



**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Financial Statements and Supplementary
Information on Expenditures of Federal Awards

Year Ended June 30, 2023

(With Independent Auditors' Report and
Reports on Internal Control and Compliance Thereon)

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

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Independent Auditors' Report

The Board of Trustees
Wildlife Conservation Society:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wildlife Conservation Society and subsidiaries (the Organization), which comprise the consolidated balance sheet as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with U.S. generally accepted accounting principles, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited Wildlife Conservation Society and subsidiaries' 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated October 20, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 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 schedule of indirect cost rate calculation 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 indirect cost rate calculation is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 17, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial



reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

KPMG LLP

New York, New York

October 17, 2023 except for our report on the supplementary schedule of indirect cost rate calculation, for which the date is March 7, 2024.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Balance Sheet

June 30, 2023

(with summarized financial information as of June 30, 2022)

Assets	2023	2022
Cash and cash equivalents	\$ 124,638,061	106,220,513
Cash in escrow (note 2m)	26,332,562	30,119,862
Miscellaneous receivables	3,054,268	5,089,064
Receivables from the City of New York (note 14)	58,178,340	77,387,645
Receivables from the State of New York	9,245,626	8,151,650
Receivables from U.S. Federal sources	8,637,503	6,377,369
Contributions receivable, net (note 7)	9,708,854	12,009,382
Non-U.S. government and bilateral grants and contracts receivables (note 7)	15,690,788	11,173,792
Private organization grants and contracts receivables (note 7)	33,841,692	28,577,322
Inventories	3,960,014	3,327,554
Prepaid expenses	12,362,650	8,647,062
Advances to sub awardees	6,111,235	4,829,817
Right-of-use operating lease assets (note 13)	1,567,285	1,946,977
Investments (notes 3 and 4)	510,406,477	523,679,381
Heymann Foundation investments (notes 2(u) and 3)	45,998,189	45,899,257
Amounts held in trust by others (note 3)	1,681,593	1,664,957
Funds held by bond trustee (notes 3 and 10)	3,043,146	8,548,905
Property and equipment (note 8)	433,535,825	440,425,317
Collections (note 2q)	—	—
Total assets	<u>\$ 1,307,994,108</u>	<u>1,324,075,826</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued expenses (notes 11 and 12)	\$ 60,085,380	54,253,872
Grants and contracts liabilities	43,341,530	45,212,110
Escrow liability (note 2m)	26,287,053	30,115,001
Operating lease liabilities (note 13)	1,748,309	2,007,987
Annuity liabilities	2,640,861	2,730,634
Bonds payable (note 10)	164,961,157	164,923,219
Postretirement benefit obligation (note 12)	45,049,840	45,883,859
Total liabilities	<u>344,114,130</u>	<u>345,126,682</u>
Commitments and contingencies (notes 2(t), 3, 9, 12, 13, 14 and 17)		
Net assets:		
Without donor restrictions:		
General operating	462,700	(2,447,775)
Board designated (note 5)	133,834,716	132,573,988
Net investment in property and equipment	270,593,972	282,989,222
Total without donor restrictions	<u>404,891,388</u>	<u>413,115,435</u>
With donor restrictions (note 5):		
Purpose restricted (notes 2(u) and 6)	285,583,106	292,588,548
Endowment corpus (note 6)	273,405,484	273,245,161
Total with donor restrictions	<u>558,988,590</u>	<u>565,833,709</u>
Total net assets	<u>963,879,978</u>	<u>978,949,144</u>
Total liabilities and net assets	<u>\$ 1,307,994,108</u>	<u>1,324,075,826</u>

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Consolidated Statement of Activities

Year ended June 30, 2023

(with comparative summarized financial information for the year ended June 30, 2022)

	Without donor restrictions	With donor restrictions	2023 Total	2022 Total
Revenues:				
Contributions (note 2(u))	\$ 18,486,978	21,216,465	39,703,443	86,858,729
Bequests	4,403,019	174,930	4,577,949	3,706,887
Membership dues	17,638,149	—	17,638,149	17,797,002
Appropriation from the City of New York (note 14)	47,398,386	1,165,663	48,564,049	46,526,734
U.S. State agencies grants and contracts	6,624,873	—	6,624,873	5,512,469
U.S. Federal grants and contracts	37,839,515	—	37,839,515	41,294,056
Non-U.S. government and bilateral grants and contracts	53,625,914	—	53,625,914	41,596,016
Private organizations grants	34,199,319	41,528,062	75,727,381	136,597,825
Gate and exhibit admissions	42,453,214	—	42,453,214	38,950,891
Restaurant and merchandise sales and parking fees	35,398,937	—	35,398,937	33,313,458
Investment return (notes 2(u) and 4)	9,892,051	3,921,263	13,813,314	(15,678,277)
Educational program and activities	3,991,673	—	3,991,673	2,754,906
Sponsorship, licensing, and royalties	464,872	—	464,872	748,419
Miscellaneous	3,429,186	—	3,429,186	2,015,648
	315,846,086	68,006,383	383,852,469	441,994,763
Net assets released from restrictions	74,851,502	(74,851,502)	—	—
Total revenues	390,697,588	(6,845,119)	383,852,469	441,994,763
Expenses:				
Program services:				
Bronx Zoo	86,940,866	—	86,940,866	83,165,479
New York Aquarium	38,668,144	—	38,668,144	34,429,393
City Zoos	28,345,473	—	28,345,473	27,472,178
Restaurant, merchandise, and parking expenses	20,337,935	—	20,337,935	19,282,369
Global Conservation Programs	177,687,271	—	177,687,271	150,326,224
Total program services	351,979,689	—	351,979,689	314,675,643
Supporting services:				
Management and general (note 2(u))	34,651,009	—	34,651,009	32,935,363
Membership solicitation and fulfillment	2,731,709	—	2,731,709	2,237,853
Fund-raising	11,051,036	—	11,051,036	10,128,531
Total supporting services	48,433,754	—	48,433,754	45,301,747
Total expenses	400,413,443	—	400,413,443	359,977,390
(Deficiency) excess of revenues over expenses	(9,715,855)	(6,845,119)	(16,560,974)	82,017,373
Other changes:				
Postretirement-related changes other than net periodic postretirement benefit costs (note 12)	1,491,808	—	1,491,808	9,884,708
Changes in net assets	(8,224,047)	(6,845,119)	(15,069,166)	91,902,081
Net assets at beginning of year	413,115,435	565,833,709	978,949,144	887,047,063
Net assets at end of year	\$ 404,891,388	558,988,590	963,879,978	978,949,144

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Functional Expenses

Year ended June 30, 2023

(with comparative summarized financial information for the year ended June 30, 2022)

	Bronx Zoo	New York Aquarium	City Zoos	Restaurant, merchandise, and parking expenses	Global conservation programs	Total program services	Management and general	Membership solicitation and fulfillment	Fund-raising	Total supporting services	Total 2023	Total 2022
Salaries and wages	\$ 33,213,421	7,219,609	13,703,139	6,718,680	58,613,625	119,468,474	17,881,570	563,969	5,767,743	24,213,282	143,681,756	134,732,268
Employee benefits and payroll taxes	15,014,410	3,480,729	7,099,867	1,921,964	15,096,068	42,613,038	4,828,016	198,322	2,027,769	7,054,107	49,667,145	47,577,418
Employment costs	91,191	4,781	2,749	—	4,466,967	4,565,688	870,896	—	316	871,212	5,436,900	5,089,862
Total salaries and related expenses	48,319,022	10,705,119	20,805,755	8,640,644	78,176,660	166,647,200	23,580,482	762,291	7,795,828	32,138,601	198,785,801	187,399,548
Consultancy fees	11,555	27,190	3,720	—	14,779,440	14,821,905	912,928	679,731	995	1,593,654	16,415,559	13,869,948
Purchased services	1,884,135	232,197	336,044	674,669	7,179,091	10,306,136	1,209,911	—	1,565,267	2,775,178	13,081,314	12,204,007
Grants	300	—	—	—	21,399,905	21,400,205	—	72,999	—	72,999	21,473,204	17,263,613
Professional fees	195,913	124,957	126,617	25,200	3,051,944	3,524,631	2,332,608	—	175,550	2,508,158	6,032,789	5,072,677
Property and casualty insurance	3,251,561	1,014,732	429,353	—	2,172,206	6,867,852	460,459	346,000	—	806,459	7,674,311	5,877,072
Advertising	3,107,215	1,034,349	49,350	17,097	179,250	4,387,261	78,195	7,087	648,774	734,056	5,121,317	4,506,571
Repairs and maintenance	4,387,511	2,394,379	986,769	316,854	2,226,949	10,312,462	1,650,483	535,161	74,854	2,260,498	12,572,960	12,893,001
Supplies and materials	3,328,733	1,142,821	1,492,227	553,229	17,107,877	23,624,887	1,807,442	—	370,003	2,177,445	25,802,332	23,504,544
Animal food and forage	2,383,309	616,813	637,631	—	—	3,637,753	—	2,309	—	2,309	3,640,062	3,388,153
Telephone	87,942	38,641	171,764	26,590	1,378,915	1,703,852	414,351	5,960	5,136	425,447	2,129,299	1,719,422
Heat, light, and power	4,192,097	1,830,911	212,487	26,032	442,492	6,704,019	—	—	—	—	6,704,019	6,860,472
Travel	286,044	94,803	69,119	14,450	21,641,487	22,105,903	814,335	1,243	173,168	988,746	23,094,649	14,851,068
Dues and fees	92,123	74,288	131,936	5,788	137,179	441,314	362,858	187,729	4,500	555,087	996,401	885,175
Postage and shipping	33,010	95,691	15,379	3,508	494,584	642,172	36,973	—	82,496	119,469	761,641	857,388
Cost of product sold	—	—	—	8,891,350	—	8,891,350	—	—	—	—	8,891,350	8,169,050
Collection accessions	201,632	51,910	14,123	—	—	267,665	—	—	—	—	267,665	306,770
Currency translation (gain) loss	—	—	—	—	2,237,795	2,237,795	—	—	—	—	2,237,795	(681,627)
Bond interest expense	3,527,643	1,978,117	—	—	—	5,505,760	—	—	—	—	5,505,760	5,657,707
Occupancy	42,940	1,092,500	1,300,000	110,006	2,002,238	4,547,684	196,404	—	—	196,404	4,744,088	5,632,946
Depreciation	10,834,155	15,974,792	1,276,439	340,359	1,265,677	29,691,422	418,756	—	3,227	421,983	30,113,405	26,540,634
Other	774,026	143,934	286,760	692,159	1,813,582	3,710,461	374,824	131,199	151,238	657,261	4,367,722	3,199,251
Total expenses	\$ 86,940,866	38,668,144	28,345,473	20,337,935	177,687,271	351,979,689	34,651,009	2,731,709	11,051,036	48,433,754	400,413,443	359,977,390
Total 2022 expenses	\$ 83,165,479	34,429,393	27,472,178	19,282,369	150,326,224	314,675,643	32,935,363	2,237,853	10,128,531	45,301,747	—	359,977,390

