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WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Financial Statements and Schedules

June 30, 2017
(with comparative summarized financial information as of and for the year ended June 30, 2016)

(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, 2017, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Wildlife Conservation Society and subsidiaries as of June 30, 2017, 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.

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Report on Summarized Comparative Information

We have previously audited Wildlife Conservation Society and subsidiaries' 2016 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 19, 2016. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2016 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 17, 2017

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Balance Sheet

June 30, 2017
(with summarized financial information as of June 30, 2016)

Assets		**2017**	**2016**
Cash and cash equivalents	$	69,869,245	76,529,751
Accounts receivable		3,391,735	3,204,895
Receivable from the City of New York (note 13)		39,207,020	18,732,579
Receivable from the State of New York		2,702,658	2,252,834
Receivable from U.S. Federal sources		38,781,701	30,579,325
Grants and contributions receivable, net (note 7)		69,193,266	65,061,959
Inventories		2,683,000	2,432,448
Prepaid expenses		6,826,412	4,383,520
Investments (notes 3 and 4)		465,111,301	456,955,526
Amounts held in trust by others (note 3)		1,888,649	1,842,625
Funds held by bond trustee (notes 3 and 10)		20,089,411	28,293,590
Property and equipment (note 8)		343,878,813	333,215,520
Collections (note 1m)			
Total assets	$	1,063,623,211	1,023,484,572
Liabilities and Net Assets			
Liabilities:			
Accounts payable and accrued expenses (notes 11 and 12)	$	45,525,234	37,087,482
Annuity liability		2,982,300	3,055,787
Loans payable (note 9)		13,000,000	17,000,000
Bonds payable (note 10)		135,355,988	136,232,382
Postretirement benefit obligation (note 12)		42,288,389	43,070,880
Total liabilities		239,151,911	236,446,531
Commitments and contingencies (notes 2p, 9, 12, and 13)			
Net assets:			
Unrestricted:			
Board designated		112,052,468	104,870,270
Net investment in property and equipment		219,632,622	206,131,765
Total unrestricted		331,685,090	311,002,035
Temporarily restricted (note 6)		221,519,814	205,440,980
Permanently restricted (note 6)		271,266,396	270,595,026
Total net assets		824,471,300	787,038,041
Total liabilities and net assets	$	1,063,623,211	1,023,484,572

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2017
(with comparative summarized financial information for the year ended June 30, 2016)

	Unrestricted							
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted	Permanently restricted	2017 Total	2016 Total
Revenues:								
Contributions	$ 11,130,154	—	—	11,130,154	59,245,555	671,370	71,047,079	59,878,414
Bequests	—	1,088,140	—	1,088,140	142,841	—	1,230,981	3,067,857
Membership dues	13,926,650	—	—	13,926,650	—	—	13,926,650	13,804,120
Appropriation from the City of New York (note 13)	25,410,541	—	—	25,410,541	25,192,039	—	50,602,580	56,408,098
U.S. State agencies grants and contracts	—	—	—	—	4,875,129	—	4,875,129	4,987,728
U.S. Federal grants and contracts	—	—	—	—	42,786,514	—	42,786,514	42,681,134
Non-U.S. government and bilateral grants and contracts	—	—	—	—	17,058,570	—	17,058,570	17,529,685
Private organizations grants and contracts	—	—	—	—	2,993,205	—	2,993,205	5,290,695
Gate and exhibit admissions	31,871,912	—	—	31,871,912	—	—	31,871,912	34,262,024
Investment return (note 4)	14,048,128	20,421,235	—	34,469,363	16,424,793	—	50,894,156	(11,689,530)
Educational program and activities	3,246,526	—	—	3,246,526	—	—	3,246,526	2,806,127
Sponsorship, licensing, and royalties	1,245,179	—	—	1,245,179	—	—	1,245,179	719,923
Miscellaneous	2,797,401	—	—	2,797,401	—	—	2,797,401	3,886,763
	103,676,491	21,509,375	—	125,185,866	168,718,646	671,370	294,575,882	233,633,038
Restaurant and merchandise sales and parking fees	26,215,292	—	—	26,215,292	—	—	26,215,292	26,666,151
Net assets released from restrictions and designations (note 6)	132,704,688	(6,022,795)	25,957,919	152,639,812	(152,639,812)	—	—	—
Total revenues	262,596,471	15,486,580	25,957,919	304,040,970	16,078,834	671,370	320,791,174	260,299,189
Expenses:								
Program services:								
Bronx Zoo	56,753,001	—	12,833,289	69,586,290	—	—	69,586,290	66,211,181
New York Aquarium	12,467,608	—	2,621,345	15,088,953	—	—	15,088,953	14,088,489
City Zoos	24,754,885	—	1,693,683	26,448,568	—	—	26,448,568	24,507,984
Global Conservation Programs	112,236,288	—	1,268,122	113,504,410	—	—	113,504,410	107,392,398
Total program services	206,211,782	—	18,416,439	224,628,221	—	—	224,628,221	212,200,052

(Continued)

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Activities

Year ended June 30, 2017
(with comparative summarized financial information for the year ended June 30, 2016)

