WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2014
(with comparative summarized financial information as of and for the year ended June 30, 2013)

(With Independent Auditors' Report Thereon)

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

Independent Auditors' Report

The Board of Trustees
Wildlife Conservation Society:

We have audited the accompanying consolidated financial statements of Wildlife Conservation Society and subsidiaries, which comprise the consolidated balance sheet as of June 30, 2014, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wildlife Conservation Society and subsidiaries as of June 30, 2014, and the changes in their net assets and their cash flows for the year then ended, in accordance with U.S. generally accepted accounting principles.

KPMG LLP is a Delaware limited liability partnership, the U.S. member firm of KPMG International Cooperative ("KPMG International"), a Swiss entity.

Report on Summarized Comparative Information

We have previously audited Wildlife Conservation Society and subsidiaries' 2013 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 21, 2013. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2013 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matter

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

KPMG LLP

October 20, 2014

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Balance Sheet

June 30, 2014
(with summarized financial information as of June 30, 2013)

Assets		**2014**	**2013**
Cash and cash equivalents	$	71,738,096	57,150,966
Accounts receivable		3,912,057	5,919,927
Receivable from the City of New York (note 14)		16,329,966	12,365,961
Receivable from the State of New York		6,059,074	5,290,220
Receivable from Federal sources		24,835,013	23,614,909
Grants and contributions receivable, net (note 7)		65,557,697	57,903,993
Inventories, at lower of cost or market		2,437,766	2,166,037
Prepaid expenses and deferred charges (note 10)		6,208,640	4,401,063
Investments (notes 3 and 4)		472,641,028	420,636,241
Amounts held in trust by others (note 3)		2,109,321	2,032,225
Funds held by bond trustee (notes 3 and 10)		53,437,481	21,434,711
Property and equipment (note 8)		248,346,167	229,686,673
Collections (note 13)			
Total assets	$	973,612,306	842,602,926
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (notes 11 and 12)	$	38,131,976	32,888,843
Annuity liability		3,634,626	3,986,197
Loans payable (note 9)		12,270,748	—
Bonds payable (note 10)		139,437,875	92,446,641
Postretirement benefit obligation (note 12)		31,160,698	29,989,573
Total liabilities		224,635,923	159,311,254
Commitments and contingencies (notes 9, 12, and 14)			
Net assets (note 5):			
Unrestricted:			
Board designated		159,870,382	122,817,995
Net investment in property and equipment		150,075,025	158,674,743
Total unrestricted		309,945,407	281,492,738
Temporarily restricted (note 6)		190,746,705	173,840,620
Permanently restricted (note 6)		248,284,271	227,958,314
Total net assets		748,976,383	683,291,672
Total liabilities and net assets	$	973,612,306	842,602,926

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2014
(with comparative summarized financial information for the year ended June 30, 2013)

	Unrestricted							
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted	Permanently restricted	2014 Total	2013 Total
Revenues:								
Contributions	$ 8,207,100	—	—	8,207,100	54,302,401	50,005	62,559,506	61,979,974
Bequests	—	1,855,340	—	1,855,340	1,565,707	20,275,952	23,696,999	4,538,368
Membership dues	13,929,426	—	—	13,929,426	—	—	13,929,426	14,182,350
Appropriation from the City of New York (note 14)	22,745,544	—	—	22,745,544	16,585,806	—	39,331,350	29,172,210
State of New York grants and contracts	—	—	—	—	3,735,041	—	3,735,041	3,425,360
Federal grants and contracts	—	—	—	—	36,817,242	—	36,817,242	24,813,184
Other grants	—	—	—	—	17,335,001	—	17,335,001	28,733,267
Gate and exhibit admissions	33,671,205	800,000	—	34,471,205	—	—	34,471,205	32,152,684
Investment return (note 4)	13,541,403	22,208,049	—	35,749,452	14,830,987	—	50,580,439	31,536,551
Educational program and activities	2,281,465	—	—	2,281,465	—	—	2,281,465	2,206,284
Sponsorship, licensing, and royalties	938,676	—	—	938,676	—	—	938,676	745,358
Insurance proceeds	802,686	—	—	802,686	—	—	802,686	3,003,634
Miscellaneous	3,134,111	—	—	3,134,111	—	—	3,134,111	2,879,792
	99,251,616	24,863,389	—	124,115,005	145,172,185	20,325,957	289,613,147	239,369,016
Restaurant and merchandise sales and parking fees	24,954,348	—	—	24,954,348	—	—	24,954,348	25,430,116
Net assets released from restrictions and designations (note 6)	110,350,687	(2,162,389)	20,077,802	128,266,100	(128,266,100)	—	—	—
Total revenues	234,556,651	22,701,000	20,077,802	277,335,453	16,906,085	20,325,957	314,567,495	264,799,132
Expenses and losses:								
Program services:								
Bronx Zoo	52,663,369	—	9,256,660	61,920,029	—	—	61,920,029	60,918,159
New York Aquarium	10,923,846	—	1,682,482	12,606,328	—	—	12,606,328	15,625,193
City Zoos	21,857,230	—	1,756,253	23,613,483	—	—	23,613,483	21,504,019
Global Conservation Programs	93,977,431	—	1,368,029	95,345,460	—	—	95,345,460	87,406,018
Lower Bronx River Habitat Conservation	134,921	—	—	134,921	—	—	134,921	603,512
Total program services	179,556,797	—	14,063,424	193,620,221	—	—	193,620,221	186,056,901
Plant asset write-off	—	—	—	—	—	—	—	7,612,258

(Continued)

WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Activities

Year ended June 30, 2014
(with comparative summarized financial information for the year ended June 30, 2013)