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Consolidated Statement of Cash Flows

Year ended June 30, 2023

(with comparative summarized financial information for the year ended June 30, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Changes in net assets	\$ (15,069,166)	91,902,081
Adjustments to reconcile changes in net assets to net cash (used in) provided by operating activities:		
Depreciation	30,113,405	26,540,634
Amortization of bond issuance costs	37,938	38,439
Net (appreciation) depreciation in fair value of investments	(10,121,893)	13,937,099
Postretirement-related change other than net periodic postretirement benefit cost	(1,491,808)	(9,884,708)
(Increase) decrease in value of amounts held in trust by others	(20,194)	476,856
Endowment contributions	(160,323)	(258,918)
Contributions and grants restricted for building improvements	(16,897,061)	(16,082,025)
Reduction in carrying amount of right-of-use operating lease assets	379,692	1,265,876
Changes in assets and liabilities:		
Miscellaneous receivables	2,034,796	(3,193,330)
Receivable from the City of New York	(3,301,596)	10,505,831
Receivable from the State of New York	(1,093,976)	(3,392,318)
Receivables from U.S. Federal sources	(2,260,134)	1,972,420
Contributions receivable	2,300,528	(4,436,434)
Non-U.S. government and bilateral grants and contracts receivables	(4,516,996)	31,262
Private organization grants and contracts receivables	(5,264,370)	(8,497,615)
Inventories	(632,460)	(1,366,647)
Advances to subawardees	(1,281,418)	951,335
Prepaid expenses	(3,715,588)	(3,432,688)
Accounts payable and accrued expenses	6,555,948	139,822
Grant and contract liabilities	(1,870,580)	(11,508,012)
Escrow liability	(3,827,948)	8,629,521
Operating lease liabilities	(259,678)	(924,335)
Postretirement benefit obligation	657,789	1,426,721
Total adjustments	<u>(14,635,927)</u>	<u>2,938,786</u>
Net cash (used in) provided by operating activities	<u>(29,705,093)</u>	<u>94,840,867</u>
Cash flows from investing activities:		
Proceeds from sales of investments	89,011,306	163,142,254
Purchases of investments	(65,715,441)	(185,785,354)
Acquisition of property and equipment	(23,223,913)	(15,606,538)
Decrease in accounts payable and accrued expenses for construction projects	(724,440)	—
Net cash used in investing activities	<u>(652,488)</u>	<u>(38,249,638)</u>
Cash flows from financing activities:		
Endowment contributions	160,323	258,918
Contributions and grants restricted for building improvements	39,407,962	28,931,882
Decrease in annuity liabilities, net	(89,773)	(393,859)
Repayment of line of credit	—	(30,000,000)
Net cash provided by (used in) financing activities	<u>39,478,512</u>	<u>(1,203,059)</u>
Net increase in cash, cash equivalents and restricted cash	9,120,931	55,388,170
Cash, cash equivalents and restricted cash at beginning of year	144,929,310	89,541,140
Cash, cash equivalents and restricted cash at end of year	<u>\$ 154,050,241</u>	<u>144,929,310</u>
Reconciliation of cash, cash equivalents, and restricted cash reported within the consolidated balance sheet that sum to the total of the same such amounts shown above:		
Cash and cash equivalents	\$ 124,287,257	106,023,925
Restricted cash for agency account included in cash and cash equivalents	350,804	196,588
Restricted cash for escrow account included cash in escrow	26,332,562	30,119,862
Restricted cash included in amounts held in trust by others	36,472	40,030
Restricted cash included in funds held by bond trustee	3,043,146	8,548,905
Total cash, cash equivalents, and restricted cash shown above	<u>\$ 154,050,241</u>	<u>144,929,310</u>
Supplemental disclosure:		
Interest paid	\$ 5,505,760	5,657,707
Increase in accounts payable and accrued expenses for construction projects	—	2,045,178

See accompanying notes to consolidated financial statements.

**WILDLIFE CONSERVATION SOCIETY
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Notes to Consolidated Financial Statements

June 30, 2023

(with comparative summarized financial information as of and for the
year ended June 30, 2022)

(1) The Organization

The accompanying consolidated financial statements present the financial position, changes in net assets, functional expenses 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).

Various corporate entities have been formed from time to time to support WCS or enable it to carry out its mission more effectively and efficiently. The following are descriptions of WCS affiliates and related entities, 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.

Ibis Rice Conservation Co., Ltd. (Ibis Rice Co.) is a private limited company organized under Cambodian law. Ibis Rice Co. is not tax exempt.

The Henry L. Heymann Wildlife Preservation Foundation was established for the benefit of the Wildlife Conservation Society and the International Primate Protection League in fiscal year 2022. The entity is a separate Delaware Not-for-Profit Corporation which has been classified by the Internal Revenue Service as a Type I supporting organization under IRC Section 509(a)(3) and recognized as tax exempt under Section 501(c)(3) (see note 2(u)).

(Continued)

**WILDLIFE CONSERVATION SOCIETY
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Notes to Consolidated Financial Statements

June 30, 2023

(with comparative summarized financial information as of and for the
year ended June 30, 2022)

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. SMP is exempt from income tax.

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 Conservation Enterprises LLC (Conservation Enterprises) is a Delaware single member limited liability company whose sole member is WCS. Conservation Enterprises is a disregarded entity for tax purposes and is the sole shareholder of SVC Sam Veasna Conservation Tours Co., Ltd., a single member private limited company organized under Cambodian law.

WCS EU is an international nonprofit organization organized under the laws of Belgium, and is exempt from corporate income tax.

WCS Global Conservation UK 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.

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.

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

Yayasan Celebica (Celebica) is a nonprofit foundation organized under the laws of Indonesia principally to hold land for conservation purposes. Celebica is exempt from income tax on donation and grant revenues.

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(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 (U.S. GAAP). All intercompany transactions have been eliminated in consolidation.

(b) Use of Estimates

The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the fair value of alternative investments and postretirement benefit obligations and related costs. Actual results could differ from those estimates.

(c) Basis of Presentation

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

Without donor restrictions – Net assets that are not subject to donor-imposed stipulations. WCS delineates net assets without donor restrictions 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, including debt.

With donor restrictions – Net assets subject to donor-imposed stipulations that will be met either by actions of WCS and/or the passage of time or that will be maintained permanently by WCS. Generally, the donors of assets to be maintained permanently permit WCS to use all or part of the return on related investments for general or specific purposes.

Revenues are reported as increases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (i.e., the donor stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restriction. Gains and losses on investments and other assets or liabilities are reported as increases or

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decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

(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. Contributions subject to donor-imposed restrictions that are met in the same reporting period are reported as revenues without donor restrictions. 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.

Contributions received with donor-imposed conditions are not recognized until they become unconditional, that is, when the conditions on which they depend are met. Amounts received in advance of satisfying the donor-imposed conditions are reported as grants and contracts liabilities.

(f) Grants and Contracts

WCS receives funding under grants and contracts from the government of the United States of America, United Nation agencies, Kreditanstalt für Wiederaufbau (KfW), the European Union (EU), and other public and private grantors, for direct and indirect program costs and to provide certain whole or partial sub-grants to other agencies. This funding is subject to contractual conditions, which must be met through incurring qualifying expenses for particular programs.

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Revenue from grants and contracts is recognized only when funds are utilized by the Organization to carry out the activity stipulated in the grant or contract agreement and when milestones are met. Grants and contracts receivable represents amounts due from funding organizations for reimbursable expenses incurred. Cash received under grants and contracts in advance of incurring the related expenses is reported as grants and contracts liabilities.

At June 30, 2023, WCS has approximately \$262,686,700 of conditional grants and contracts with milestones or other barriers and right of return that have not been reflected in the accompanying consolidated financial statements.