	Unrestricted							
	General	Board-designated	Plant	Total unrestricted	Temporarily restricted	Permanently restricted	2017 Total	2016 Total
Restaurant, merchandise, and parking expenses	$ 17,025,050	—	1,273,924	18,298,974	—	—	18,298,974	17,607,674
Supporting services:								
Management and general	31,849,079	—	868,356	32,717,435	—	—	32,717,435	30,881,407
Membership solicitation and fulfillment	2,096,827	—	34,971	2,131,798	—	—	2,131,798	2,176,581
Fund-raising	8,317,642	—	2,153	8,319,795	—	—	8,319,795	8,695,344
Total supporting services	42,263,548	—	905,480	43,169,028	—	—	43,169,028	41,753,332
Total expenses	265,500,380	—	20,595,843	* 286,096,223	—	—	286,096,223	271,561,058
Plant renewal funding	(1,620,000)	1,620,000	—	—	—	—	—	—
(Deficiency) excess of revenues over expenses and plant renewal funding	(4,523,909)	17,106,580	5,362,076	17,944,747	16,078,834	671,370	34,694,951	(11,261,869)
Other changes:								
Postretirement-related change other than net periodic postretirement benefit cost (note 12)	2,738,308	—	—	2,738,308	—	—	2,738,308	(12,541,701)
Other transfers	1,785,601	(9,924,382)	8,138,781	—	—	—	—	—
Changes in net assets	—	7,182,198	13,500,857	20,683,055	16,078,834	671,370	37,433,259	(23,803,570)
Net assets at beginning of year		104,870,270	206,131,765	311,002,035	205,440,980	270,595,026	787,038,041	810,841,611
Net assets at end of year	$ —	112,052,468	219,632,622	331,685,090	221,519,814	271,266,396	824,471,300	787,038,041

* Represents depreciation expense

See accompanying notes to consolidated financial statements.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidated Statement of Cash Flows

Year ended June 30, 2017
(with comparative summarized financial information for the year ended June 30, 2016)

	2017	2016
Cash flows from operating activities:		
Changes in net assets	$ 37,433,259	(23,803,570)
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	20,595,843	19,669,309
Amortization of bond issuance costs	165,348	73,724
Amortization of bond premium	(1,041,742)	(524,356)
Net (appreciation) depreciation in fair value of investments	(52,548,300)	11,083,598
Postretirement-related change other than net periodic postretirement benefit cost	(2,738,308)	12,541,701
Decrease in value of amounts held in trust by others	(46,024)	155,052
Endowment contributions	(671,370)	(1,000)
Changes in assets and liabilities:		
Accounts receivable	(186,840)	857,672
Receivable from the City of New York	(152,221)	2,457,012
Receivable from the State of New York	65,148	2,642,574
Receivable from Federal sources	(8,202,376)	(6,068,227)
Grants and contributions receivable	(6,753,413)	11,163,089
Inventories	(250,552)	218,464
Prepaid expenses and deferred charges	(2,442,892)	(1,092,000)
Accounts payable and accrued expenses	6,465,691	3,400,844
Postretirement benefit obligation	1,955,817	(129,070)
Total adjustments	(45,786,191)	56,448,386
Net cash (used in) provided by operating activities	(8,352,932)	32,644,816
Cash flows from investing activities:		
Proceeds from sales of investments	119,960,374	126,622,470
Purchases of investments	(75,567,849)	(106,236,241)
Acquisition of property and equipment	(31,259,136)	(54,630,654)
Increase (decrease) in accounts payable and accrued expenses for construction projects	1,972,061	(5,961,769)
Net cash provided by (used in) investing activities	15,105,450	(40,206,194)
Cash flows from financing activities:		
Endowment contributions	671,370	1,000
(Increase) decrease in receivable from government sources for capital expenditure	(20,837,192)	6,766,803
Decrease in contributions and grants receivable for capital	2,622,106	2,720,782
Decrease in funds held by bond trustee	8,204,179	12,599,836
Decrease in annuity liability, net	(73,487)	(114,399)
Proceeds from loans payable	6,000,000	—
Payments for loans payable	(10,000,000)	—
Net cash (used in) provided by financing activities	(13,413,024)	21,974,022
Net (decrease) increase in cash and cash equivalents	(6,660,506)	14,412,644
Cash and cash equivalents at beginning of year	76,529,751	62,117,107
Cash and cash equivalents at end of year	$ 69,869,245	76,529,751
Supplemental disclosure:		
Interest paid	$ 6,301,586	6,301,741

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 has determined that WCS is an organization described in Sections 501(c)(3), 170(b)(1)(A)(vi), and 509(a)(1) of the Internal Revenue Code (the Code) and is exempt from Federal income tax under Section 501(a) of the Code. WCS saves wildlife and wild places worldwide through science, conservation action, education, and inspiring people to value nature. That mission is achieved through our global conservation programs and through the management of the world's largest system of urban wildlife parks—the Bronx Zoo; the New York Aquarium; and the Central Park, Queens, and Prospect Park Zoos (the City Zoos).

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

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

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

BATAGUR Co, Ltd. (BATAGUR) is a private limited liability company organized under Cambodian law to hold land for conservation purposes. BATAGUR is not tax exempt.

Conservation Flight LLC (CF) is a Delaware limited liability company whose sole member is WCS. CF is a disregarded entity for tax purposes.

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

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

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

SANSOM MLUP PREY (SMP) is a nonprofit organization organized under Cambodian law to promote wildlife conservation through various means and initiatives including by supporting local communities in their efforts to produce and market wildlife friendly products. SMP is exempt from income tax.