	Unrestricted							
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted	Permanently restricted	2014 Total	2013 Total
Restaurant, merchandise, and parking expenses	$ 15,613,725	—	1,302,017	16,915,742	—	—	16,915,742	17,404,976
Supporting services:								
Management and general	25,774,192	—	1,894,224	27,668,416	—	—	27,668,416	25,502,009
Membership solicitation and fulfillment	2,627,272	—	56,224	2,683,496	—	—	2,683,496	2,786,640
Fund-raising	6,891,754	—	2,153	6,893,907	—	—	6,893,907	6,168,997
Total supporting services	35,293,218	—	1,952,601	37,245,819	—	—	37,245,819	34,457,646
Total expenses and losses	230,463,740	—	17,318,042	* 247,781,782	—	—	247,781,782	245,531,781
Plant renewal funding	(2,894,000)	2,894,000	—	—	—	—	—	—
Excess of revenues over expenses and plant renewal funding	1,198,911	25,595,000	2,759,760	29,553,671	16,906,085	20,325,957	66,785,713	19,267,351
Other changes:								
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	(1,101,002)	—	—	(1,101,002)	—	—	(1,101,002)	5,560,300
Other	—	—	—	—	—	—	—	(843,817)
Other transfers	(97,909)	11,457,387	(11,359,478)	—	—	—	—	—
Changes in net assets	—	37,052,387	(8,599,718)	28,452,669	16,906,085	20,325,957	65,684,711	23,983,834
Net assets at beginning of year	—	122,817,995	158,674,743	281,492,738	173,840,620	227,958,314	683,291,672	659,307,838
Net assets at end of year	$ —	159,870,382	150,075,025	309,945,407	190,746,705	248,284,271	748,976,383	683,291,672

* Represents depreciation expense

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Cash Flows

Years ended June 30, 2014
(with comparative summarized financial information for the year ended June 30, 2013)

		2014	2013
Cash flows from operating activities:			
Changes in net assets	$	65,684,711	23,983,834
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:			
Depreciation		17,318,042	18,041,078
Plant asset write-off		—	7,612,258
Effect of bond refunding		—	1,402,775
Amortization of bond issuance costs		78,922	50,843
Amortization of bond premium		(548,612)	(459,838)
Net appreciation in fair value of investments		(51,623,515)	(32,435,543)
Postretirement-related change other than net periodic postretirement benefit cost		1,101,002	(5,560,300)
Increase in value of amounts held in trust by others		(77,096)	(2,561)
Endowment contributions		(20,325,957)	(100,000)
Contributions and grants restricted for capital		(2,556,166)	(699,735)
Changes in assets and liabilities:			
Accounts receivable		2,007,870	(2,217,189)
Receivable from the City of New York		246,013	(1,722,498)
Receivable from the State of New York		(469,882)	(26,084)
Receivable from Federal sources		(1,269,586)	5,192,223
Grants and contributions receivable		(9,088,801)	(17,558,154)
Inventories		(271,729)	(98,711)
Prepaid expenses and deferred charges		(997,480)	813,719
Accounts payable and accrued expenses		2,643,765	(573,184)
Postretirement benefit obligation		70,123	167,210
Total adjustments		(63,763,087)	(28,173,691)
Net cash provided by (used in) operating activities		1,921,624	(4,189,857)
Cash flows from investing activities:			
Proceeds from sales of investments		135,570,321	112,151,993
Purchases of investments		(135,951,593)	(118,886,459)
Acquisition of property and equipment		(35,977,536)	(24,034,940)
Increase in accounts payable and accrued expenses for construction projects		2,599,368	1,265,363
Net cash used in investing activities		(33,759,440)	(29,504,043)
Cash flows from financing activities:			
Contributions and grants restricted for capital		2,556,166	699,735
Endowment contributions		20,325,957	100,000
(Increase) decrease in receivable from government sources for capital expenditure		(4,459,508)	1,090,436
Decrease (increase) in contributions and grants receivable for capital		1,435,097	(3,458)
Decrease in contributions receivable restricted for endowment		—	20,000,000
Increase in funds held by bond trustee		(32,002,770)	(21,424,719)
Proceeds from loans payable		12,270,748	—
Bond issuance costs		(889,019)	(1,536,211)
Proceeds from issuance of bonds payable		47,539,846	92,906,479
Repayment of bonds payable		—	(68,558,338)
(Decrease) increase in annuity liability, net		(351,571)	421,546
Net cash provided by financing activities		46,424,946	23,695,470
Net increase (decrease) in cash and cash equivalents		14,587,130	(9,998,430)
Cash and cash equivalents at beginning of year		57,150,966	67,149,396
Cash and cash equivalents at end of year	$	71,738,096	57,150,966
Supplemental disclosure:			
Interest paid	$	3,444,070	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 reflected in the accompanying consolidated financial statements:

Conservation Livelihoods International LLC (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.

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 involving offsets of carbon dioxide emissions from the Makira Forest in Madagascar, to reduce carbon dioxide emission and 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. PHC is exempt from Federal income tax as a title holding company under 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 has as its members 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 has as its members Tierra de Guanacos LLC and Tierras de Truchas LLC.

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

WCS Wildlife Conservation Society Canada (WCSC) is a nonprofit corporation under the Canada Not-for-profit Corporations Act whose sole member is WCS. WCSC is a tax-exempt Canadian registered charity. 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 under the law of England and Wales whose sole member is WCS. The objectives 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 objectives, which are exclusively charitable under the law of England and Wales.

Wildlife Conservation Society Singapore Limited (WCS Singapore) is a public company limited by guarantee formed under Singapore law, whose members are WCS Singapore and two WCS employees. WCS Singapore has been established for charitable, educational, and conservation purposes and has as its objectives 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 most of the members of WCS Malaysia are WCS employees. The objectives of WCS Malaysia are charitable, educational, and scientific and conservation nonprofit objectives 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 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 receivables, the fair value of alternative investments, postretirement benefit obligations and related costs, and functional allocation of expenses. Actual results could differ from those estimates.

(c) Basis of Presentation

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

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

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

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

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

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

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

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

(d) Fair Value

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

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

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

Level 2 inputs are inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities. Alternative investments, which can be redeemed at net asset value at or near the balance sheet date (within 90 days), are included in Level 2.

Level 3 inputs are unobservable inputs for the assets or liabilities, as well as those alternative investments that are not redeemable at net asset value at or near the balance sheet date.

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.

