

**ROYAL FOREST & BIRD PROTECTION**  
**SOCIETY OF NEW ZEALAND INC**  
**ANNUAL ACCOUNTS**  
**FOR THE YEAR ENDED 29 FEBRUARY 2016**

**ROYAL FOREST & BIRD PROTECTION SOCIETY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 29 FEBRUARY 2016**

	Note	Group		National Office	
		2016 \$	2015 \$	2016 \$	2015 \$
<b>Income</b>					
Subscriptions - Forest & Bird		316,481	393,508	318,481	393,508
- Kiwi Conservation Club		57,659	70,154	57,659	70,154
Donations - General		3,213,729	2,980,823	3,231,951	3,015,786
Appeals		257,320	293,034	257,320	293,034
Grants	13	943,761	802,869	512,253	468,187
Corporate / Sponsorship	14	112,330	35,871	112,330	35,871
Other Operating Income		433,184	637,687	189,329	394,283
Bequests	5	2,722,940	1,049,018	2,440,893	1,018,615
<b>TOTAL OPERATING INCOME</b>		<b>8,057,403</b>	<b>6,142,664</b>	<b>7,118,215</b>	<b>5,689,229</b>
<b>Expenditure</b>					
Securing Nature Beyond Public Protected Areas		1,678,789	1,330,586	1,123,531	1,006,403
Bringing Nature Back to Town		169,654	114,743	104,120	39,926
Supporting & Expanding Protected Areas		604,887	465,603	411,459	386,310
An Ecologically Sustainable Economy		108,098	264,178	95,914	258,571
International		201,346	142,934	201,346	142,934
Marketing & Communications	20	611,050	550,075	773,751	610,684
KCC	20	256,160	149,817	246,061	138,153
Membership & Fundraising		2,924,328	2,446,842	2,899,308	2,406,843
Branch Support	20	247,389	117,807	293,437	158,023
Governance		188,746	144,717	151,165	116,919
Planning and Reporting		284,163	308,571	282,051	302,690
Donations		13,121	60,184	-	-
Other Branch Operation Expenditure	20	27,248	85,208	-	-
<b>TOTAL OPERATING EXPENDITURE</b>		<b>7,412,875</b>	<b>6,189,265</b>	<b>6,582,143</b>	<b>5,466,436</b>
<b>Operating Surplus / (Deficit) for the year</b>	19	<b>644,528</b>	<b>(46,601)</b>	<b>536,072</b>	<b>222,793</b>
<b>Other Income</b>					
Interest Received		184,155	196,374	21,458	13,425
Interest & Dividends Received - Endowment Fund		154,664	142,914	-	-
Unrealised Gains on Investments - Other Investments	20	57,746	50,356	-	-
Unrealised Gains on Investments - Endowment Fund		128,650	88,255	-	-
<b>TOTAL OTHER INCOME</b>		<b>523,016</b>	<b>477,899</b>	<b>21,458</b>	<b>13,425</b>
<b>Other Expenditure</b>					
Endowment Fund Expenditure		39,456	47,308	-	-
Donation to Endowment Fund		-	-	43,913	-
Asset Impairment	11	203,320	-	203,320	-
		<b>242,776</b>	<b>47,308</b>	<b>247,233</b>	<b>-</b>
<b>Surplus / (Deficit) for the year</b>		<b>924,788</b>	<b>383,990</b>	<b>310,298</b>	<b>236,218</b>

The attached notes form part of and are to be read in conjunction with this Statement of Financial Performance

ROYAL FOREST & BIRD PROTECTION SOCIETY  
STATEMENT OF MOVEMENTS IN MEMBER FUNDS FOR THE YEAR ENDED 29 FEBRUARY 2016

	Note	Group		National Office	
		2016 \$	2015 \$	2016 \$	2015 \$
Opening Balance		9,091,042	8,675,394	1,339,071	1,102,853
<b>Plus Surplus / (Deficit)</b>					
As previously Stated		-	313,516	-	-
Adjustment	20	-	70,474	-	-
Surplus / (Deficit) for year restated		-	383,990	-	-
Current Year Surplus / (Deficit)		924,768	-	310,298	236,218
Capital Loss on Sale of Shares		-	1,228	-	-
		10,015,810	9,060,612	1,649,368	1,339,071
Transfer from / (to) Reserves	21	(134,457)	(83,232)	(134,457)	(83,232)
<b>MOVEMENT IN RESERVES</b>					
Movement in Branch Reserves		(6,711)	30,430	-	-
Movement in Restricted Reserves	21	134,457	83,232	134,457	83,232
<b>Closing Balance</b>		<b>10,009,099</b>	<b>9,091,042</b>	<b>1,649,368</b>	<b>1,339,071</b>