(Continued)

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

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

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

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

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

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

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

Wildlife Conservation Society Singapore Limited (WCS Singapore) is a tax-exempt public company limited by guarantee formed under Singapore law. WCS Singapore was dissolved on September 5, 2016.

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

YAYASAN CELEBICA (CELEBICA) is a nonprofit foundation organized under the laws of Indonesia on March 23, 2017 principally to hold land for conservation purposes. CELEBICA is exempt from income tax on donation and grant revenues.

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

(2) Tax 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 net assets released from restriction.

(d) Fair Value

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It prioritizes the inputs to the valuation techniques used to measure fair value by giving the highest priority to unadjusted quoted or published 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 or published 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 or published prices included in Level 1 that are either directly or indirectly observable for the assets or liabilities.

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

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

(e) Contributions

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

(f) Grants and Contracts

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

(g) Investments

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

(Continued)

(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, and other changes in the estimates of future benefits. Assets related to such agreements amounted to approximately $3,122,000 and $3,265,000 at June 30, 2017 and 2016, respectively. The carrying amount of split-interest agreement obligations approximates fair value because these instruments are recorded at the estimated net present value of future cash flows.

(k) Foreign Currency Translation

The U.S. dollar (dollars) is the functional currency for WCS's operations worldwide. Transactions in currencies other than dollars are translated into dollars at the rate of exchange in effect during the month of the transaction. Assets and liabilities denominated in foreign currencies are translated into dollars using the exchange rates in effect at the consolidated balance sheet date. Revenue and expenses are translated into dollars using the exchange rate in effect on the transaction date. The resulting translation gain or loss is reflected in the consolidated statements of activities. Translation losses were approximately $64,000 and $3,016,000 as of June 30, 2017 and 2016, respectively.

(l) Accounting for Uncertainty in Income Taxes

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

(m) Collections

WCS-operated facilities care for and exhibit and extensive collection of animals, including rare and endangered species. Expenditures for collections are not capitalized.

(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, 2016 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, 2017 and through October 17, 2017, the date on which the consolidated financial statements were issued, and has concluded that there are no subsequent events to be disclosed.

(p) Contingencies

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

(q) Reclassifications

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

(3) Fair Value

WCS assets at June 30, 2017 are summarized in the following table:

	Fair value	Level 1	Level 2	Level 3
Assets:				
Directly managed investments:				
Cash and short-term investments	$ 1,621,337	1,621,337	—	—
Common stocks – domestic	21,712,797	21,712,797	—	—
Mutual funds – equity domestic	1,584,875	1,584,875	—	—
Mutual funds – fixed income:				
U.S. Government	3,912,432	3,912,432	—	—
U.S. Corporate	23,053,114	23,053,114	—	—
Mutual funds – natural resources	5,271,112	5,271,112	—	—
	57,155,667	57,155,667	—	—
Investments reported at net asset value (or its equivalent):				
Limited partnerships:				
Multi-asset class	283,018,880			
Equity – domestic	27,318,777			
Equity – international/emerging markets	57,420,249			
Fixed income – domestic	7,529,625			
Natural resources	2,549,755			
Other	170,008			
Alternative investments:				
Private credit	814,532			
Distressed securities	573,445			
Equity – directional	519,861			
Equity – long/short	14,281,532			
Event-driven	615,339			
Multi-strategy	12,930,587			
Real estate	213,044			
Total investments reported at net asset value (or its equivalent)	407,955,634			
Total investments	$ 465,111,301			
Other assets:				
Funds held by bond trustee	$ 20,089,411	20,089,411	—	—
Amounts held in trust by others	1,888,649	—	—	1,888,649
Total other assets	$ 21,978,060	20,089,411	—	1,888,649

Information with respect to the redemption provisions of investments reported at net asset value (or its equivalent) is as follows as of June 30, 2017:

Liquidity	Days' notice		Amount
Monthly	15	$	52,336,851
	30		24,661,036
	60		5,325,300
Quarterly	30		3,140,931
	60		18,615,571
	90		7,529,625
Annual	45, at 6/30		19,420
	90, pays 25% quarterly		6,092,850
	1 Year, at 12/31		283,018,880
Biennial	65		4,626,266
Illiquid	Not applicable		2,588,904
		$	407,955,634

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

		Fair value	Level 1	Level 2	Level 3
Assets:					
Directly managed investments:					
Cash and short-term investments	$	6,476,316	6,476,316	—	—
Common stocks – domestic		20,414,662	20,414,662	—	—
Mutual funds – equity domestic		1,721,325	1,721,325	—	—
Mutual funds – fixed income:				—	—
U.S. Government		3,943,323	3,943,323	—	—
U.S. Corporate		26,762,365	26,762,365	—	—
Mutual funds – natural resources		8,629,757	8,629,757	—	—
		67,947,748	67,947,748	—	—
Investments reported at net asset value (or its equivalent):					
Limited partnerships:					
Multi-asset class		268,442,158			
Equity – domestic		25,368,011			
Equity – international/ emerging markets		48,150,715			
Fixed income – domestic		7,014,269			
Natural resources		3,493,278			
Other		173,671			
Alternative investments:					
Distressed securities		615,204			
Equity – directional		284,663			
Equity – long/short		12,363,088			
Event-driven		10,419,291			
Multi-strategy		12,152,038			
Real estate		531,392			
Total investments reported at net asset value (or its equivalent)		389,007,778			
Total investments	$	456,955,526			
Other assets:					
Funds held by bond trustee	$	28,293,590	26,290,970	2,002,620	—
Amounts held in trust by others		1,842,625	—	—	1,842,625
Total other assets	$	30,136,215	26,290,970	2,002,620	1,842,625

