—	(96,397)
Bond interest expense	—	—	—	—	—	3,077,270	—	3,077,270
Other	7,807	1,181	223	1,084	4,232	2,495,995	—	2,510,522
Depreciation	—	—	—	—	—	18,950,191	—	18,950,191
Total expenses	978,351	1,667,890	193,810	303,450	675,690	221,245,177	(704,194)	224,360,174
(Deficiency) excess of revenues over expenses	(123,419)	389,999	—	76,498	336,699	31,068,430	—	31,748,207
Other changes:								
Postretirement-related change other than net periodic postretirement benefit cost	—	—	—	—	—	(2,039,813)	—	(2,039,813)
Changes in net assets	(123,419)	389,999	—	76,498	336,699	29,028,617	—	29,708,394
Net assets at beginning of year	665,660	567,649	—	693,045	272,116	638,701,927	—	640,900,397
Net assets at end of year	$ 542,241	957,648	—	769,543	608,815	667,730,544	—	670,608,791

See accompanying independent auditors’ report.