At June 30, 2014, the carrying value of WCS's cash equivalents, receivables, prepaid expenses and deferred charges, and accounts payable and accrued expenses approximates their fair values because of the terms and relatively short maturities of these financial instruments. The estimated fair values, however, involve unobservable inputs considered to be Level 3 in the fair value hierarchy.

(e) Contributions

Contributions, including unconditional promises to give, are recognized initially at fair value as revenues in the period received. Fair value is estimated giving consideration to anticipated future cash receipts (after allowance is made for uncollectible contributions). Contributions to be received after one year are discounted using a risk-adjusted rate, which is considered to be a Level 3 input in the fair value hierarchy. In subsequent periods, the discount rate is unchanged and the allowance for uncollectible contributions is reassessed and adjusted, if necessary. Amortization of the discount is recorded as additional contribution revenue.

(f) Grants and Contracts

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

(g) Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value based upon quoted market values. As a practical expedient, investments without a readily determinable fair value, such as the 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.

(h) Property and Equipment

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

(i) Cash Equivalents

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

(j) Split-Interest Agreements

WCS's split-interest agreements consist primarily of charitable gift annuities and life income funds. Contribution revenue is recognized at the date the assets are received after recording liabilities for either (i) the present value of estimated future payments to be made to the donors and/or other beneficiaries, or (ii) the discount to present value for a term equal to the life expectancy of the donor for pooled life income funds gifts. These liabilities are adjusted annually for changes in the value of the assets, accretion of the discount, currently 3%, and other changes in the estimates of future benefits. Assets related to such agreements amounted to $3,607,000 and $3,698,500 at June 30, 2014 and 2013, respectively. The carrying amount of split-interest agreement obligations approximates fair value because these instruments are recorded at the estimated net present value of future cash flows. The estimated fair value, however, involves unobservable inputs considered to be Level 3 in the fair value hierarchy.

(k) Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for WCS's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in foreign currencies are translated into dollars using the exchange rates in effect at the consolidated balance sheet date. Revenue and expenses are translated into dollars using the exchange rate in effect on the transaction date. The resulting translation gain or loss is reflected in the consolidated statements of activities.

(l) Accounting for Uncertainty in Income Taxes

WCS recognizes the benefit of tax positions when it is more-likely than-not that the position will be sustainable based on the merits of the position.

(m) Collections

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

(n) Presentation of Certain Prior Year Information

The consolidated financial statements include certain prior year summarized information for comparative purposes only. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with WCS's consolidated financial statements for the year ended June 30, 2013 from which the summarized information was derived.

(o) Subsequent Events

In conjunction with the preparation of the consolidated financial statements, WCS evaluated subsequent events from June 30, 2014 and through October 20, 2014, the date on which the consolidated financial statements were issued, and has concluded that there are no subsequent events to be disclosed.

(p) Contingencies

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

(3) Fair Value

WCS assets at June 30, 2014 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	$ 29,234,732	—	—	29,234,732	1
Fixed income:					
Mutual Funds – U.S. government	3,834,261	—	—	3,834,261	1
Mutual Funds – U.S. Corporate	21,470,819	—	—	21,470,819	1
Equity:					
Mutual Funds – United States	7,283,408	—	—	7,283,408	1
Direct Ownership – United States	22,174,737	—	—	22,174,737	1
Monthly liquidity:					
Fixed income:					
Commingled Funds:					
Emerging Markets	—	2,609,628	—	2,609,628	60

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
Equity:					
Commingled Funds:					
United States	$ —	23,407,840	—	23,407,840	15
International emerging markets	—	38,778,865	—	38,778,865	30
Natural Resources:					
Commingled Funds:					
United States	—	9,193,492	—	9,193,492	5
Alternatives:					
Absolute Return	—	4,005,389	—	4,005,389	15
Quarterly liquidity:					
Fixed income:					
Commingled Funds:					
United States	—	6,800,797	—	6,800,797	90
Equity:					
Commingled Funds:					
Emerging Markets	—	3,690,275	—	3,690,275	60
Alternatives:					
Absolute Return	—	13,838,776	—	13,838,776	60
Natural Resources	—	2,394,732	—	2,394,732	60
Annual liquidity:					
Alternatives:					
Absolute Return	—	—	15,016,497	15,016,497	45 – 90
Multi-asset Class	—	—	260,513,416	260,513,416	1 year, at 12/31
Biennial liquidity:					
Alternatives:					
Absolute Return	—	—	5,013,402	5,013,402	65
Illiquid Investments:					
Alternatives:					
Multi-strategy	—	—	687,867	687,867	Not applicable
Directional equity	—	—	811,486	811,486	Not applicable
Distressed securities	—	—	902,174	902,174	Not applicable
Real estate	—	—	812,798	812,798	Not applicable
Other	—	—	165,637	165,637	Not applicable
	83,997,957	104,719,794	283,923,277	472,641,028	
Other assets:					
Funds held by bond trustee	41,413,451	12,024,030	—	53,437,481	Not applicable
Amounts held in trust by others	—	—	2,109,321	2,109,321	Not applicable
	41,413,451	12,024,030	2,109,321	55,546,802	
Total	$ 125,411,408	116,743,824	286,032,598	528,187,830	

(Continued)

WCS assets at June 30, 2013 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	$ 15,988,899	—	—	15,988,899	1
Fixed income:					
Mutual Funds – U.S. government	3,670,048	—	—	3,670,048	1
Mutual Funds – U.S. Corporate	17,632,642	—	—	17,632,642	1
Equity:					
Mutual Funds – United States	6,895,448	—	—	6,895,448	1
Direct Ownership – United States	39,508,785	—	—	39,508,785	1
Monthly liquidity:					
Fixed income:					
Commingled Funds: Emerging Markets	—	2,607,274	—	2,607,274	60
Equity:					
Commingled Funds: United States	—	5,649,759	—	5,649,759	15
International emerging markets	—	29,703,282	—	29,703,282	30
Natural Resources:					
Commingled Funds: United States	—	8,107,538	—	8,107,538	5
Alternatives:					
Absolute Return	—	4,721,952	—	4,721,952	15
Quarterly liquidity:					
Fixed income:					
Commingled Funds: United States	—	6,536,075	—	6,536,075	90
Equity:					
Commingled Funds: Emerging Markets	—	2,066,457	—	2,066,457	60
Alternatives:					
Absolute Return	—	14,705,526	—	14,705,526	60
Natural Resources	—	1,986,936	—	1,986,936	60