The attached notes form part of and are to be read in conjunction with this Statement of Financial Position

	Note	Group		National Office	
		2016 \$	2015 \$	2016 \$	2015 \$
<b>Equity</b>					
Member Funds		9,824,053	8,824,888	1,312,305	1,136,466
Branch Reserves		47,983	63,547	-	-
National Office Reserves		337,063	202,607	337,063	202,606
		<u>10,009,099</u>	<u>9,091,042</u>	<u>1,649,368</u>	<u>1,339,071</u>
<b>Current Liabilities</b>					
Accounts Payable	6	773,332	649,540	810,872	660,284
Income Received in Advance	7	176,846	229,415	176,846	229,415
Rental Income Received in Advance	8	127,728	132,458	127,728	132,458
Deferred Income	9	649,218	413,099	214,877	194,579
		<u>1,627,123</u>	<u>1,424,512</u>	<u>1,330,322</u>	<u>1,216,737</u>
<b>Non Current Liabilities</b>					
Loan - Endowment Fund	24	-	-	-	380,000
Loans - Restricted Funds		-	-	-	113,850
Restricted Funds	12	734,559	625,811	1,096,293	919,938
		<u>734,559</u>	<u>625,811</u>	<u>1,096,293</u>	<u>919,938</u>
<b>TOTAL MEMBERS FUNDS &amp; LIABILITIES</b>					
		<u>12,370,782</u>	<u>11,141,364</u>	<u>4,075,983</u>	<u>3,969,596</u>
<b>Current Assets</b>					
Cash & Cash Equivalents	21	944,332	488,761	279,883	101,138
Deposits (On Call)	21	1,302,274	1,080,650	-	-
Investments - Term Deposits	21	2,736,166	2,849,284	208,863	201,020
Accounts Receivable	10	305,379	483,326	460,454	451,591
Inventory		9,785	8,266	6,579	6,370
		<u>5,297,936</u>	<u>4,710,287</u>	<u>945,779</u>	<u>760,119</u>
<b>Non Current Assets</b>					
Shares and Other Securities		848,021	836,420	-	24,775
Investments - Endowment Fund		3,239,712	2,469,793	-	-
Restricted Funds	12	734,559	625,811	1,096,293	919,938
		<u>4,822,292</u>	<u>3,932,024</u>	<u>1,096,293</u>	<u>944,713</u>
<b>Property Plant &amp; Equipment</b>					
	11	2,260,654	2,491,052	2,033,813	2,264,764
<b>TOTAL ASSETS</b>					
		<u>12,370,782</u>	<u>11,141,364</u>	<u>4,075,983</u>	<u>3,969,596</u>



7 June 2016  
G Bellamy  
Treasurer  
For and on behalf of the Executive

The attached notes form part of and are to be read in conjunction with this Statement of Financial Position

**1. Statutory Base**

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand. They comply with approved Financial Reporting Standards (FRSs) and Statements of Standard Accounting Practice (SSAPs) as appropriate for entities that qualify for and apply differential reporting concessions. The financial statements have been prepared on the basis of historical cost except for shares which have been valued using Market Value.

The financial statements of National Office relate to the activities of the Wellington, Auckland and Christchurch Offices, and the Dunedin, Mt Maunganui and Nelson Field Offices.

The financial statement of the Group relate to National Office, Branches and the Endowment Fund.

The Society is a reporting entity for the purposes of the Incorporated Societies Act 1908, Charitable Trusts Act 2005 and the Financial Reporting Act 1993.

**2. Measurement Base**

- (i) The measurement base adopted is that of historical cost except for shares which have been valued using Market Value.
- (ii) Revenue earned and the expenses incurred are matched using accrual accounting concepts.
- (iii) Reliance is placed on the fact that the Society is a going concern.

**3. Statement of Accounting Policies**

The following accounting policies are recognised as appropriate and have been adopted in the preparation of the financial statements:

Income Recognition

*- Grants and Deferred Income*

Revenue from grants is recognised as follows:

Where a grant has restrictions, revenue is recognised when received by the entity.

Where a grant has conditions, revenue is recognised as when the conditions are fulfilled.

*- Sponsorship*

Revenue from sponsorships are recognised when they become receivable unless the Society has a liability to repay the funds if the requirements of the sponsorships are not fulfilled. A liability is recognised to the extent that such conditions are unfulfilled at the end of the reporting period.