(Continued)

The following tables present WCS's activity for the fiscal years ended June 30, 2017 and 2016 for Level 3 assets:

		Amounts held in trust by others
Fair value at June 30, 2016	$	1,842,625
Sales/distributions		(69,269)
Net appreciation in fair value of investments		115,293
Fair value at June 30, 2017	$	1,888,649

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

WCS had unfunded investment commitments totaling $11.8 million as of June 30, 2017.

(4) Investments

The fair value of investments at June 30, 2017 and 2016 is as follows:

		2017	2016
Multi-asset class, including other alternative assets	$	283,018,880	268,442,158
Equity/equity funds		108,036,698	95,654,713
Alternative investments		30,118,348	36,539,347
Fixed income funds		34,495,171	37,719,957
Natural resources		7,820,867	12,123,035
Cash and short-term investments		1,621,337	6,476,316
	$	465,111,301	456,955,526

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

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

Private credit strategies – investments that provide debt financing to other lenders (or originating servicers) that originate and service consumer and other forms of debt.

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

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

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

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

Multi-strategy hedge funds – investments through individual managers that employ a broad range of investment strategies to seek benefit from opportunities as they occur in the markets due to temporary dislocations or structural inefficiencies. WCS has one investment fund in the multi-strategy category which does not provide redemption due to side pocket investments.

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

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

WCS invests a significant portion of the investment portfolio in one manager, Makena Capital Management, LLC (Makena). Makena offers a pooled investment vehicle, the Makena Endowment Portfolio, utilizing a multi-asset manager structure. The net asset value of WCS investments in Makena as of June 30, 2017 and 2016 is as follows:

		2017	2016
Multi-asset class, including other alternative assets	$	283,018,880	268,442,158

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, 2017 are as follows:

Asset class	Percentage of portfolio
Developed markets equity	16 %
Emerging markets equity	8
Long/Short equity	11
Private equity	20
Real estate	12
Natural resources	8
Absolute return	18
Fixed income	7
Cash	—
	100 %

(Continued)

The components of investment return for the years ended June 30, 2017 and 2016 are as follows:

		2017	2016
Interest and dividend income, net of investment expenses of $3,352,136 and $3,790,044 in 2017 and 2016, respectively	$	(1,654,144)	(605,932)
Net appreciation (depreciation) in fair value of investments		52,548,300	(11,083,598)
Total investment return		50,894,156	(11,689,530)
Less investment return available under spending policy, including temporarily restricted amounts of $8,043,813 in 2017 and $8,154,627 in 2016		(22,091,941)	(22,041,470)
Investment return less than amount available under spending policy, including temporarily restricted amounts of $8,380,980 in 2017 and $(11,704,560) in 2016	$	28,802,215	(33,731,000)

(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.

(Continued)

WCS's endowment consists of 102 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, 2017, 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 $212,000. At June 30, 2016, the fair values of 14 donor-restricted endowment accounts were less than their original fair value (i.e., were underwater) by a total of approximately $2,547,000.

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, 2017 and 2016 consisted of the following:

	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ (211,806)	52,673,352	271,266,396	323,727,942
Board-designated	136,900,396	—	—	136,900,396
Total	$ 136,688,590	52,673,352	271,266,396	460,628,338

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted	$ (2,546,590)	44,805,960	270,595,026	312,854,396
Board-designated	128,678,717	—	—	128,678,717
Total	$ 126,132,127	44,805,960	270,595,026	441,533,113

(Continued)

Changes in endowment net assets for the fiscal years ended June 30, 2017 and 2016 were as follows:

	2017			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2016 as reported	$ 126,132,127	44,805,960	270,595,026	441,533,113
Net appreciation (realized and unrealized)	34,316,451	15,911,205	—	50,227,656
Contributions	—	—	671,370	671,370
Appropriation of endowment assets for expenditure	(14,048,128)	(8,043,813)	—	(22,091,941)
Transfer from board-designated endowment	(9,711,860)	—	—	(9,711,860)
Endowment net assets, June 30, 2017	$ 136,688,590	52,673,352	271,266,396	460,628,338

	2016			
	Unrestricted	**Temporarily restricted**	**Permanently restricted**	**Total**
Endowment net assets, June 30, 2015 as reported	$ 158,241,925	54,922,816	270,594,026	483,758,767
Net depreciation (realized and unrealized)	(9,297,838)	(1,962,229)	—	(11,260,067)
Contributions	—	—	1,000	1,000
Appropriation of endowment assets for expenditure	(13,886,843)	(8,154,627)	—	(22,041,470)
Transfer from board-designated endowment	(8,925,117)	—	—	(8,925,117)
Endowment net assets, June 30, 2016	$ 126,132,127	44,805,960	270,595,026	441,533,113

(6) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2017 and 2016 consist of the following:

		2017	2016
Amounts restricted for the following purposes:			
Domestic programs	$	108,003,236	98,597,274
Building and exhibit improvements		7,327,802	7,802,187
Global conservation programs		106,188,776	99,041,519
	$	221,519,814	205,440,980