	Level 1	Level 2	Level 3	Total	Days notice for liquidation
Annual liquidity:					
Alternatives:					
Absolute Return	$ —	—	9,387,690	9,387,690	45 – 90
Multi-asset Class	—	—	243,610,274	243,610,274	1 year, at 12/31
Illiquid Investments:					
Alternatives:					
Multi-strategy	—	—	1,397,597	1,397,597	Not applicable
Directional equity	—	—	1,545,345	1,545,345	Not applicable
Distressed securities	—	—	1,219,981	1,219,981	Not applicable
Real estate	—	—	3,541,153	3,541,153	Not applicable
Other	—	—	153,580	153,580	Not applicable
	83,695,822	76,084,799	260,855,620	420,636,241	
Other assets:					
Funds held by bond trustee	21,434,711	—	—	21,434,711	Not applicable
Amounts held in trust by others	—	—	2,032,225	2,032,225	Not applicable
	21,434,711	—	2,032,225	23,466,936	
Total	$ 105,130,533	76,084,799	262,887,845	444,103,177	

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 at net asset value, 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, 2014 and 2013 for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3):

	Multi-asset class	Other Alternatives	Amounts held in trust by others	Total
Fair value at June 30, 2013	$ 243,610,274	17,245,346	2,032,225	262,887,845
Purchases	—	10,000,000	—	10,000,000
Sales/distributions	(13,038,353)	(4,214,092)	(69,269)	(17,321,714)
Net appreciation in fair value of investments	29,941,495	378,607	146,365	30,466,467
Fair value at June 30, 2014	$ 260,513,416	23,409,861	2,109,321	286,032,598

	Multi-asset class	Other Alternatives	Amounts held in trust by others	Total
Fair value at June 30, 2012	$ 226,632,029	22,686,995	2,029,664	251,348,688
Purchases	10,000,000	4,037,073	—	14,037,073
Sales/distributions	(11,762,148)	(7,571,198)	(69,269)	(19,402,615)
Net appreciation (depreciation) in fair value of investments	18,740,393	(1,907,524)	71,830	16,904,699
Fair value at June 30, 2013	$ 243,610,274	17,245,346	2,032,225	262,887,845

The unrealized net appreciation (depreciation) on Level 3 assets held at June 30, 2014 and 2013 is as follows:

	Multi-asset class	Alternative investments	Other assets	Total
Unrealized appreciation (depreciation) at June 30, 2014	$ 76,932,583	(881,932)	322,935	76,373,586
Unrealized appreciation (depreciation) at June 30, 2013	44,618,192	(6,708,306)	176,570	38,086,456

WCS does not have any unfunded investment commitments outstanding as of June 30, 2014.

(4) Investments

The fair value of investments at June 30, 2014 and 2013 is as follows:

		2014	2013
Multi-asset class, including other alternative assets	$	260,513,416	243,610,274
Equity/equity funds		95,335,125	83,823,731
Alternative investments		43,648,758	38,659,760
Fixed income funds		34,715,505	30,446,039
Natural resources		9,193,492	8,107,538
Short-term investments		29,234,732	15,988,899
	$	472,641,028	420,636,241

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 companies that operate in commodity related fields or commodity linked derivative instruments. WCS monitors its investments in natural resources annually and estimates that roughly 3.9% of its portfolio is invested in fossil fuel production, with 0.03% in coal. The remaining natural resource investments are primarily in commodity futures, timber, agriculture, metals, and other energy-related infrastructure and services.

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 does not provide for redemption due to side pocket investments.

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. These investments do not provide for redemption at this time.

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 fair value of WCS investments in Makena as of June 30, 2014 and 2013 is as follows:

	2014	2013
Investments in Makena	$ 260,513,416	243,610,274

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, 2014 are as follows:

Asset class	Percentage of portfolio
U.S. equity	4%
International equity	4
Emerging markets equity	7
Tactical hedged equity	10
Real estate	11
Private equity	19
Natural resources	8
Absolute return	23
Fixed income	8
Short-term investments	6
	100%

The components of investment return for the years ended June 30, 2014 and 2013 are as follows:

	2014	2013
Interest and dividend income, net of investment expenses of $3,448,988 and $2,829,399 in 2014 and 2013, respectively	$ (1,043,076)	(898,992)
Net appreciation in fair value of investments	51,623,515	32,435,543
Total investment return	50,580,439	31,536,551
Less investment return available under spending policy, including temporarily restricted amounts of $5,426,106 in 2014 and $4,487,910 in 2013	(18,967,509)	(17,806,140)
Investment return in excess of amount available under spending policy, including temporarily restricted amounts of $9,404,881 in 2014 and $4,499,339 in 2013	$ 31,612,930	13,730,411

(5) Endowment Funds

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

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

WCS's endowment consists of 100 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, 2014, the fair values of 3 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately $60,000. At

June 30, 2013, the fair values of 13 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately $926,000.