(g) Other Significant Forms of Income

A WCS membership allows the member access to WCS park(s) for one year. The price of the membership is dependent on which parks the member will have access to, the level of access in the park(s) and if parking is included. In 2023, 16.2% of memberships were sold at park admission gates and the remainder either by mail or via the WCS web site. All membership sales are final. Memberships are not refundable or exchangeable, and are not for resale. The full year of access to benefits is conferred at the time of purchase, whether or not a member elects to use them. WCS recognizes the revenue from membership sales at the time of purchase.

WCS receives revenue from the sale of gate and exhibit admission tickets at the five parks. WCS also engages in retail sales related to food, merchandise and parking at the five parks. In both cases revenue related to such transactions is recognized at the time of purchase.

(h) 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.

(i) 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.

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(j) Advances to Sub Awardees

A sub awardee advance is recorded when a contribution containing conditions along with a right of return are made to a sub awardee before the conditions are met. Once the sub awardee has reported that it has met the conditions of the sub award, the advance is then liquidated and it is recorded as an expense.

(k) Leases

WCS determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. WCS determines these assets are leased because WCS has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because WCS determines it does not have the right to control and direct the use of the identified asset. WCS's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, WCS separately identifies lease and nonlease components, such as common area and other maintenance costs, in calculating the right-of-use (ROU) assets and lease liabilities for its office buildings, apartments and vehicles. WCS has elected the practical expedient to not separate lease and nonlease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the nonlease component.

Leases result in the recognition of ROU assets and lease liabilities in the consolidated balance sheet. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. WCS determines lease classification as operating or finance at the lease commencement date. WCS currently has determined it does not have any significant finance lease arrangements.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. WCS uses its risk-free rate based on the information available at the commencement date of each lease to determine the present value of lease payments.

The lease term may include options to extend or to terminate the lease that WCS is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

WCS has elected not to record leases with an initial term of 12 months or less on the consolidated balance sheet. Lease expense on such leases is recognized on a straight-line basis over the lease term.

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Nature of Leases

WCS has entered into the following lease arrangements:

Operating Leases

WCS has various real estate leases for offices that expire through 2037. These leases generally contain renewal options for periods ranging from 1 to 5 years and require WCS to pay all executory costs (property taxes, maintenance and insurance). Lease payments have an escalating fee schedule, which range from a stated percentage or dollar increase each year in accordance with the contracted annual rental amounts for the respective lease agreement. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

Short-Term Leases

WCS has certain leases that are for a period of 12 months or less or contain renewals for periods of 12 months or less. WCS does not include short-term leases within the consolidated balance sheet since it has elected the practical expedient to exclude these leases within the operating right-of-use assets and lease liabilities.

(l) 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's investments.

(m) Escrow Transactions

Seima Carbon Company (SCC), a Delaware LLC whose sole member is WCS, was created to facilitate sales and to act as an escrow agent on carbon transactions in Cambodia. SCC is party to an agreement with the Royal Government of Cambodia to act as an escrow agent to manage and distribute proceeds from carbon sales. Escrow funds are maintained by SCC in a separate bank account. SCC's financial activity is consolidated into WCS's financial statements. Within WCS's balance sheet, the escrow funds are displayed in cash in escrow and escrow liability.

(n) 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 \$3,092,623 and \$3,263,374 at June 30, 2023 and 2022, respectively and are included in the total of investments in the consolidated balance sheet. 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.

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(o) 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 statement of activities. Translation gains or losses were approximately \$2,238,000 and \$(682,000) for the years ended June 30, 2023 and June 30, 2022, respectively.

(p) 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.

(q) Collections

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

(r) Functional Expense Allocation

The consolidated statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area of WCS are reported as expenses of those functional areas. Expenses attributable to more than one program or supporting function are principally allocated based on activity.

(s) 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. GAAP. Accordingly, such information should be read in conjunction with WCS's consolidated financial statements as of and for the year ended June 30, 2022 from which the summarized information was derived.

(t) 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.

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(u) Immaterial correction of an error

The Henry L. Heymann Wildlife Preservation Foundation (Heymann Foundation) was established as a 509(a)(3) supporting organization for the benefit of the Wildlife Conservation Society and the International Primate Protection League in fiscal year 2022. As a result of WCS's controlling interest, the Heymann Foundation should have been included in WCS's consolidated financial statements as of and for the year ended June 30, 2022. This error was identified in fiscal year 2023 which results in the following corrections:

	2022 (As originally reported)	Impact of immaterial corrections	2022 (As corrected)
Consolidated balance sheet:			
Assets – Heymann Foundation investments	\$ —	45,899,257	45,899,257
Total assets	1,278,176,569	45,899,257	1,324,075,826
Net assets with donor restrictions – purpose restricted	246,689,291	45,899,257	292,588,548
Total net assets	933,049,887	45,899,257	978,949,144
Total liabilities and net assets	1,278,176,569	45,899,257	1,324,075,826
Consolidated statement of activities:			
Revenues – contributions	40,073,596	46,785,133	86,858,729
Revenues – investment return	(14,987,637)	(690,640)	(15,678,277)
Total revenues	395,900,270	46,094,493	441,994,763
Expenses – supporting services – management and general	32,740,127	195,236	32,935,363
Total supporting services	45,106,511	195,236	45,301,747
Total expenses	359,782,154	195,236	359,977,390
Excess (deficiency) of revenues over expenses	36,118,116	45,899,257	82,017,373
Change in net assets	46,002,824	45,899,257	91,902,081
Net assets at the end of the year	933,049,887	45,899,257	978,949,144
Consolidated statement of cash flows:			
Cash flows from operating activities:			
Changes in net assets	46,002,824	45,899,257	91,902,081
Net (appreciation) depreciation in fair value of investments	12,932,457	1,004,642	13,937,099
Total adjustments	1,934,144	1,004,642	2,938,786
Net cash (used in) provided by operating activities	47,936,968	46,903,899	94,840,867
Cash flows from investing activities:			
Proceeds from sales of investments	162,876,796	265,458	163,142,254
Purchases of investments	(138,615,997)	(47,169,357)	(185,785,354)
Net cash provided by (used in) investing activities	8,654,261	(46,903,899)	(38,249,638)

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Within the consolidated statement of functional expenses, total professional fees were corrected from \$4,877,441 to \$5,072,677 for the year ended June 30, 2022.

Additional investment disclosures related to the types of investments, their classification in the fair value hierarchy as well as updated investment return amounts were included in note 3 as of and for the year ended June 30, 2022. The detail of net assets with donor restrictions chart was updated in note 6 as of June 30, 2022.

(3) Fair Value

WCS assets at June 30, 2023 are summarized in the following table:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Directly managed investments:				
Short-term investments	\$ 18,437,853	18,437,853	—	—
Common stocks – domestic	4,924,352	4,924,352	—	—
Mutual funds – equity domestic	1,641,575	1,641,575	—	—
Mutual funds – fixed income:				
U.S. government	5,049,906	5,049,906	—	—
U.S. corporate	13,467,352	13,467,352	—	—
Mutual funds – natural resources	3,666,563	3,666,563	—	—
	<u>47,187,601</u>	<u>47,187,601</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value (or its equivalent):				
Limited partnerships:				
Multi-asset class	318,176,833			
Equity – domestic	29,854,383			
Equity – global	19,898,002			
Equity – international/ emerging markets	35,630,665			
Other	4,303			
Alternative investments:				
Distressed securities	7,503,674			
Equity – long/short	13,880,523			
Multi-strategy	13,950,281			
Private equity	13,989,462			
Venture capital	10,330,750			
	<u>463,218,876</u>			
Total investments reported at net asset value (or its equivalent)	<u>463,218,876</u>			
Total investments	<u>\$ 510,406,477</u>			

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	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Heymann Foundation investments				
Short-term investments	\$ 1,056,784	1,056,784	—	—
Common stocks – domestic	30,680,102	30,680,102	—	—
Fixed income – domestic	14,261,303	14,261,303	—	—
Total Heymann Foundation investments	<u>\$ 45,998,189</u>	<u>45,998,189</u>	<u>—</u>	<u>—</u>
Other assets:				
Funds held by bond trustee	\$ 3,043,146	3,043,146	—	—
Amounts held in trust by others	1,681,593	—	—	1,681,593
Total other assets	<u>\$ 4,724,739</u>	<u>3,043,146</u>	<u>—</u>	<u>1,681,593</u>

Information with respect to the redemption provisions of investments reported at net asset value (or its equivalent) is as follows as of June 30, 2023:

<u>Liquidity</u>	<u>Day's notice</u>	<u>Amount</u>
Monthly	15	\$ 66,934,666
	30	12,517,621
	60	7,294,387
Quarterly	30	2,087,980
	60	17,983,468
Annual	90, pays 25% quarterly	6,395,732
	1 Year, at 12/31	318,176,833
Illiquid	Not applicable	31,828,189
		<u>\$ 463,218,876</u>

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WCS assets at June 30, 2022 are summarized in the following table:

	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets:				
Directly managed investments:				
Short-term investments	\$ 22,336,387	22,336,387	—	—
Common stocks – domestic	4,111,551	4,111,551	—	—
Mutual funds – equity domestic	1,656,920	1,656,920	—	—
Mutual funds – fixed income:				
U.S. government	5,143,617	5,143,617	—	—
U.S. corporate	13,518,883	13,518,883	—	—
Mutual funds – natural resources	3,201,678	3,201,678	—	—
	<u>49,969,036</u>	<u>49,969,036</u>	<u>—</u>	<u>—</u>
Investments reported at net asset value (or its equivalent):				
Limited partnerships:				
Multi-asset class	336,065,418			
Equity – domestic	25,486,572			
Equity – global	17,009,122			
Equity – international/ emerging markets	31,486,105			
Other	117,102			
Alternative investments:				
Distressed securities	8,203,469			
Equity – long/short	12,763,127			
Multi-strategy	13,187,238			
Private equity	12,692,404			
Venture capital	16,699,788			
	<u>473,710,345</u>			
Total investments reported at net asset value (or its equivalent)	<u>473,710,345</u>			
Total investments	<u>\$ 523,679,381</u>			
Heymann Foundation investments				
Short-term investments	\$ 2,827,287	2,827,287	—	—
Common stocks – domestic	32,224,185	32,224,185	—	—
Fixed income - domestic	10,847,785	10,847,785	—	—
	<u>45,899,257</u>	<u>45,899,257</u>	<u>—</u>	<u>—</u>
Total supporting organization investments	<u>\$ 45,899,257</u>	<u>45,899,257</u>	<u>—</u>	<u>—</u>

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	<u>Fair value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Other assets:				
Funds held by bond trustee	\$ 8,548,905	8,548,905	—	—
Amounts held in trust by others	<u>1,664,957</u>	<u>—</u>	<u>—</u>	<u>1,664,957</u>
Total other assets	<u>\$ 10,213,862</u>	<u>8,548,905</u>	<u>—</u>	<u>1,664,957</u>

The following tables present WCS's activity for the fiscal years ended June 30, 2023 and 2022 for Level 3 assets:

	<u>Amounts held in trust by others</u>
Fair value at June 30, 2022	\$ 1,664,957
Sales/distributions	(69,269)
Net appreciation in fair value of investments	<u>85,905</u>
Fair value at June 30, 2023	<u>\$ 1,681,593</u>

	<u>Amounts held in trust by others</u>
Fair value at June 30, 2021	\$ 2,111,963
Sales/distributions	(69,269)
Net depreciation in fair value of investments	<u>(377,737)</u>
Fair value at June 30, 2022	<u>\$ 1,664,957</u>

WCS had unfunded investment commitments totaling \$19.7 million as of June 30, 2023.

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(4) Investments

The fair value of investments at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Multi-asset class, including other alternative assets	\$ 318,176,833	336,065,418
Equity/equity funds	91,948,977	79,750,270
Alternative investments	59,658,993	63,663,128
Fixed income funds	18,517,258	18,662,500
Natural resources	3,666,563	3,201,678
Short-term investments	18,437,853	22,336,387
	<u>\$ 510,406,477</u>	<u>523,679,381</u>

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:

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. WCS has one fund held in this strategy that 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.

Private equity – investments in fund managers that invest in the equity securities and debt in operating companies that are not publicly traded on a stock exchange. The investments have a long-term horizon and are illiquid in nature.

Venture capital – investments in fund managers that provide early stage financing to startup companies and small businesses that are believed to have long-term growth potential. The investments have a long-term horizon and are illiquid in nature.

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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, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Multi-asset class, including other alternative assets	\$ 318,176,833	336,065,418

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, 2023 are as follows:

<u>Asset class</u>	<u>Percentage of portfolio</u>
Developed markets equity	18 %
Emerging markets equity	6
Private equity	28
Real estate	11
Natural resources	8
Hedge funds	16
Fixed income	8
Cash	5
	<u>100 %</u>

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The components of investment return for the years ended June 30, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Interest and dividend income, net of investment expenses of \$3,628,707 and \$4,572,909 in 2023 and 2022, respectively	\$ 3,691,421	(1,741,177)
Net appreciation (depreciation) in fair value of investments	<u>10,121,893</u>	<u>(13,937,100)</u>
Total investment return	13,813,314	(15,678,277)
Less investment return available under spending policy, including amounts restricted for time or purpose of \$8,916,811 in 2023 and \$8,904,455 in 2022	<u>(27,516,782)</u>	<u>(21,175,685)</u>
Investment return less than amount available under spending policy, including amounts restricted for time or purpose of \$(4,995,548) in 2023 and \$(16,773,492) in 2022	\$ <u><u>(13,703,468)</u></u>	<u><u>(36,853,962)</u></u>

(5) Endowment Funds

The WCS long-term investment portfolio includes donor-restricted endowment funds as well as funds without donor restrictions 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 102 individual funds at June 30, 2023 and 2022, established for a variety of purposes, including both donor-restricted endowment funds and funds functioning as endowment. At

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June 30, 2023 and 2022 there were no endowment accounts that were less than their original fair value (i.e., were underwater).

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, 2023 and 2022 consisted of the following:

2023			
	Without donor restrictions	With donor restrictions	Total
Board-designated	\$ 133,834,716	—	133,834,716
Donor-restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	273,405,484	273,405,484
Accumulated investment gains	—	74,324,310	74,324,310
Total	\$ 133,834,716	347,729,794	481,564,510

2022			
	Without donor restrictions	With donor restrictions	Total
Board-designated	\$ 132,573,988	—	132,573,988
Donor-restricted:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	—	273,245,161	273,245,161
Accumulated investment gains	—	79,715,449	79,715,449
Total	\$ 132,573,988	352,960,610	485,534,598

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Changes in endowment net assets for the fiscal years ended June 30, 2023 and 2022 were as follows:

	2023		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2022 as reported	\$ 132,573,988	352,960,610	485,534,598
Net appreciation (realized and unrealized)	10,429,135	3,525,672	13,954,807
Contributions	—	160,323	160,323
Appropriation of endowment assets for expenditure	(18,599,971)	(8,916,811)	(27,516,782)
Addition to board-designated endowment	9,431,564	—	9,431,564
Endowment net assets, June 30, 2023	<u>\$ 133,834,716</u>	<u>347,729,794</u>	<u>481,564,510</u>

	2022		
	Without donor restrictions	With donor restrictions	Total
Endowment net assets, June 30, 2021 as reported	\$ 130,880,568	368,780,201	499,660,769
Net depreciation (realized and unrealized)	(10,675,569)	(7,174,054)	(17,849,623)
Contributions	—	258,918	258,918
Appropriation of endowment assets for expenditure	(12,271,229)	(8,904,455)	(21,175,684)
Addition to board-designated endowment	24,640,218	—	24,640,218
Endowment net assets, June 30, 2022	<u>\$ 132,573,988</u>	<u>352,960,610</u>	<u>485,534,598</u>

Board designated net assets represent funds, subject to the spending policy and appropriation which support domestic and global programs as well as general operations. Board-designated endowment net assets at June 30, 2023 and 2022 consist of the following:

	2023	2022
Zoos and Aquarium programs	\$ 53,219,028	57,547,454
General purposes	54,469,395	50,953,719
Global conservation programs	26,146,293	24,072,815
	<u>\$ 133,834,716</u>	<u>132,573,988</u>

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(6) Net Assets with Donor Restrictions

Net assets with purpose or time restrictions at June 30, 2023 and 2022 consist of the following:

	<u>2023</u>	<u>2022</u>
Amounts restricted for the following purposes:		
Zoos and Aquarium programs	\$ 126,017,744	131,938,420
Building and exhibit improvements	3,281,064	6,678,549
Global conservation programs	<u>156,284,298</u>	<u>153,971,579</u>
	<u>\$ 285,583,106</u>	<u>292,588,548</u>

Net assets that are restricted in perpetuity at June 30, 2023 and 2022 represent endowment gifts and consist of the following:

	<u>2023</u>	<u>2022</u>
Zoos and Aquarium programs	\$ 180,411,733	180,311,733
General purposes	6,437,570	6,437,570
Global conservation programs	<u>86,556,181</u>	<u>86,495,858</u>
	<u>\$ 273,405,484</u>	<u>273,245,161</u>

(7) Grants and Contributions Receivable

Grants and contributions receivable comprised of contributions receivable, Non-U.S. government and bilateral grants and contracts and private organization grant and contracts as of June 30, 2023 and 2022 are due to be collected as follows:

	<u>2023</u>	<u>2022</u>
Within one year	\$ 51,897,661	42,686,930
One to five years	<u>8,184,222</u>	<u>9,785,987</u>
	60,081,883	52,472,917
Less present value discount (3.81% in 2023 and 2.98% in 2022)	<u>(840,549)</u>	<u>(712,421)</u>
	<u>\$ 59,241,334</u>	<u>51,760,496</u>

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(8) Property and Equipment

At June 30, 2023 and 2022, the cost and accumulated depreciation of property and equipment are as follows:

	<u>2023</u>	<u>2022</u>
Land	\$ 651,268	651,268
Buildings and exhibits	813,240,431	611,326,711
Furniture, fixtures, and equipment	61,257,893	57,362,638
Construction in progress	<u>10,734,384</u>	<u>193,319,446</u>
	885,883,976	862,660,063
Less accumulated depreciation	<u>452,348,151</u>	<u>422,234,746</u>
	<u>\$ 433,535,825</u>	<u>440,425,317</u>

At June 30, 2023, expenditures amounting to \$197.4 million associated with the restoration of the New York Aquarium were placed in service.