Temporarily restricted net assets by revenue source and changes therein as of and for the years ended June 30, 2017 and 2016 were as follows:

		Balance at beginning of year	Revenues pending release	Released from restrictions and reclassifications: Operations	Board-designated	Capital	Total released	Balance at end of year
2017:								
Contributions and bequests	$	90,901,626	59,388,396	59,953,320	(6,022,795)	989,384	54,919,909	95,370,113
Appropriation from the City of New York		118,971	25,192,039	—	—	24,968,535	24,968,535	342,475
U.S. State agencies grants and contracts		1,233,300	4,875,129	5,123,464	—	—	5,123,464	984,965
U.S. Federal grants and contracts		26,103,573	42,786,514	39,734,673	—	—	39,734,673	29,155,414
Non-U.S. government and bilateral grants and contracts		30,931,662	17,058,570	16,849,259	—	—	16,849,259	31,140,973
Private organizations grants and contracts		5,063,289	2,993,205	3,087,784	—	—	3,087,784	4,968,710
Gate and exhibit admissions		—	—	—	—	—	—	—
Investment return		50,529,601	16,424,793	7,956,188	—	—	7,956,188	58,998,206
Other		558,958	—	—	—	—	—	558,958
	$	205,440,980	168,718,646	132,704,688	(6,022,795)	25,957,919	152,639,812	221,519,814

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

Permanently restricted net assets at June 30, 2017 and 2016 represent endowment gifts as follows:

	2017	2016
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)	98,733,438	98,062,068
	$ 271,266,396	270,595,026

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, 2017 and 2016 are due to be collected as follows:

		2017	2016
Within one year	$	55,687,200	56,973,427
One to five years		13,885,532	8,275,283
		69,572,732	65,248,710
Less present value discount (2.31% in 2017 and 1.49% in 2016)		(379,466)	(186,751)
	$	69,193,266	65,061,959

(8) Property and Equipment

At June 30, 2017 and 2016, the cost and accumulated depreciation of property and equipment are as follows:

		2017	2016
Land	$	651,268	651,268
Buildings and exhibits		435,176,056	424,896,163
Furniture, fixtures, and equipment		42,990,527	38,239,223
Construction in progress		153,215,257	136,987,318
		632,033,108	600,773,972
Less accumulated depreciation		288,154,295	267,558,452
	$	343,878,813	333,215,520

(9) Line of Credit and Loan Agreements

On March 31, 2017, WCS renewed a 3 year unsecured line of credit facility with Bank of America to support working capital needs, increasing the amount of the line from $15,000,000 to $30,000,000. The line of credit 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 2017 or fiscal 2016.

On March 24, 2014, WCS obtained a $7,000,000 10 year term unsecured loan from TD Bank which expires February 28, 2024. The full balance of the loan was outstanding as of June 30, 2017 and 2016. The purpose of the loan is to finance the capital costs of the implementation of a new suite of financial and administrative systems. The loan bears interest at the 1-Month LIBOR plus 1%. Interest expense on the loan for the years ended June 30, 2017 and 2016 was approximately $121,000 and $94,000, respectively.

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. The purpose of the loan was 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 bore an interest rate of 1%. Interest expense on the loan for the years ended June 30, 2017 and 2016 was approximately $73,000 and $100,000, respectively. This loan was fully paid on March 7, 2017.

On May 1, 2017, WCS signed a $6,000,000 promissory note from a WCS trustee. The purpose of the loan was for general operations. The note is interest free and payable on the three year anniversary of the signed document.

(10) Bonds Payable

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

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

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

				Amount outstanding at June 30	
Description	**Maturity date**	**Interest rate**		**2017**	**2016**
Revenue Bonds Series A 2013:					
2032 Term Bond	2032	3.25 %	$	4,130,000	4,130,000
2042 Term Bond	2042	5.00		11,475,000	11,475,000
Serial Bond	2023	5.00		645,000	645,000
Serial Bond	2024	5.00		680,000	680,000
Serial Bond	2025	5.00		715,000	715,000
Serial Bond	2026	5.00		750,000	750,000
Serial Bond	2027	5.00		790,000	790,000
Serial Bond	2028	5.00		295,000	295,000
Serial Bond	2033	5.00		59,700,000	59,700,000
Revenue Bonds Series A 2014:					
2038 Term Bond	2038	5.00		12,110,000	12,110,000
2043 Term Bond	2043	5.00		15,545,000	15,545,000
Serial Bond	2024	5.00		1,325,000	1,325,000
Serial Bond	2025	5.00		1,395,000	1,395,000
Serial Bond	2026	5.00		1,465,000	1,465,000
Serial Bond	2027	5.00		1,540,000	1,540,000
Serial Bond	2028	5.00		1,620,000	1,620,000
Serial Bond	2029	5.00		1,700,000	1,700,000
Serial Bond	2030	5.00		1,790,000	1,790,000
Serial Bond	2031	5.00		1,880,000	1,880,000
Serial Bond	2032	5.00		1,980,000	1,980,000
Serial Bond	2033	5.00		2,080,000	2,080,000
				123,610,000	123,610,000
Less unamortized bond issuance cost				(1,979,614)	(2,144,962)
Net unamortized premium				13,725,602	14,767,344
Bonds payable			$	135,355,988	136,232,382

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

Interest expense on the Bonds amounted to $6,108,225 in both fiscal years June 30, 2017 and 2016. Interest expense, net of interest income of $2,911,882 and $2,294,507, has been capitalized in construction in progress at June 30, 2017 and 2016, respectively.