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

Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment net assets at June 30, 2014 and 2013 consisted of the following:

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted	$ (60,164)	55,224,630	248,284,271	303,448,737
Board-designated	164,296,101	—	—	164,296,101
Total	$ 164,235,937	55,224,630	248,284,271	467,744,838

	2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Donor-restricted	$ (926,187)	46,904,383	227,958,314	273,936,510
Board-designated	141,654,093	—	—	141,654,093
Total	$ 140,727,906	46,904,383	227,958,314	415,590,603

Changes in endowment net assets for the fiscal years ended June 30, 2014 and 2013 were as follows:

	2014			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2013 as reported	$ 140,727,906	46,904,383	227,958,314	415,590,603
Net appreciation (realized and unrealized)	36,571,318	13,746,353	—	50,317,671
Contributions	—	—	20,325,957	20,325,957
Appropriation of endowment assets for expenditure	(13,541,403)	(5,426,106)	—	(18,967,509)
Transfer to board-designated endowment	478,116	—	—	478,116
Endowment net assets, June 30, 2014	$ 164,235,937	55,224,630	248,284,271	467,744,838

	2013			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2012 as reported	$ 125,793,912	43,042,554	208,066,828	376,903,294
Net appreciation (realized and unrealized)	23,345,949	8,349,739	—	31,695,688
Contributions	—	—	20,100,000	20,100,000
Appropriation of endowment assets for expenditure	(13,318,230)	(4,487,910)	—	(17,806,140)
Transfer to board-designated endowment	4,906,275	—	(208,514)	4,697,761
Endowment net assets, June 30, 2013	$ 140,727,906	46,904,383	227,958,314	415,590,603

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2014 and 2013 consist of the following:

	2014	2013
Amounts restricted for the following purposes:		
Domestic programs	$ 97,454,417	87,062,991
Building and exhibit improvements	10,778,512	11,415,370
Global conservation programs	80,345,789	73,194,272
Future periods	557,178	557,178
Other	1,610,809	1,610,809
	$ 190,746,705	173,840,620

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2014 and 2013 were as follows:

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications				Balance at end of year
			Operations	Board-designated	Capital	Total released	
2014:							
Contributions and bequests	$ 72,050,783	55,868,108	52,940,470	(1,362,389)	3,236,275	54,814,356	73,104,535
Appropriation from the City of New York	146,089	16,585,806	1,106	—	16,455,588	16,456,694	275,201
State of New York grants and contracts	474,582	3,735,041	3,483,108	—	320,086	3,803,194	406,429
Federal grants and contracts	16,426,083	36,817,242	33,183,557	—	65,853	33,249,410	19,993,915
Other grants	31,981,324	17,335,001	14,437,332	—	—	14,437,332	34,878,993
Gate and exhibit admissions	—	—	800,000	(800,000)	—	—	—
Investment return	52,202,801	14,830,987	5,505,114	—	—	5,505,114	61,528,674
Other	558,958	—	—	—	—	—	558,958
	$ 173,840,620	145,172,185	110,350,687	(2,162,389)	20,077,802	128,266,100	190,746,705

	Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications				Balance at end of year
			Operations	Board-designated	Capital	Total released	
2013:							
Contributions and bequests	$ 69,027,762	55,603,060	51,538,980	(1,557,732)	2,598,791	52,580,039	72,050,783
Appropriation from the City of New York	91,841	7,098,903	—	—	7,044,655	7,044,655	146,089
State of New York grants and contracts	539,947	3,425,360	3,274,725	—	216,000	3,490,725	474,582
Federal grants and contracts	20,073,976	24,813,184	28,296,666	—	164,411	28,461,077	16,426,083
Other grants	14,344,129	28,733,267	11,096,072	—	—	11,096,072	31,981,324
Gate and exhibit admissions	—	—	800,000	(800,000)	—	—	—
Investment return	46,522,709	8,987,249	3,307,157	—	—	3,307,157	52,202,801
Other	—	—	(558,958)	—	—	(558,958)	558,958
	$ 150,600,364	128,661,023	97,754,642	(2,357,732)	10,023,857	105,420,767	173,840,620

Permanently restricted net assets at June 30, 2014 and 2013 represent endowment gifts as follows:

	2014	2013
Lila Acheson Wallace Endowment Fund	$ 151,363,015	151,363,015
Income unrestricted	21,169,943	21,169,943
Income restricted (principally for global conservation programs)	75,751,313	55,425,356
	$ 248,284,271	227,958,314

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, 2014 and 2013 are due to be collected as follows:

		2014	2013
Within one year	$	56,461,327	50,136,186
One to five years		9,269,181	8,109,682
Thereafter		250,000	—
		65,980,508	58,245,868
Less present value discount (2.53% in 2014 and 2.55% in 2013)		(422,811)	(341,875)
	$	65,557,697	57,903,993

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 was recognized as revenue in both fiscal 2014 and fiscal 2013. WCS has recognized cumulative revenue of $22,500,000 through June 30, 2014.

(8) Property and Equipment

At June 30, 2014 and 2013, the cost and accumulated depreciation of property and equipment are as follows:

		2014	2013
Land	$	651,268	651,268
Buildings and exhibits		389,147,451	365,494,370
Furniture, fixtures, and equipment		26,085,470	24,427,430
Construction in progress		62,160,609	51,494,194
		478,044,798	442,067,262
Less accumulated depreciation		229,698,631	212,380,589
	$	248,346,167	229,686,673

(9) Line of Credit and Loan Agreements

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

On March 24, 2014, WCS obtained a $7,000,000 10 year term unsecured loan from TD Bank which expires February 28, 2024. The full balance of the loan is outstanding as of June 30, 2014. The purpose of the loan is to finance the capital costs of the implementation of a new suite of financial and administrative systems. The loan bears interest at the 1-Month LIBOR plus 1%. Interest expense on the loan for the year ending June 30, 2014 was $20,614.

On March 7, 2014, WCS obtained a $10,000,000 program related investment in the form of a 3 year term loan from the David and Lucile Packard Foundation which expires March 7, 2017. WCS has an outstanding balance of $5,270,748 as of June 30, 2014. The purpose of the loan is to provide bridge funding for construction of new facilities at the New York Aquarium pending contractual reimbursement of those costs by the City of New York. The loan bears an interest rate of 1%. Interest expense on the loan for the year ending June 30, 2014 was $14,641.

(10) Bonds Payable

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

On February 13, 2014, WCS entered into a Loan Agreement with the Trust to finance improvements at the New York Aquarium as well as other improvements. In connection with the Agreement, the Trust issued $44,430,000 of Revenue Bonds, Series 2014A. Including an original issue premium of $3,169,846, proceeds totaled $47,539,846.