*- Donations*

Donations are recognised as received. Any donations received with any conditions are recorded separately as restricted funds within equity after initial recognition in the statement of financial performance.

*- Membership*

Members' subscription revenue is recognised as income when earned.

*- Bequest*

Bequest revenue is recognised as received, and all receipts are recognised as income in the period in which they are received. Unless recognised as a specific purpose bequest, the bequest is used in the manner determined by the Board at the time, with the preference to preserve the significant contributions and utilise the interest generated from such sums to fund the operating activities of the Society.

*- Appeals*

Appeal revenue is recognised as income when received.

*- Sale of goods*

Revenue from sale of goods is recognised in the statement of financial performance when the society has transferred to the buyer the significant risks and rewards of ownership of the goods supplied. Transfer of the risks and rewards of ownership generally occur when the goods leave the warehouse.

*- Services*

Revenue from services is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction. The stage of completion is assessed by reference to surveys of work performed. Under this method, revenue is recognised in the accounting periods in which the services are provided. When the contract outcome cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

*- Finance Income*

Finance income comprises interest income, dividend income, changes in fair value of financial assets at fair value through statement of financial performance. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Society's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Property, Plant & Equipment

Fixed Assets are shown at cost less depreciation charged at the following rates over their estimated useful lives as stated and adjusted for impairment where indicators exist:

Land		
Office Buildings	Straight Line	5 years
Lodge Buildings	Straight Line	40 years
Furniture and Fittings	Straight Line	6-10 years
Motor Vehicles	Straight Line	5 years
Office Equipment	Straight Line	5 years

Inventory

Inventory has been valued at the lower of cost or estimated net realisable value.

Accounts Receivable

Accounts Receivable are recorded at estimated realisable value.

#### Investments & Shares and Other Securities

Forest and Bird National Office and Branches:

##### - Investments - Term Deposits

Investments are held with registered trading banks and are classified as current assets if they have maturities of between three months and one year. Those with maturities greater than 12 months after the balance date are classified as non-current assets.

##### - Shares and Other Securities

Shares and other securities held have been recorded at market value as at Balance Date.

Endowment Fund:

##### - Investments

Fixed Interest Investments are valued at cost plus accrued interest.

Shares are valued at market value as at Balance Date.

##### - Other Income

Other Income includes net proceeds from dividends, interest received and accrued during the year and any gain or losses resulting from changes in the market value of investments held by Forest & Bird Endowment Fund.

#### Gifted Land

Land which has been bequeathed to the Society for no cost has not been recorded in the financial statements, due to difficulties and costs related to valuation procedures.

#### Cash & Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the balance sheet

#### Taxation

As the Society has been granted charitable status by the Inland Revenue Department, no taxation has been provided for in the accounts other than amounts payable or receivable for Goods and Services Tax.

#### Website Development

Website development expenditure is capitalised when incurred.

#### Goods and Services Tax (GST)

The accounts are prepared on a GST exclusive basis, except for Accounts receivable and accounts payable which are stated GST inclusive

#### Differential Reporting

The Society is a qualifying entity for differential reporting because the Society is not publicly accountable and not large. Accordingly no statement of cash flows is required to be prepared. The Society has taken full advantage of all available exemptions apart from GST; the statements are presented exclusive of GST

#### 4. Changes in Accounting Policies

All policies have been applied on bases consistent with those used in previous year except for shares held by Branches, which have been valued using market value as at Balance Date.

#### 5. Bequests

Bequests received during 2015/2016 for National Office were as follows:

Estate Betty Stoker \$2,877; Estate FH Adams \$4,895; Estate Logan Bell \$2,400; HM Hancock Charitable Trust \$3,845; Estate Morra Milburn Williams \$19,400; Estate Stephanie Hislop Mooney \$2,000; Estate Patricia Garvey \$92,619; Estate Victor Stanley Power \$59,112; Estate Julia Marshall \$855,410; Estate Sargood \$5,000; Estate Ronald John Dent \$100,000; Estate Margaret Anwyll Greenwood \$500; Estate Doris Rachel Low \$8,529; Estate Gary Ernest Pennell \$236; Estate Isabel Le Laine Phere \$900; Estate Shirley Mearns \$212,775; Estate Elizabeth Jane McMillan \$9,665; Estate Margaret Elizabeth Kelsell \$32,538; Estate Helen Blanche Sullivan \$7,386; Ivan & Nancye Davis Charitable Trust \$1,780; Estate Hazel Traynor \$7,209; Estate James Armstead Pollok \$8,000; Estate Kenneth Alan Chappell \$36,434; Estate Dennis Wright \$682,156; Estate Peter Maxwell Shedbolt \$43,456; Estate Anna Patricia Ewen \$1,000; Estate Sybil Gaudin \$3,341; Estate Audrey Balchelor \$120,000; Estate Armer Morris Alcorn \$11,884; Estate David Whetton Wilkie \$31,298; Estate Pauline Blackmore \$50; Estate Leslie Cheries Doubleday \$300; Estate Diane & Wallace Robb \$20,000; Estate Michael James Pettifer \$55,908