(Continued)

Projected interest and principal payments are as follows:

		Interest	Principal
Fiscal year:			
2018	$	6,108,225	—
2019		6,108,225	—
2020		6,108,225	—
2021		6,108,225	—
2022		6,108,225	—
Thereafter		76,185,837	123,610,000
Total	$	106,726,962	123,610,000

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

(11) Deferred Compensation

WCS has established two deferred compensation plans which provide for certain benefits currently payable through June 30, 2024. WCS accrues the present value of the estimated future benefit payments over the period from the date of the plans' inception through the dates payable. WCS recognized expense of $678,818 in 2017 and $529,077 in 2016 related to the plans. A liability of $2,290,638 and $1,754,129 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheets as of June 30, 2017 and 2016, 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 $8,086,000 and $7,776,000 for the years ended June 30, 2017 and 2016, respectively. There have been no significant changes that affect the comparability of fiscal years 2017 and 2016 contributions. WCS's contributions to the Plan represent more than 5% of the total contributions to this plan for the years ended June 30, 2017 and 2016. The Employer Identification Number of the plan is 11-2001170. The three digit plan number is 001. On September 27, 2016, a new five-year contract was ratified governing CIRS benefits for the period July 1, 2015 through June 30, 2020. The most recent Pension Protection Act (PPA) zone status is green at June 30, 2017 and 2016 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, 2017.

The expenses for the Group Life and Welfare Benefit Plans and the administrative costs for the Plans for the years ended June 30, 2017 and 2016 was as follows:

		2017	2016
Group Life and Welfare Benefits	$	183,000	211,000
Administration (all three plans)		932,000	756,000
	$	1,115,000	967,000

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 2017 and 2016, WCS recognized expense of $45,665 and $50,288 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to $1,950,264 and $1,995,929 at June 30, 2017 and 2016, 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.

(Continued)

The following table provides a summary of this unfunded plan as of June 30, 2017 and 2016:

		2017	**2016**
Change in benefit obligation:			
Benefit obligation at beginning of year	$	43,070,880	30,658,249
Service cost		1,816,591	982,929
Interest cost		1,520,758	1,343,666
Plan participants’ contribution		290,276	225,306
Amendment – plan change		1,526,521	—
Actuarial (gain) loss		(4,454,045)	11,442,631
Benefits paid		(1,482,592)	(1,581,901)
Benefit obligation at end of year		42,288,389	43,070,880
Change in plan assets:			
Fair value of plan assets at beginning of year		—	—
Employer contribution		1,482,592	1,581,901
Benefits paid		(1,482,592)	(1,581,901)
Fair value of plan assets at end of year		—	—
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheet	$	(42,288,389)	(43,070,880)

		2017	**2016**
Components of net periodic benefit expense:			
Service cost	$	1,816,591	982,929
Interest cost		1,520,758	1,343,666
Amortization of prior service credit		(1,009,601)	(1,200,543)
Amortization of net loss		820,385	101,473
Net periodic benefit expense	$	3,148,133	1,227,525

(Continued)

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

	2017	2016
Benefit obligation weighted average assumptions as of June 30, 2017 and 2016:		
Discount rate	3.97 %	3.53 %
Benefit cost weighted average assumptions for the years ended June 30, 2017 and 2016:		
Discount rate	3.53	4.53

For measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 7.50% in 2017 grading down to 4.75% in 2023 and thereafter was assumed.

As of June 30, 2017, a total loss of $6,791,902, consisting of $9,155,705 net actuarial loss and $2,363,803 prior service credit, has not yet been recognized as a component of net periodic benefit costs.

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

During the years ended June 30, 2017 and 2016, $2,738,308 and $(12,541,701) were reported, respectively, as postretirement-related change other than net periodic postretirement benefit costs. The components of the amounts are as follows:

		2017	2016
Net actuarial (gain) loss	$	(5,274,430)	11,341,158
Prior service cost		2,536,122	1,200,543
	$	(2,738,308)	12,541,701

It is estimated that $868,715 of the prior service credit and $486,706 of amortization of the net actuarial loss will be recognized as components of net periodic benefit costs in fiscal year 2018.

There was a change to the administration of the nonunion medical plan offered to pre- 65 individuals. Previously, the plan’s premiums were determined on 2-tier structure. As of September 1, 2016, WCS moved to a 4-tier structure. The premium structure and relationships between the premiums for each coverage level were adjusted accordingly.

(Continued)

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 2017:

		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	$	624,309	(430,736)
Effect on the postretirement benefit obligation		5,927,050	(4,661,294)

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

2018	$	1,791,000
2019		1,911,000
2020		1,886,000
2021		1,962,000
2022		2,061,000
2023 through 2027		11,632,000
	$	21,243,000

(13) 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 $15,006,909 and $14,737,188 in operating support during 2017 and 2016, respectively.