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

Description	Maturity date	Interest rate	Amount outstanding at June 30 2014	Amount outstanding at June 30 2013
Revenue Bonds Series A 2013:				
2032 Term Bond	2032	3.25%	$ 4,130,000	4,130,000
2042 Term Bond	2042	5.00	11,475,000	11,475,000
Serial Bond	2023	5.00	645,000	645,000
Serial Bond	2024	5.00	680,000	680,000
Serial Bond	2025	5.00	715,000	715,000
Serial Bond	2026	5.00	750,000	750,000
Serial Bond	2027	5.00	790,000	790,000
Serial Bond	2028	5.00	295,000	295,000
Serial Bond	2033	5.00	59,700,000	59,700,000
Revenue Bonds Series A 2014:				
2038 Term Bond	2038	5.00	12,110,000	—
2043 Term Bond	2043	5.00	15,545,000	—
Serial Bond	2024	5.00	1,325,000	—
Serial Bond	2025	5.00	1,395,000	—
Serial Bond	2026	5.00	1,465,000	—
Serial Bond	2027	5.00	1,540,000	—
Serial Bond	2028	5.00	1,620,000	—
Serial Bond	2029	5.00	1,700,000	—
Serial Bond	2030	5.00	1,790,000	—
Serial Bond	2031	5.00	1,880,000	—
Serial Bond	2032	5.00	1,980,000	—
Serial Bond	2033	5.00	2,080,000	—
	Net unamortized premium		15,827,875	13,266,641
		Bonds payable	$ 139,437,875	92,446,641

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

Bond issuance and underwriters costs are being amortized over the term of the Bonds. The unamortized balance of $2,294,964 and $1,466,867 in fiscal years June 30, 2014 and 2013, respectively, is included in prepaid expenses and deferred charges in the accompanying consolidated balance sheet.

Interest expense on the Bonds amounted to $3,444,070 and $3,112,775 in fiscal years June 30, 2014 and 2013, respectively. Interest expense, net of interest income of $802,417, has been capitalized in construction in progress at June 30, 2014.

Projected interest and principal payments are as follows:

	Interest	Principal
Fiscal year:		
2015	$ 6,034,175	—
2016	6,108,225	—
2017	6,108,225	—
2018	6,108,225	—
2019	6,108,225	—
Thereafter	94,510,512	123,610,000
Total	$ 124,977,587	123,610,000

WCS is required to establish and deposit with bond trustees certain funds for the benefit of bondholders, and to fulfill capital commitments. The funds are invested, principally in money market funds, by the trustees until withdrawn to effect the purposes for which they were generated and are considered Level 1 and Level 2 in the fair value hierarchy.

The aggregate fair value of long-term debt was estimated to be approximately $136,226,000 and $81,713,000 at June 30, 2014 and 2013, respectively. Fair value measurements of bonds payable are based on observable interest rates and maturity schedules that fall within Level 2 in the fair value hierarchy.

(11) Deferred Compensation

WCS has established two deferred compensation plans which provide for certain benefits currently payable through June 30, 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 $535,898 in 2014 and $92,564 in 2013 related to the plans. A liability of $1,760,574 and $1,224,676 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2014 and 2013, respectively.

(12) Retirement Benefits

All eligible WCS employees are members of the Cultural Institutions Retirement System's (CIRS) Pension, 401(k) Savings, and Group Life and Welfare Benefits Plans (the Plans). The CIRS Pension Plan (the Plan) is a cost sharing multiemployer plan that offers benefits related to years of service and final average salary. All participants become 100% vested after five years of service. There are no partial vesting provisions. WCS's pension expense related to this Plan was approximately $5,903,000 and $4,528,000 for the years ended June 30, 2014 and 2013, respectively. There have been no significant changes that affect the comparability of fiscal years 2014 and 2013 contributions. WCS's contributions to the Plan represent more than 5% of the total contributions to this plan for the years ended June 30, 2014 and 2013. The Employer Identification Number of the plan is 11-2001170. The three digit plan number is 001. The expiration date of the collective bargaining agreement requiring contributions to the plan expired

on June 30, 2013. The most recent Pension Protection Act (PPA) zone status is green at June 30, 2014 and 2013 and, as required by the PPA, is certified by the Plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in yellow zone are less than 80% funded, and plans in the green zone are at least 80% funded. As of the date the financial statements were issued, Form 5500 was not available for the plan year ended June 30, 2014.

In fiscal year 2013, WCS contributed up to 3% of salary as determined by the level of employee contributions to the 401(k) Savings Plan. The employer match component of the 401(k) Savings Plan was suspended for a two year period, commencing July 1, 2013; therefore no contribution was required for fiscal year 2014. The expenses for the 401(k) Savings Plan, Group Life and Welfare Benefit Plans, and the administrative costs for the Plans for the years ended June 30, 2014 and 2013 was as follows:

		2014	2013
401(k) Savings	$	9,000	1,187,000
Group Life and Welfare Benefits		189,000	204,000
Administration (all three plans)		689,000	639,000
	$	887,000	2,030,000

In addition, WCS has the practice of converting a portion of accrued sick leave into a lump-sum terminal leave payout upon the retirement of certain nonunion employees retiring from active service meeting certain age and service criteria. Terminal leave payout is a contractual obligation for WCS's unionized staff. WCS accrues for this accumulated terminal leave payment obligation. During 2014 and 2013, WCS recognized expense of $133,222 and a credit of $202,702 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to $2,292,131 and $2,158,909 at June 30, 2014 and 2013, respectively, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheets.

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

The following table provides a summary of this unfunded plan as of June 30, 2014 and 2013:

		2014	2013
Change in benefit obligation:			
Benefit obligation at beginning of year	$	29,989,573	35,382,663
Service cost		925,652	1,126,086
Interest cost		1,337,337	1,305,404
Plan participants' contribution		359,306	378,539
Amendments		(605,568)	(1,769,475)
Actuarial loss (gain)		646,553	(4,534,803)
Benefits paid		(1,548,914)	(1,928,125)
Retiree drug subsidy received		56,759	29,284
Benefit obligation at end of year		31,160,698	29,989,573
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contribution		1,548,914	1,928,125
Benefits paid		(1,548,914)	(1,928,125)
Fair value of plan assets at end of year		—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheet	$	(31,160,698)	(29,989,573)

		2014	2013
Components of net periodic benefit expense:			
Service cost	$	925,652	1,126,086
Interest cost		1,337,337	1,305,404
Amortization of prior service credit		(1,162,410)	(1,074,080)
Amortization of net gain		102,393	330,103
Net periodic benefit expense	$	1,202,972	1,687,513

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

	2014	2013
Benefit obligation weighted average assumptions as of June 30, 2014 and 2013:		
Discount rate	4.31%	4.77%
Benefit cost weighted average assumptions for the years ended June 30, 2014 and 2013:		
Discount rate	4.77	4.06

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 7.5% in 2014 grading down to 4.75% in 2020 and thereafter was assumed.