(9) Line of Credit Agreements

On March 17, 2020, WCS renewed a \$30,000,000, 3 year, unsecured line of credit facility with Bank of America to support working capital needs. The line of credit bears interest at the 1-month London Interbank Offered Rate (LIBOR) plus 0.30%. On March 3, 2023, this line of credit was extended to August 20, 2023 and the interest rate changed to the 1 month Bloomberg Short-Term Bank Yield Index (BSBY) rate plus 0.80% (6.02% at June 30, 2023). Interest is paid monthly and an unused credit facility is paid quarterly. During fiscal year 2023, WCS has not drawn down on this line of credit and there are no amounts outstanding as of June 20, 2023.

On August 20, 2020, WCS entered into a \$50,000,000, 3 year, unsecured line of credit facility with Bank of America to support working capital needs. The line of credit bears interest at the 1-month LIBOR plus 1.45%. On March 3, 2023, this line of credit was extended to August 20, 2023 and the interest rate changed to the 1 month BSBY rate plus 0.80% (6.02% at June 30, 2023). Interest is paid monthly and an unused credit facility is paid quarterly. WCS has not drawn down on this line of credit.

(10) Bonds Payable

On August 13, 2020, WCS entered into a Bond Indenture with U.S. Bank National Association (the Bond Trustee). In connection with this Bond Indenture the Bond Trustee issued \$165,985,000 of Wildlife Conservation Society Taxable Bonds, Series 2020, with a 3.414% interest rate per annum. The proceeds of the Series 2020 Bonds were used to (i) refund the outstanding \$79.2 million aggregate principal amount of the Trust for Cultural Resources of The City of New York Revenue Bonds, Series 2013A (Wildlife Conservation Society); \$44.4 million aggregate principal amount of the Trust for Cultural Resources of The City of New York Revenue Bonds, Series 2014A (Wildlife Conservation Society) (collectively, the Refunded

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Bonds) and \$17.9 million of interest amounts calculated through the call date of August 1, 2023, (ii) refinance the outstanding portion of \$6.6 million taxable loan with T.D. Bank, N.A., (iii) fund capitalized interest of \$16.8 million on the Series 2020 Bonds and (iv) pay costs of \$1.1 million related to the issuance of the Bonds. Such moneys were deposited in an escrow fund established to provide for the defeasance of the Refunded Bonds. As a result of the transaction, WCS recorded a net loss on the defeasance (the difference between the reacquisition price and the net carrying amount of the extinguished debt) of \$8,335,924 during the fiscal year ended June 30, 2021. Bonds payable are recorded on the consolidated balance sheet net of unamortized costs of issuance of \$1,023,843 and \$1,061,781 as of June 30, 2023 and 2022, respectively.

Projected interest and principal payments are as follows:

	<u>Interest</u>	<u>Principal</u>
Year ending June 30:		
2024	\$ 5,666,728	—
2025	5,666,728	—
2026	5,666,728	—
2027	5,666,728	—
2028	5,666,728	—
Thereafter	<u>127,501,377</u>	<u>165,985,000</u>
Total	<u>\$ 155,835,017</u>	<u>165,985,000</u>

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 \$132,397 in 2023 and \$305,591 in 2022 related to the plans. A liability of \$469,788 and \$1,221,328 is reported in accounts payable and accrued expenses in the accompanying consolidated balance sheet as of June 30, 2023 and 2022, 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 \$9,428,000 and \$9,174,000 for the years

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ended June 30, 2023 and 2022, respectively. There have been no significant changes that affect the comparability of fiscal years 2023 and 2022 contributions. WCS's contributions to the Plan represent more than 5% of the total contributions to this plan for the years ended June 30, 2023 and 2022. 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. Current terms remain in effect until a contract for the next term is executed. The most recent Pension Protection Act (PPA) zone status is green at June 30, 2023 and 2022 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, 2023.

The expenses for the Group Life and Welfare Benefit Plans and the administrative costs for the Plans for the years ended June 30, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Group Life and Welfare Benefits	\$ 165,000	161,000
Administration (all three plans)	<u>1,164,000</u>	<u>1,074,000</u>
	<u><u>\$ 1,329,000</u></u>	<u><u>1,235,000</u></u>

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 2023 and 2022, WCS recognized expense of \$6,053 and \$352,136 related to the terminal leave, respectively. The present value of the terminal leave obligation amounted to \$1,176,918 and \$1,170,865 at June 30, 2023 and 2022, respectively, which is included in accounts payable and accrued expenses in the accompanying consolidated balance sheet.

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. Effective January 1, 2023, the plan design was changed, with WCS's contribution towards the new plan remaining within the amounts fixed in 2013.

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The following table provides a summary of this unfunded plan as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Change in benefit obligation:		
Benefit obligation at beginning of year	\$ 45,883,859	54,341,846
Service cost	1,225,508	1,833,411
Interest cost	2,104,944	1,558,207
Plan participants' contribution	141,706	141,337
Actuarial gain	(1,566,925)	(9,420,145)
Benefits paid	<u>(2,739,252)</u>	<u>(2,570,797)</u>
Benefit obligation at end of year	<u>45,049,840</u>	<u>45,883,859</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	2,739,252	2,570,797
Benefits paid	<u>(2,739,252)</u>	<u>(2,570,797)</u>
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Accumulated postretirement health and life insurance benefit obligation recognized in the consolidated balance sheet	<u>\$ (45,049,840)</u>	<u>(45,883,859)</u>
	<u>2023</u>	<u>2022</u>
Components of net periodic benefit expense:		
Service cost	\$ 1,225,508	1,833,411
Interest cost	2,104,944	1,558,207
Amortization of prior service credit	(71,944)	(71,944)
Amortization of net (gain) loss	<u>(3,173)</u>	<u>536,507</u>
Net periodic benefit expense	<u>\$ 3,255,335</u>	<u>3,856,181</u>

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

	<u>2023</u>	<u>2022</u>
Benefit obligation weighted average assumptions as of June 30, 2023 and 2022:		
Discount rate	5.12 %	4.70 %
Benefit cost weighted average assumptions for the years ended June 30, 2023 and 2022:		
Discount rate	4.70 %	2.92 %

For fiscal year 2023 benefit obligation measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 7.00% in 2024 grading down to an ultimate rate of 4.75% in 2033. For fiscal year 2022 benefit obligation measurement purposes, an annual rate of increase in the per capita cost of covered health benefits of 7.25% in 2023 grading down to an ultimate rate of 4.75% in 2033. These trends were used for all pre-65 benefits while all post-65 benefits are trended by 4.75% each year.

For fiscal year 2023 benefit cost measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 7.25% in 2023 grading down to an ultimate rate of 4.75% in 2033. For fiscal year 2022 benefit costs measurement purposes, an annual rate of increase in the per capita cost of covered health care benefits of 6.00% in 2022 grading down to an ultimate rate of 4.75% in 2025. These trends were used for all pre-65 benefits while all post-65 benefits are trended by 4.75% each year.

As of June 30, 2023, a total loss of \$224,077 consisting of \$(74,741) net actuarial gain and \$298,818 prior service cost, has not yet been recognized as a component of net periodic benefit cost. As of June 30, 2022, a total loss of \$1,715,885 consisting of \$1,489,011 net actuarial loss and \$226,874 prior service cost, has not yet been recognized as a component of net periodic benefit cost.

During the years ended June 30, 2023 and 2022, (\$1,491,808) and (\$9,884,708) were reported, respectively, as postretirement-related change other than net periodic postretirement benefit costs. The components of the amounts are as follows:

	<u>2023</u>	<u>2022</u>
Net actuarial loss	\$ (1,563,752)	(9,956,652)
Prior service cost	71,944	71,944
	<u>\$ (1,491,808)</u>	<u>(9,884,708)</u>

It is estimated that \$71,944 of the prior service credit and \$(18,398) of amortization of the net actuarial gain will be recognized as components of net periodic benefit cost in fiscal year 2023.

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

Year ending June 30:	
2024	\$ 2,461,000
2025	2,467,000
2026	2,628,000
2027	2,830,000
2028	2,938,000
2029 through 2033	<u>15,456,000</u>
	<u>\$ 28,780,000</u>

(13) Leases

WCS has entered into operating and short-term leases primarily for office space which expire through 2037. Operating leases with lease terms greater than one year are reported as right-of-use lease assets and lease liabilities in the consolidated balance sheet.

The table below presents a maturity analysis of operating lease liabilities and a reconciliation of the total amount of such liabilities in the consolidated balance sheet as of June 30, 2023:

Year ending June 30:	
2024	\$ 1,133,801
2025	521,959
2026	117,898
2027	32,124
2028	20,675
Thereafter	<u>4,246</u>
	1,830,703
Less discount for present value	<u>(82,394)</u>
	<u>\$ 1,748,309</u>

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Lease costs and other related information for the years ended June 30, 2023 and 2022, respectively, were as follows:

	<u>2023</u>	<u>2022</u>
Lease cost:		
Operating lease cost	\$ 1,925,489	2,098,034
Short-term lease cost	<u>444,668</u>	<u>502,922</u>
	<u>\$ 2,370,157</u>	<u>2,600,956</u>
	<u>2023</u>	<u>2022</u>
Other information:		
Cash paid for amounts included in measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 1,747,081	1,969,770
Weighted-average remaining lease term	2.02 years	2.16 years
Weighted-average discount rate	3.81 %	2.98%

(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 (DCA), appropriates funds to support certain operating costs. WCS received \$19,894,194 and \$17,339,469 in operating support during 2023 and 2022, respectively.