WCS and the City have entered into renewable agreements with respect to the City Zoos in Central Park, Prospect Park, and Queens providing for WCS's operation and management of these facilities. The City, through the Department of Parks and Recreation, reimburses for the excess of eligible expenses over revenues at these facilities and pays WCS a management fee. WCS received $10,403,632 and $7,650,494 in support during 2017 and 2016, 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 2017 and 2016, this funding amounted to $24,958,535 and $34,020,416, respectively.

In fiscal year 2017, WCS also received, through the Department of Cultural Affairs, temporarily restricted grants totaling $233,504.

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

During 2017, WCS executed an agreement with the City for reimbursement of costs related to the restoration of storm damage at the New York Aquarium associated with Hurricane Sandy. The total amount incurred as of June 30, 2017 was $14,223,826, which is included in receivable from the City in the accompanying consolidated balance sheet.

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Schedule of Functional Expenses

Year ended June 30, 2017
(with comparative summarized financial information for the year ended June 30, 2016)

		Bronx Zoo	New York Aquarium	City Zoos	Global conservation programs	Total program services
Salaries and wages	$	25,864,330	5,017,323	12,915,438	34,120,309	77,917,400
Employee benefits and payroll taxes		12,186,732	2,221,825	6,546,379	11,455,116	32,410,052
Employment costs		17,495	2,691	9,409	1,790,324	1,819,919
Consultancy fees		86,768	61,384	13,916	11,335,804	11,497,872
Purchased services		2,480,614	868,483	559,819	5,545,434	9,454,350
Grants		81,126	—	—	16,295,102	16,376,228
Professional fees		639,079	195,268	134,247	1,258,094	2,226,688
Property and casualty insurance		1,422,681	312,729	166,651	1,120,828	3,022,889
Advertising		—	—	—	—	—
Repairs and maintenance		3,338,144	841,047	768,605	1,617,231	6,565,027
Supplies and materials		2,952,616	736,200	1,290,707	9,644,637	14,624,160
Animal food and forage		1,717,644	168,286	471,662	8,283	2,365,875
Telephone		152,804	34,242	121,958	960,214	1,269,218
Heat, light, and power		3,257,978	1,096,069	84,878	383,537	4,822,462
Travel		477,900	79,301	93,474	12,913,462	13,564,137
Dues and fees		111,234	50,570	109,485	251,421	522,710
Postage and shipping		62,326	47,423	9,953	332,843	452,545
Cost of product sold		—	—	—	—	—
Collection accessions		282,638	37,997	55,083	—	375,718
Currency translation loss		352	—	—	138,486	138,838
Bond interest expense		—	—	—	—	—
Occupancy		1,060,000	530,000	1,125,000	2,007,975	4,722,975
Other		560,540	166,770	278,221	1,057,188	2,062,719
Subtotal		56,753,001	12,467,608	24,754,885	112,236,288	206,211,782
Depreciation		12,833,289	2,621,345	1,693,683	1,268,122	18,416,439
Total 2017 expenses	$	69,586,290	15,088,953	26,448,568	113,504,410	224,628,221
Total 2016 expenses	$	66,211,181	14,088,489	24,507,984	107,392,398	212,200,052

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 2017	Total 2016
6,122,199	15,116,081	551,622	4,946,214	20,613,917	104,653,516	99,188,278
1,951,727	4,811,700	146,924	1,591,152	6,549,776	40,911,555	35,499,920
1,481	284,363	—	8,882	293,245	2,114,645	2,628,756
22,325	1,083,566	270,000	52,990	1,406,556	12,926,753	7,999,901
344,612	2,382,342	729,139	627,019	3,738,500	13,537,462	15,409,516
—	—	—	—	—	16,376,228	14,200,468
2,788	1,595,109	—	179,300	1,774,409	4,003,885	3,128,648
779	133,563	—	22	133,585	3,157,253	3,283,499
—	1,310,099	—	—	1,310,099	1,310,099	1,252,702
456,772	611,723	674	64,263	676,660	7,698,459	6,817,675
663,684	75,743	144,508	170,514	390,765	15,678,609	15,701,784
—	—	—	—	—	2,365,875	2,271,863
38,840	213,241	7,263	18,216	238,720	1,546,778	1,541,989
16,590	3,230	—	—	3,230	4,842,282	5,116,147
25,316	509,959	1,553	340,242	851,754	14,441,207	13,911,146
771	169,547	—	128,713	298,260	821,741	616,080
6,900	79,126	100,052	60,916	240,094	699,539	688,174
6,280,425	—	—	—	—	6,280,425	6,471,871
—	—	—	—	—	375,718	317,755
—	(74,480)	—	—	(74,480)	64,358	3,015,929
—	3,196,343	—	—	3,196,343	3,196,343	3,813,718
65,580	347,824	—	4,593	352,417	5,140,972	4,724,214
1,024,261	—	145,092	124,606	269,698	3,356,678	4,291,716
17,025,050	31,849,079	2,096,827	8,317,642	42,263,548	265,500,380	251,891,749
1,273,924	868,356	34,971	2,153	905,480	20,595,843	19,669,309
18,298,974	32,717,435	2,131,798	8,319,795	43,169,028	286,096,223	
17,607,674	30,881,407	2,176,581	8,695,344	41,753,332		$ 271,561,058