As of June 30, 2014, a total gain of $2,748,444, consisting of $4,552,566 net actuarial loss and $7,301,010 prior service credit, has not yet been recognized as a component of net periodic benefit costs.

As of June 30, 2013, a total gain of $3,849,446, consisting of $4,008,406 net actuarial loss and $7,857,852 prior service credit, has not yet been recognized as a component of net periodic benefit costs.

During the years ended June 30, 2014 and 2013, ($1,101,002) and $5,560,300 were reported, respectively, as postretirement-related change other than net periodic postretirement benefit costs. The components of the amounts are as follows:

	2014	2013
Net actuarial loss (gain)	$ 544,160	(4,864,906)
Prior service cost (credit)	556,842	(695,394)
	$ 1,101,002	(5,560,300)

It is estimated that $1,070,959 of the prior service credit will be recognized as components of net periodic benefit costs in fiscal year 2015.

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 2014:

	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	$ 283,626	(224,140)
Effect on the postretirement benefit obligation	3,347,198	(2,704,264)

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

2015	$ 1,449,000
2016	1,477,000
2017	1,543,000
2018	1,559,000
2019	1,623,000
2020 through 2024	8,851,000
	$ 16,502,000

(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, 2014, follows:

Facility/location	Species and subspecies	Specimens owned	Births/ hatchings
Bronx Zoo	797	72,186	2,042
New York Aquarium	378	516	3,896
City Zoos	449	3,667	374
	1,624	76,369	6,312

During the years ended June 30, 2014 and 2013, animal collection accessions aggregated approximately $345,000 and $363,000, respectively, while proceeds from deaccessions aggregated approximately $19,000 and $54,000, respectively. In addition, WCS disposition policy prohibits the sale of collection animals.

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

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

WCS operates the Bronx Zoo pursuant to a city grant made in 1897 and the New York Aquarium pursuant to an agreement with the City made in 1950. The Bronx Zoo and the New York Aquarium are under WCS's management and control. The City, through the Department of Cultural Affairs, appropriates funds to support certain operating costs. WCS received $15,063,652 and $14,899,027 in operating support during 2014 and 2013, 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 $7,681,892 and $7,174,280 in support during 2014 and 2013, 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 2014 and 2013, this funding amounted to $16,586,806 and $7,098,903, respectively.

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

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended June 30, 2014
(with comparative summarized financial information for the year ended June 30, 2013)

		Bronx Zoo	New York Aquarium	City Zoos	Global Conservation Programs	Lower Bronx River Habitat Conservation	Total program services
Salaries and wages	$	23,342,128	4,109,230	11,154,641	17,274,868	83,084	55,963,951
Employee benefits and payroll taxes		9,983,720	1,874,846	5,441,614	6,214,411	26,830	23,541,421
Employment costs		29,301	5,486	15,797	1,901,856	295	1,952,735
Stipends		184,024	2,576	62,162	19,689,542	—	19,938,304
Purchased services		1,965,492	672,603	387,536	9,087,885	16,262	12,129,778
Grants		—	—	—	10,616,028	—	10,616,028
Professional fees		703,217	31,175	67,926	1,126,343	—	1,928,661
Property and casualty insurance		1,781,121	399,058	182,132	1,112,959	—	3,475,270
Advertising		—	—	—	—	—	—
Repairs and maintenance		3,114,500	1,106,938	706,672	2,351,819	—	7,279,929
Supplies and materials		3,121,054	948,141	1,294,096	8,504,342	122	13,867,755
Animal food and forage		1,463,133	198,852	501,137	623	—	2,163,745
Telephone		155,699	99,248	109,421	922,054	—	1,286,422
Heat, light, and power		4,504,567	1,012,895	215,398	402,624	—	6,135,484
Travel		329,769	64,629	70,921	11,665,137	8,301	12,138,757
Dues and fees		66,074	35,914	87,784	118,195	—	307,967
Postage and shipping		40,978	35,361	13,742	343,775	27	433,883
Cost of product sold		24,443	1,623	11,203	—	—	37,269
Collection accessions		261,219	64,879	18,949	—	—	345,047
Bond interest expense		—	—	—	—	—	—
Other		1,592,930	260,392	1,516,099	2,644,970	—	6,014,391
Subtotal		52,663,369	10,923,846	21,857,230	93,977,431	134,921	179,556,797
Depreciation		9,256,660	1,682,482	1,756,253	1,368,029	—	14,063,424
Total 2014 expenses	$	61,920,029	12,606,328	23,613,483	95,345,460	134,921	193,620,221
Total 2013 expenses	$	60,918,159	15,625,193	21,504,019	87,406,018	603,512	186,056,901