WCS and the City have entered into renewable agreements with respect to the City Zoos in Central Park, Prospect Park, and Flushing Meadows Park 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 \$13,617,006 and \$15,755,978 in support during 2023 and 2022, 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 capital improvements. In fiscal years 2023 and 2022, this funding amounted to \$13,887,186 and \$12,438,937, respectively.

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In fiscal year 2023 and 2022, WCS also received, through the DCA, grants with restrictions totaling \$1,165,663 and \$992,350, respectively.

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 receivable as of June 30, 2023 and 2022 was \$46,751,565 and \$68,538,857 which includes expenditures of \$9,886,737 and \$12,316,818, respectively.

(15) Liquidity and Availability

WCS financial assets and resources available to meet cash needs for general expenditure within one year of the consolidated balance sheet were as follows at June 30, 2023 and June 30, 2022:

	<u>2023</u>	<u>2022</u>
Financial assets:		
Cash and cash equivalents	\$ 124,638,061	106,220,513
Miscellaneous receivables	3,054,268	5,089,064
Contributions and grants receivable due within one year	51,897,661	42,686,930
Receivables from the City and State of New York	67,423,966	85,539,295
Receivables from U.S. Federal sources	8,637,503	6,377,369
Investments appropriated to spend in following year	<u>24,129,893</u>	<u>23,846,770</u>
Total financial assets and other resources available within one year	<u>\$ 279,781,352</u>	<u>269,759,941</u>

As a part of WCS liquidity management strategy, WCS structures its financial assets to be available as its general expenditures, liabilities and other obligations become due. Cash withdrawals from the managed investment pool normally coincide with the endowment spending distribution. Additionally, WCS has board-designated endowment funds of \$133.8 million as of June 30, 2023. Although WCS does not intend to spend from board designated endowment funds other than amounts appropriated for expenditure as part of the annual budget approval process, amounts from its board-designated endowment could be made available if necessary.

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(16) Subsequent Events

On August 18, 2023, WCS entered into a \$80,000,000, 3 year, unsecured line of credit facility with Bank of America to support working capital needs. The line of credit bears interest at the 1 month BSBY rate plus 0.90%. Interest is paid monthly and an unused credit facility is paid quarterly. WCS has not drawn down on this line of credit. This new line of credit replaced the \$30M and \$50M lines referenced in Note 9.

In conjunction with the preparation of the consolidated financial statements, WCS evaluated subsequent events from June 30, 2023 and through October 17, 2023, the date on which the consolidated financial statements were issued, and has concluded that there are no additional disclosures.

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Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal agency/pass-through grantor/program title	Federal assistance listing number	Pass through entity identifying number	Amount provided to subrecipients	Expenditures
Research and development cluster:				
Direct awards:				
United States Geological Survey:				
NAP ALASK CESU Proactive Adaptation	15.820	—	\$ —	39,186
National Park Service:				
NAP ALASK Beringia Brown Bear	15.945	—	—	18,222
NAP Beringia Lagoon Systems	15.945	—	—	57,422
NAP Beringia Heritage Program	15.945	—	—	66,739
Total National Park Service			—	142,383
National Aeronautics and Space Administration:				
Tiger Conservation Landscape (TCL) 3.0 /NASA TCL 3.0	43.001	—	—	29,324
CI Mapping System for Rewilding	43.001	—	45,687	148,863
Total National Aeronautics and Space Administration			45,687	178,187
National Science Foundation:				
CNH-S: Experimental Investigation of the Dynamic Human-Environmental	47.074	—	14,275	17,991
Total direct awards			59,962	377,747
Pass-through awards:				
United States National Oceanic and Atmospheric Administration:				
North Pacific Research Board (NPRB): MAP ALASK Mapping Elder NEPA	11.472	H2400-54	—	23,529
North Pacific Research Board (NPRB): NAP Beringia Whitefish Hybridization	11.472	SC-WCS-NOAA202106	—	41,764
Total United States National Oceanic and Atmospheric Administration			—	65,293
United States Department of Defense:				
Foundation for Marine Ecology: MAP ARGEN Satellite Whales	12.300	N00014-18-1-2749-SUB1902	—	16,191
Total United States Department of Defense			—	16,191
National Aeronautics and Space Administration:				
Montana State University: CS LAP Life on Land	43.001	G205-19-W7598	—	722
University of Alabama: LAC BELIZ COVID-19 Relief Impact	43.001	2020-1288	—	1,050
University of Alabama: LAC BELIZ Reef Nutrient Flows	43.001	80NSSC19K0200	—	42,535
Total National Aeronautics and Space Administration			—	44,307
National Science Foundation:				
East Carolina University: ASI FUJI ECU Mangrove Reefs	47.050	AWD-22-0237-S001	—	34,071
Total National Science Foundation			—	34,071
United States Department of Energy:				
Duke University: NAP Whales WOW Offshore Wind	81.087	DE-EE0010287	—	21,218
Total United States Department of Energy			—	21,218
Total pass-through awards			—	181,080
Total research and development cluster			59,962	558,827
Other programs:				
United States Department of Agriculture:				
ASI CAMBO Flooded Forests	10.684	—	—	2,109
ASI RUSS Wildlife Far East	10.684	—	73,817	144,077
AFR MOZAM Niassa Fire Management	10.684	—	—	9,604
ASI Cambo-Burma Community Forests	10.684	—	—	21,715
Subtotal 10.684			73,817	177,505
United States National Oceanic and Atmospheric Administration:				
Passed through Conservation Science Partners: FCC Ecological Drought Impacts	11.431	SC-WCS-NOAA202106	—	24,502
NAP SI Critical Habitats	11.462	—	—	78,862
Bureau of Land Management:				
NAP ALASK Contaminants	15.244	—	—	17,117
United States Department of Interior:				
Passed through Alaska Department of Fish and Game: NAP Alaska Wood Bison	15.246	22-034	—	90,166
Bureau of Land Management:				
NAP ALASK North Slope	15.247	—	—	20,349
NAP ALASK Pyway Assessment	15.247	—	—	8,837
Subtotal 15.247			—	29,186
United States Department of the Interior:				
Fish and Wildlife Service:				
ASI THAI Tigers WFC Yrs 13-15	15.619	—	—	99,808
ASI BANGL Tiger SMART	15.619	—	—	67,720
ASI CHINA Amur Tigers	15.619	—	—	63,528
ASI RUSS Amur Tigers	15.619	—	38,802	62,928
ASI THAI Smart TLNP	15.619	—	—	71,921
ASI CHINA Tigers Law Enf	15.619	—	—	15,938
Subtotal 15.619			38,802	381,843
AFR NGRJA Eles Yankari Law	15.620	—	—	36,073
AFR CAMRN Eles Mbam Djerem	15.620	—	—	99,910
AFR TANZ Elephants Katavi	15.620	—	—	172,183
AFR CAMRN Eles Mbam Djerem	15.620	—	—	67,825
Subtotal 15.620			—	375,991
ASI THAI KKNP Law Enforcement Eles	15.621	—	—	198,502
ASI INDO Elephant Bukit	15.621	—	—	23,532
Subtotal 15.621			—	222,034
Conservation of the Cross River Gorilla (Gorilla gorilla diehli) in Nigeria	15.629	—	—	219,606
Securing Grauer's gorilla in the PNKB and surrounding Oku Community Forests	15.629	—	—	186,540
ASI LAOS White-cheeked Gibbon	15.629	—	—	245,840
AFR TANZ Tanganyika Chimps	15.629	—	—	182,163
AFR UGAND Chimp Value	15.629	—	26,738	64,719
ASI INDO Gibbon Bukit	15.629	—	—	12,216
Subtotal 15.629			26,738	911,084
LAC COLOM Shorebird	15.635	—	—	29,971
Passed through Defenders of Nature: LAC GUATE Golden-Winged Warbler	15.635	F19AP00602	—	8,689
Subtotal 15.635			—	38,660
NAP ALASK Sheefish	15.636	—	10,000	145,927
NAP RUSS Beringia Eiders	15.637	—	—	11,440
LAC GUATE Natural Resource Manage Maya Biosphere	15.640	—	—	54,566
LAC PARAG Chaco Jaguars	15.640	—	—	85,957
LAC PERU Zero Deforestation Coffee	15.640	—	—	51,627
LAC ARGEN Livestock Husbandry	15.640	—	—	141,991
LAC BELIZ 5 Great Forests	15.640	—	—	133,641
Passed through World Wildlife Fund (WWF): LAC PARAG WWF Gran Chaco Jaguar	15.640	PY14879	—	4,578
Subtotal 15.640			—	472,360

(Continued)

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Schedule of Expenditures of Federal Awards
Year ended June 30, 2023