Schedule 2

WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES

Consolidating Schedule of Activities

Year ended June 30, 2017

	WCS do Brazil	WCS Canada	WCS Europe	SCC	WCS Malaysia	MCC	Conservation Flight LLC	WCS India	WCS USA	Elimination	WCS Consolidated
Revenues:											
Contributions	$ —	1,900,033	700	—	895,206	—	300,000	804,173	67,146,967	—	71,047,079
Bequests	187,153	—	—	—	—	—	—	—	1,043,828	—	1,230,981
Membership dues	—	—	—	—	—	—	—	—	13,926,650	—	13,926,650
Appropriation from The City of New York	—	—	—	—	—	—	—	—	50,602,580	—	50,602,580
U.S. State agencies grants and contracts	—	—	—	—	—	—	—	—	4,875,129	—	4,875,129
U.S. Federal grants and contracts	—	—	—	—	414,069	—	—	26,780	42,345,665	—	42,786,514
Non-U.S. government and bilateral grants and contracts	—	172,511	—	—	—	—	—	—	16,886,059	—	17,058,570
Private organizations grants and contracts	1,133,409	342,252	—	—	—	—	—	—	4,017,842	(2,500,298)	2,993,205
Gate and exhibit admissions	—	—	—	—	—	—	—	—	31,871,912	—	31,871,912
Investment return	—	—	—	—	—	—	—	—	50,894,156	—	50,894,156
Educational program and activities	—	—	—	—	—	—	—	—	3,246,526	—	3,246,526
Sponsorship, licensing, and royalties	—	—	—	—	—	—	—	—	1,245,179	—	1,245,179
Miscellaneous	6,974	80,106	—	120,203	—	533,283	—	—	2,056,835	—	2,797,401
	1,327,536	2,494,902	700	120,203	1,309,275	533,283	300,000	830,953	290,159,328	(2,500,298)	294,575,882
Restaurant and merchandise sales and parking fees	—		—	—	—	—	—	—	26,215,292	—	26,215,292
Total revenues	1,327,536	2,494,902	700	120,203	1,309,275	533,283	300,000	830,953	316,374,620	(2,500,298)	320,791,174
Expenses and losses:											
Salaries and wages	109,092	1,404,336	115,706	—	67,389	—	—	37,180	102,919,813	—	104,653,516
Employee benefits and payroll taxes	420,598	—	6,960	—	10,882	—	—	346	40,472,769	—	40,911,555
Employment costs	17,055	—	—	—	13,856	—	—	14,467	2,069,267	—	2,114,645
Consultancy fees	266,509	—	—	—	—	—	—	—	12,660,244	—	12,926,753
Purchased services	69,189	396,279	3,125	—	865	—	—	—	13,068,004	—	13,537,462
Grants	131,518	148,754	10,216	11,416	452,786	454,194	—	654,325	17,013,317	(2,500,298)	16,376,228
Professional fees	254,445	—	—	—	22,091	—	—	133,234	3,594,115	—	4,003,885
Property and casualty insurance	6,490	17,519	228	—	—	—	—	—	3,133,016	—	3,157,253
Advertising	—	—	—	—	—	—	—	—	1,310,099	—	1,310,099
Repairs and maintenance	13,652	597	—	—	—	—	—	384	7,683,826	—	7,698,459
Supplies and materials	71,524	165,667	192	—	—	—	250,000	7,717	15,183,509	—	15,678,609
Animal food and forage	—	—	—	—	—	—	—	—	2,365,875	—	2,365,875
Telephone	2,738	17,297	469	—	—	—	—	54	1,526,220	—	1,546,778
Heat, light, and power	—	73,525	—	—	—	—	—	441	4,768,316	—	4,842,282
Travel	106,620	175,456	7,950	—	—	—	—	14,483	14,136,698	—	14,441,207
Dues and fees	841	—	—	—	—	—	—	—	820,900	—	821,741
Postage and shipping	3,045	18,686	83	—	149	—	—	989	676,587	—	699,539
Cost of product sold	—	—	—	—	—	—	—	—	6,280,425	—	6,280,425
Collection accessions	—	—	—	—	—	—	—	—	375,718	—	375,718
Currency translation loss	—	—	—	—	—	—	—	491	63,867	—	64,358
Bond interest expense	—	—	—	—	—	—	—	—	3,196,343	—	3,196,343
Occupancy	—	—	—	—	—	—	—	—	5,140,972	—	5,140,972
Other	7,399	8,964	7,794	108,787	383	85,004	12	619	3,137,716	—	3,356,678
Depreciation	—	—	—	—	—	—	—	—	20,595,843	—	20,595,843
Total expenses	1,480,715	2,427,080	152,723	120,203	568,401	539,198	250,012	864,730	282,193,459	(2,500,298)	286,096,223
(Deficiency) excess of revenues over expenses	(153,179)	67,822	(152,023)	—	740,874	(5,915)	49,988	(33,777)	34,181,161	—	34,694,951
Other changes:											
Postretirement-related change other than net periodic postretirement benefit cost	—	—	—	—	—	—	—	—	2,738,308	—	2,738,308
Changes in net assets	(153,179)	67,822	(152,023)	—	740,874	(5,915)	49,988	(33,777)	36,919,469	—	37,433,259
Net assets at beginning of year	1,133,501	1,951,169	146,296	—	(135,683)	3,852	—	199,180	783,739,726	—	787,038,041
Net assets at end of year	$ 980,322	2,018,991	(5,727)	—	605,191	(2,063)	49,988	165,403	820,659,195	—	824,471,300

See accompanying independent auditors' report.