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 2014	Total 2013
5,373,113	12,041,996	466,557	4,408,011	16,916,564	78,253,628	76,703,887
1,531,743	3,353,348	121,683	1,232,156	4,707,187	29,780,351	28,002,793
9,650	266,102	114	8,772	274,988	2,237,373	2,373,886
—	31,748	—	13,428	45,176	19,983,480	17,889,178
99,560	892,566	1,242,042	365,769	2,500,377	14,729,715	13,112,179
—	225,914	—	—	225,914	10,841,942	11,372,199
19,000	2,251,852	—	313,733	2,565,585	4,513,246	3,918,298
—	128,977	—	249	129,226	3,604,496	2,724,431
—	1,281,122	—	—	1,281,122	1,281,122	1,438,602
513,192	785,607	1,216	47,038	833,861	8,626,982	7,507,750
600,287	429,655	168,046	90,731	688,432	15,156,474	13,463,362
27,611	56			56	2,191,412	2,254,607
34,708	198,019	8,440	19,200	225,659	1,546,789	1,476,731
14,571	—			—	6,150,055	6,360,068
37,092	495,888	4,623	175,758	676,269	12,852,118	12,600,372
1,229	172,060	180	143,041	315,281	624,477	539,278
2,917	26,071	450,242	42,751	519,064	955,864	998,082
6,124,939	36	—	—	36	6,162,244	6,460,695
—	—	—	—	—	345,047	363,450
—	2,641,653	—	—	2,641,653	2,641,653	3,112,775
1,224,113	551,522	164,129	31,117	746,768	7,985,272	7,205,822
15,613,725	25,774,192	2,627,272	6,891,754	35,293,218	230,463,740	219,878,445
1,302,017	1,894,224	56,224	2,153	1,952,601	17,318,042	18,041,078
16,915,742	27,668,416	2,683,496	6,893,907	37,245,819	247,781,782	
17,404,976	25,502,009	2,786,640	6,168,997	34,457,646		$ 237,919,523

Schedule 2

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidating Schedule of Activities

Year ended June 30, 2014

	WCS do Brazil	WCS Canada	WCS Europe	WCS Singapore	WCS Malaysia	MCC	WCS USA	Elimination	WCS Consolidated
Revenues:									
Contributions	$ 209,698	1,958,448	80,579	147,880	719,306	—	59,458,621	(15,026)	62,559,506
Bequests	—	—	—	—	—	—	23,696,999	—	23,696,999
Membership dues	—	—	—	—	—	—	13,929,426	—	13,929,426
Appropriation from The City of New York	—	—	—	—	—	—	39,331,350	—	39,331,350
State of New York grants and contracts	—	—	—	—	—	—	3,735,041	—	3,735,041
U.S. Federal grants and contracts	—	147,029	—	70,032	136,823	—	36,610,387	(147,029)	36,817,242
Other grants	178,506	305,280	418,706	—	—	—	17,025,215	(592,706)	17,335,001
Gate and exhibit admissions	—	—	—	—	—	—	34,471,205	—	34,471,205
Investment return	—	—	—	—	—	—	50,580,439	—	50,580,439
Educational program and activities	—	—	—	—	—	—	2,281,465	—	2,281,465
Sponsorship, licensing, and royalties	—	—	—	—	—	—	938,676	—	938,676
Insurance proceeds	—	—	—	—	—	—	802,686	—	802,686
Miscellaneous	1,378	14,606	—	—	55,047	550,853	2,512,227	—	3,134,111
	389,582	2,425,363	499,285	217,912	911,176	550,853	285,373,737	(754,761)	289,613,147
Restaurant and merchandise sales and parking fees	—	—	—	—	—	—	24,954,348	—	24,954,348
Total revenues	389,582	2,425,363	499,285	217,912	911,176	550,853	310,328,085	(754,761)	314,567,495
Expenses and losses:									
Salaries and wages	68,232	1,294,021	104,123	180,887	61,610	—	76,544,755	—	78,253,628
Employee benefits and payroll taxes	188,316	—	—	48,523	8,408	—	29,535,104	—	29,780,351
Employment costs	11	—	—	91,558	21,467	—	2,124,337	—	2,237,373
Stipends	206,789	—	186,642	23,833	404,123	—	19,162,093	—	19,983,480
Purchased services	152,882	257,405	1,872	689	14,996	—	14,301,871	—	14,729,715
Grants	3,456	315,024	70,505	—	—	361,506	10,846,212	(754,761)	10,841,942
Professional fees	99,036	8,961	54,384	37,445	3,052	—	4,310,368	—	4,513,246
Property and casualty insurance	2,269	21,107	6,639	—	9,864	—	3,564,617	—	3,604,496
Advertising	—	—	—	79	811	—	1,280,232	—	1,281,122
Repairs and maintenance	10,138	67,642	—	127	39,093	—	8,509,982	—	8,626,982
Supplies and materials	106,222	22,938	3,417	866	70,540	—	14,952,491	—	15,156,474
Animal food and forage	—	—	—	—	—	—	2,191,412	—	2,191,412
Telephone	3,798	16,389	5,229	1,121	5,580	—	1,514,672	—	1,546,789
Heat, light, and power	146	2,698	—	357	3,685	—	6,143,169	—	6,150,055
Travel	106,196	143,635	43,547	24,422	76,478	—	12,457,840	—	12,852,118
Dues and fees	—	—	—	2,500	152	—	621,825	—	624,477
Postage and shipping	3,095	3,857	400	478	2,077	—	945,957	—	955,864
Cost of product sold	—	—	—	—	—	—	6,162,244	—	6,162,244
Collection accessions	—	—	—	—	—	—	345,047	—	345,047
Bond interest expense	—	—	—	—	—	—	2,641,653	—	2,641,653
Other	24,873	100,351	6,746	10,949	25,347	175,954	7,641,052	—	7,985,272
Depreciation	—	—	—	—	—	—	17,318,042	—	17,318,042
Total expenses	975,459	2,254,028	483,504	423,834	747,283	537,460	243,114,975	(754,761)	247,781,782
(Deficiency) excess of revenues over expenses	(585,877)	171,335	15,781	(205,922)	163,893	13,393	67,213,110	—	66,785,713
Other changes:									
Postretirement-related change other than net periodic postretirement benefit cost	—	—	—	—	—	—	(1,101,002)	—	(1,101,002)
Changes in net assets	(585,877)	171,335	15,781	(205,922)	163,893	13,393	66,112,108	—	65,684,711
Net assets at beginning of year	664,540	1,595,848	118,168	(64,921)	73,206	—	680,904,831	—	683,291,672
Net assets at end of year	$ 78,663	1,767,183	133,949	(270,843)	237,099	13,393	747,016,939	—	748,976,383

See accompanying independent auditors' report.