Federal agency/pass-through grantor/program title	Federal assistance listing number	Pass through entity identifying number	Amount provided to subrecipients	Expenditures
Other programs, continued:				
United States Department of the Interior, continued:				
Fish and Wildlife Service, continued:				
ASI CAMBO River Terrapin	15.645	—	\$ —	53,918
ASI INDO Snake Necked Turtle	15.645	—	—	57,214
ASI CHINA Tortoise and Turtles	15.645	—	—	63,465
Passed through African Aquatic Conservation Fund: AFR GABON AACF Sea Turtle	15.645	Subaward N° 1	—	151,309
Subtotal 15.645			—	325,906
Decreasing Threats to Protect wildlife Populations in Central Africa	15.651	—	—	516,394
Ensuring the longterm protection of Konkouati Douli National Park	15.651	—	—	120,328
AFR Sudano-Sahel Transhumance	15.651	—	—	28,077
AFR GABON Ecoguard Training	15.651	—	—	141,474
AFR DRC Kabobo-Iusama	15.651	—	—	153,111
AFR CONGO Lac Tele Monitoring	15.651	—	—	651,687
AFR DRC Okapi Management	15.651	—	—	258,697
AFR CONGO Wildlife Corridors	15.651	—	—	2,151,515
Zoological Society of London – AFR CONGO Bushmeat Mentorship	15.651	—	—	4,140
Subtotal 15.651			—	4,025,423
NAP BERING CESU manuscripts Logistics	15.678	—	34,390	194,960
ASI CHINA Saiga Horn Trade	15.679	—	—	59,104
ASI MONGO Saiga CWT	15.679	—	—	50,986
Wildlife trade in Lao PDR, Vietnam, and China	15.679	—	—	19,462
WHP Asia CWT DNA Cats	15.679	—	—	1,219
AFR RWAND CWT Action Plan	15.679	—	—	77,268
Subtotal 15.679			—	208,039
United States Geological Survey:				
Passed through University of Colorado Boulder: NAP NCCASC Weaving Sciences	15.820	Subaward NO. 1560057	—	26,780
Passed through University of Colorado Boulder: NAP NCCASC Climate Data	15.820	Subaward NO. 1559602	—	34,376
Subtotal 15.820			—	61,156
National Park Service:				
NAP BERING Tribal Core	15.945	—	26,531	29,160
United States Bureau of Oceans and International Environmental and Scientific Affairs:				
Passed through Winrock International Institute: CS Winrock Project Design	19.017	6966-20-A-03	—	14,966
United States Department of State:				
Passed through U.S. Embassy, Public Affairs: ASI RUSS Bilateral Solutions	19.040	SRS50021GR3032	5,583	41,330
Passed through U.S. Embassy, Public Affairs: NAP MIT Sharks Cook Island	19.040	SNZ95020GR0083	—	77,425
ASI RUSS Science Diplomacy	19.040	—	22,956	81,456
Subtotal 19.040			28,539	200,211
Scaling up Enforcement Capacity and Cooperation to Combat Wildlife Trafficking	19.703	—	—	713,293
AFR MADAG INL Hardwoods Phase II	19.705	—	—	39,773
ASI INDO Wildlife Crime Leadership	19.705	—	—	298,947
ASI VIET INL CWT Efforts	19.705	—	—	160,031
LAC ARGEN INL CWT Central and South America	19.705	—	50,270	567,584
AFR INL CWT Central Africa	19.705	—	—	699,829
LAC INL HOND Ranching	19.705	—	—	221,745
LAC INL BOLIV Live Animals	19.705	—	—	379,655
AFR TANZ INL Frontline	19.705	—	—	562,871
ASI INDO INL Conserving Wildlife	19.705	—	—	109,289
LAC INL Peru-Ecuador Wildlife Trafficking	19.705	—	—	431,222
ASI CHINA INL Combat Wildlife Trafficking	19.705	—	—	214,003
AFR MADAG INL Hardwoods	19.705	—	—	212,978
AFR Central Afr INL Rangers	19.705	—	222,779	577,146
GCP INL CWT Africa and Asia	19.705	—	—	406,880
AFR MOZAM INL Niassa	19.705	—	—	473,815
Strategic Interventions to Combat WLT in Southeast Asia	19.705	—	144,626	1,945,566
ASI INDO INL Detection Dogs	19.705	—	108,214	562,906
LAC INL CWT Capacity Building	19.705	—	17,008	717,033
ASI INL CWT South Asia	19.705	—	737,624	1,230,296
ASI INL VIET CWT Anti-corruption	19.705	—	—	1,045,716
Passed through Trace Wildlife Forensics Network: AFR LAOS TRACE INL Wildlife Trafficking	19.705	SINLEC22GR0447	—	15,500
Passed through Elephant Protection Initiative Foundation: AFR NGRIA Ivory Gold Standards II	19.705	SFOP0005597	—	43,871
Passed Through Elephant Protection Initiative Foundation: AFR CAMER EPIF Wildlife Products	19.705	SINLC20GR3195/FA9338184	—	78,636
Passed Through Elephant Protection Initiative Foundation: AFR GABON Wildlife Products II	19.705	Subaward N0 2	—	133,968
Passed through Elephant Protection Initiative Foundation: AFR NGRIA Ivory Gold Standards	19.705	SFOP0005597	—	41
Subtotal 19.705			1,280,721	11,129,301
United States Institute of Museum and Library Services:				
Accessible and Inclusive Internships for NYC Youth	45.301	—	—	160,493
United States Department of Education:				
IMPACT (Inspiring Marine Protection and Careers for Teens)	84.215	—	—	295,471
United States Center for Disease :				
Passed through Health Security Partners: COVID 19: ASI VIET One Health COVID	93.318	HSP-CDC-WCS-001	—	227,811
United States Department of Homeland Security:				
Passed through City of New York, Department of Cultural Affairs:				
Passed Through New York State Division of Homeland Security and Emergency Services:				
Public Assistance (Presidentially Declared Disasters)	97.036	N/A	—	9,886,737
United States Agency for International Development:				
AFR NGRIA Cross and Pai River	98.001	—	314,073	1,800,082
AFR MOZAM EcoSmart II	98.001	—	169,066	1,422,435
LAC Amazon Conservation Crimes	98.001	—	1,236,561	2,793,527
AFR DRC Indigenous Rights	98.001	—	206,248	525,884
AFR UGAND Wildlife Crime	98.001	—	224,383	653,538
Southern Highlands and Ruaha – Katavi Protection Program (SHARPP)	98.001	—	86,474	1,046,057
Passed through TechnoServe: AFR DRC TechnoServe Gorilla Coffee Alliance	98.001	S-WCS01	—	155,992
Passed through University of California, Los Angeles: AFR DRC UCLA CARPE Sustainable Cocoa	98.001	2155 G ZA356	—	95,369
Passed through World Wildlife Fund: LAC PARAG Forest Conservation	98.001	PY10745	—	94,000
Passed through Mercy Corps: AFR DRC Partnership	98.001	WCS PDEC 33683S002	—	245,119
Passed through Mississippi State University: MAP KENYA Coral Reef	98.001	193900.312455.20B	—	146,263
Passed through Uganda Biodiversity Fund: AFR UGAND UBF Sustainable Entity	98.001	72061720CA00009-01	—	8,610
Passed through Cardno Emerging Markets USA, Ltd: ASI PNG Biodiversity Program	98.001	4752-001-CRA-001	—	294,022
Subtotal 98.001			2,238,805	9,280,898
LAC PERU Conflict Mitigation Fisheries	98.012	—	—	276,036
AFR CONGO EPP Ndoki Tourism	98.012	—	—	1,578,016
AFR DRC EPP Okapi Management	98.012	—	—	1,228,658
AFR CONGO Livelihoods Bushmeat	98.012	—	—	811,931
Subtotal 98.012			—	3,894,641
Total other programs			3,758,343	43,625,143
Total expenditures of federal awards			\$ 3,818,305	44,183,970

See accompanying notes to the schedule of expenditures of federal awards.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Indirect Cost Rate Calculation

Year ended June 30, 2023

	Direct costs			Indirect costs			Total expenditures
	All other excluding management and general	Reclass of indirect costs	Adjusted total direct costs	Management and general	Reclass of indirect costs	Adjusted management and general	
Elements of cost:							
Salaries and wages	\$ 125,800,186	(7,088,872)	118,711,314	17,881,570	6,707,374	24,588,944	143,300,258
Employee benefits and payroll taxes	44,839,129	(2,688,003)	42,151,126	4,828,016	2,829,951	7,657,967	49,809,093
Employment costs	4,566,004	(355,033)	4,210,971	870,896	355,033	1,225,929	5,436,900
Consultancy fees	15,502,631	(65,341)	15,437,290	912,928	65,341	978,269	16,415,559
Purchased services	11,871,403	(431,944)	11,439,459	1,209,911	713,911	1,923,822	13,363,281
Grants	21,473,204	—	21,473,204	—	—	—	21,473,204
Professional fees	3,700,181	(101,172)	3,599,009	2,332,608	34,734	2,367,342	5,966,351
Property and casualty insurance	7,213,852	(1,548,392)	5,665,460	460,459	1,548,392	2,008,851	7,674,311
Advertising	5,043,122	—	5,043,122	78,195	—	78,195	5,121,317
Repairs and maintenance	10,922,477	(635,292)	10,287,185	1,650,483	635,741	2,286,224	12,573,409
Supplies and materials	23,994,890	(478,829)	23,516,061	1,807,442	495,177	2,302,619	25,818,680
Animal food and forage	3,640,062	4,972	3,645,034	—	—	—	3,645,034
Telephone	1,714,948	(200,705)	1,514,243	414,351	176,235	590,586	2,104,829
Heat, light, and power	6,704,019	(24,027)	6,679,992	—	62,434	62,434	6,742,426
Travel	22,280,314	(419,159)	21,861,155	814,335	408,424	1,222,759	23,083,914
Dues and fees	633,543	(178,346)	455,197	362,858	178,625	541,483	996,680
Postage and shipping	724,668	(3,963)	720,705	36,973	4,417	41,390	762,095
Cost of product sold	8,891,350	—	8,891,350	—	—	—	8,891,350
Collection accessions	267,665	—	267,665	—	—	—	267,665
Currency translation (gain) loss	2,237,795	—	2,237,795	—	—	—	2,237,795
Bond interest expense	5,505,760	—	5,505,760	—	—	—	5,505,760
Occupancy	4,547,684	—	4,547,684	196,404	—	196,404	4,744,088
Other	3,992,898	(7,621)	3,985,277	374,824	5,938	380,762	4,366,039
Total expenses exclusive of depreciation	336,067,785	(14,221,727)	321,846,058	34,232,253	14,221,727	48,453,980	370,300,038
Less direct cost adjustments – distorting items:							
Salaries and wages	—	—	—	—	—	—	—
Employee benefits and payroll taxes	—	—	—	—	—	—	—
Employment costs	—	—	—	—	—	—	—
Consultancy fees	—	—	—	—	—	—	—
Purchased services	(335,960)	—	(335,960)	—	—	—	(335,960)
Grants	(21,473,204)	—	(21,473,204)	—	—	—	(21,473,204)
Professional fees	—	—	—	—	—	—	—
Property and casualty insurance	—	—	—	—	—	—	—
Advertising	(5,043,122)	—	(5,043,122)	—	—	—	(5,043,122)
Repairs and maintenance	(9,791,052)	—	(9,791,052)	—	—	—	(9,791,052)
Supplies and materials	—	—	—	—	—	—	—
Animal food and forage	(3,645,034)	—	(3,645,034)	—	—	—	(3,645,034)
Telephone	—	—	—	—	—	—	—
Heat, light, and power	(6,263,548)	—	(6,263,548)	—	—	—	(6,263,548)
Travel	—	—	—	—	—	—	—
Dues and fees	(257,767)	—	(257,767)	—	—	—	(257,767)
Postage and shipping	(5,053)	—	(5,053)	—	—	—	(5,053)
Cost of product sold	(8,891,350)	—	(8,891,350)	—	—	—	(8,891,350)
Collection accessions	—	—	—	—	—	—	—
Currency translation (gain) loss	(2,237,795)	—	(2,237,795)	—	—	—	(2,237,795)
Bond interest expense	(5,505,760)	—	(5,505,760)	—	—	—	(5,505,760)
Occupancy	(2,392,500)	—	(2,392,500)	—	—	—	(2,392,500)
Other	—	—	—	—	—	—	—
Subtotal direct cost adjustments	(65,842,145)	—	(65,842,145)	—	—	—	(65,842,145)

(Continued)

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Indirect Cost Rate Calculation

Year ended June 30, 2023

	Direct costs			Indirect costs			
	All other excluding management and general	Reclass of indirect costs	Adjusted total direct costs	Management and general	Reclass of indirect costs	Adjusted management and general	Total expenditures
Balance carried forward	\$ 270,225,640	(14,221,727)	256,003,913	34,232,253	14,221,727	48,453,980	304,457,893
Less indirect cost adjustments:							
Salaries and wages	—	—	—	—	(195,195)	(195,195)	(195,195)
Employee benefits and payroll taxes	—	—	—	—	(231,582)	(231,582)	(231,582)
Employment costs	—	—	—	—	—	—	—
Consultancy fees	—	—	—	—	—	—	—
Purchased services	—	—	—	—	(102,000)	(102,000)	(102,000)
Grants	—	—	—	—	—	—	—
Professional fees	—	—	—	—	(22,841)	(22,841)	(22,841)
Property and casualty insurance	—	—	—	—	—	—	—
Advertising	—	—	—	—	(78,195)	(78,195)	(78,195)
Repairs and maintenance	—	—	—	—	—	—	—
Supplies and materials	—	—	—	—	(80,185)	(80,185)	(80,185)
Animal food and forage	—	—	—	—	—	—	—
Telephone	—	—	—	—	—	—	—
Heat, light, and power	—	—	—	—	—	—	—
Travel	—	—	—	—	(45,102)	(45,102)	(45,102)
Dues and fees	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—
Cost of product sold	—	—	—	—	—	—	—
Collection accessions	—	—	—	—	—	—	—
Currency translation (gain) loss	—	—	—	—	—	—	—
Bond interest expense	—	—	—	—	—	—	—
Occupancy	—	—	—	—	—	—	—
Other	—	—	—	—	(20,000)	(20,000)	(20,000)
Subtotal indirect cost adjustments	—	—	—	—	(775,100)	(775,100)	(775,100)
Adjusted costs	<u>\$ 270,225,640</u>	<u>(14,221,727)</u>	<u>256,003,913</u>	<u>34,232,253</u>	<u>13,446,627</u>	<u>47,678,880</u>	<u>303,682,793</u>
Indirect cost rate:							
Adjusted management and general			\$ 47,678,880	18.62 %			
Adjusted total direct costs			256,003,913				

See accompanying notes to schedule of expenditures of federal awards.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Notes to Schedules

Year ended June 30, 2023

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Wildlife Conservation Society and subsidiaries (WCS) under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Society, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of WCS.

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, the cost principles contained in the Uniform Guidance or the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Schedule includes all eligible expenditures incurred by WCS that were approved by the Federal Emergency Management Agency (FEMA) in fiscal year 2023.

(3) Indirect Cost Rate

In connection with its ongoing relationship with United States Agency for International Development and the regulatory provision for its negotiated indirect cost rate agreement, WCS has been involved in finalizing provisional rates. As of June 30, 2023, WCS has finalized rates through fiscal year 2021, and has been given provisional rates for fiscal year 2022 and onward until amended. Provisional rates provided by the government are charged to the grants and adjusted in the period after the final rate is determined. WCS has not elected to use the 10-percent de minimis cost rate allowed under the Uniform Guidance.



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II-1

**Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements Performed in
Accordance With Government Auditing Standards**

The Board of Trustees
Wildlife Conservation Society and subsidiaries:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Wildlife Conservation Society and subsidiaries (the Organization), which comprise the Organization's consolidated balance sheet as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 17, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Organization's Response to Finding**

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

New York, New York
October 17, 2023



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

II-3

**Independent Auditors' Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

The Board of Trustees
Wildlife Conservation Society:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wildlife Conservation Society and subsidiaries' (the Organization's) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Organization as of and for the year ended June 30, 2023, and have issued our report thereon dated October 17, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

KPMG LLP

New York, New York
March 7, 2024

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**
Schedule of Findings and Questioned Costs
Year ended June 30, 2023

(1) Summary of Auditors' Results

- a. Type of auditors' report issued on whether the consolidated financial statements were prepared in accordance with generally accepted accounting principles: **Unmodified**
- b. Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **Yes (2023-001)**
 - Significant deficiencies: **None Reported**
- c. Noncompliance material to the consolidated financial statements: **No**
- d. Internal control deficiencies over its major programs disclosed by the audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **None Reported**
- e. Type of report issued on compliance for its major programs: **Unmodified**
- f. Audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **No**
- g. Major programs:
 - **Central Africa Regional (ALN 15.651)**
 - **Trans-National Crime (ALN 19.705)**
 - **USAID Foreign Assistance (ALN 98.001)**
 - **USAID Development Projects (ALN 98.012)**
- h. Dollar threshold used to distinguish between Type A and Type B programs: **\$1,325,519**
- i. Auditee qualified as low-risk auditee: **Yes**

(2) Findings Relating to the Consolidated Financial Statements Reported in Accordance With Government Auditing Standards

2023-001 – Material Weakness in Internal Control Over Financial Reporting

Criteria:

In accordance with Accounting Standards Codification (ASC) 958-810, when a not-for-profit organization has a controlling interest in another not-for-profit entity and has an economic interest in that other entity, consolidation is required.

**WILDLIFE CONSERVATION SOCIETY
AND SUBSIDIARIES**

Schedule of Findings and Questioned Costs

Year ended June 30, 2023

Condition:

In fiscal year 2022, the Henry L. Heymann Wildlife Preservation Foundation (the Foundation) was created as specified in Henry L. Heymann's will. Based on the organizational documents, it was determined that Wildlife Conservation Society (the Organization) has a controlling interest in the Foundation as it has the ability to appoint 3 out of 5 board positions and the Organization has an economic interest in the Foundation as it is a beneficiary of the assets. During September 2021, the Organization appointed 3 out of 5 board positions. As a result, the Organization was required to consolidate this entity into the Organization's June 30, 2022 consolidated financial statements under Accounting Standards Codification 958-810 but did not. This was corrected in the June 30, 2023 consolidated financial statements (see note 2(u), *immaterial correction of an error*, within the consolidated financial statements).

Cause:

The primary cause of the error was that an existing control was missing an attribute, specifically that discussions between the finance department and inhouse counsel needed to include analysis of unusual matters that could have a material impact on financial reporting and to prompt follow-up between the finance department and inhouse counsel on any outstanding items. This represents a material weakness in internal control over financial reporting.

Effect:

The result of the control deficiency is that the Foundation was not consolidated within the Organization's June 30, 2022 financial statements.

Recommendation:

We recommend that the Organization develop a more robust checklist or agenda that will be used to facilitate the discussion between the finance department and inhouse counsel meetings to identify new entities arising from unique situations which need to be evaluated for consolidation into the Organization's financial statements.

Views of Responsible Official:

WCS management has changed its procedures to prevent such an error in the future by ensuring that any new entity in which WCS has a controlling interest will trigger an internal analysis and determination about financial statement consolidation.

(3) Findings and Questioned Costs Relating to Federal Awards

None