Bequests received during 2015/2016 for Branches totalled \$282,048 (2015 \$30,403)

#### 6. Accounts Payable

All accounts are paid as they fall due, and all known liabilities for events occurring before balance date have been accrued.

#### 7. Income Received In Advance

Income received from members' subscriptions to Forest & Bird and Kiwi Conservation Club is matched using accrual accounting concepts. Membership fees are paid on an annual basis for a 12 month period and span balance date for some members. In order to calculate income received in advance, it is assumed that the 12 month renewal period starts from the month the payment is received.

Life Membership subscriptions are shown in deferred income and released to subscriptions income over fifteen years for life members to 28 February 2010 and over twenty six years for life members from 1 March 2010.

#### 8. Rental Income Received In Advance

Rental income received in advance relates to property purchased by the Society on Waiheke Island. This purchase included a lease back to the vendor for a period of 34 years. Rental is to be allocated over this term at \$4,731 per annum.

### 9. Deferred Income

#### Deferred Income - National Office

This comprises Unspent Grants of \$174,834 (\$156,366); Life Membership Provision \$39,705 (\$37,974); Other Income In Advance \$238 (\$238)

#### Deferred Income - Branches

This comprises Unspent Grants of \$334,341 (\$218,520)

### 10. Accounts Receivable

National Office comprised Trade Receivables \$75,745 (\$137,187); Other Receivables \$201,851 (\$314,394); Endowment Fund \$172,858 (\$0)  
Endowment Fund receivables totalled \$5,740 (\$2,636)  
Branch comprised Trade Receivables totalled \$22,043 (\$29,099); National Office \$18,878 (\$0)

### 11. Property, Plant & Equipment

All land is stated at cost. No revaluations have been made.

	Cost or Valuation \$	Dep'n to date \$	Dep'n 2016 \$	Book Value 2016 \$	Book Value 2015 \$
Land	989,415	-	-	989,415	989,415
Buildings	1,371,537	426,608	26,390	944,929	1,174,839
Furniture and Fittings	81,899	81,899	6,061	-	6,060
Office Equipment	683,922	584,353	36,425	99,568	93,405
Motor Vehicles	41,777	41,777	1,244	-	1,245
Total National Office Fixed Assets	3,168,550	1,134,836	70,120	2,033,912	2,264,764
Branch Fixed Assets	309,500	92,858	9,330	216,642	226,288
Total Fixed Assets	3,478,050	1,227,496	79,450	2,250,554	2,491,052

Due to the inherent difficulties with the valuation of reserve land, valuations have not been sought, or included in these financial statements.

Olive Davis Cottage has been assessed for impairment. A valuation was obtained which resulted in an impairment loss of \$203,320.

### 12. Restricted Funds

The National Office has deposited funds at The ANZ Bank on behalf of branches and other entities. These funds are administered by National Office. They are not available for use by the National Office for its general purposes. Total funds invested as at 29 February 2016 were \$1,076,293 (\$919,938):  
Irwin Legacy \$74,823 (\$89,732); Rotorua Branch \$135,000 (\$135,000);  
Stewart Island Section \$63,500 (\$70,740); Sutherland Trust \$20,317 (\$5,521); Tautuku Lodge \$161,996 (\$161,996); LENZ Committee \$20,000 (\$0);  
Environmental Defence Fund \$200,672 (\$81,364);  
J Barrington Bequest \$29,976 (\$29,297); Horner Fund \$207,757 (\$207,156); Fensham Reserve \$51,699 (\$42,683); Other Funds Totalled \$130,554 (\$116,649)

In the consolidated figures, funds held on behalf of Branches have been eliminated to leave the other funds held of \$734,559 (\$625,811)

### 13. Grants

Grants recognised during 2015/2016 for National Office were as follows:

#### Grants with Conditions:

Biofunds (DOC) \$15,190; Biofunds (DOC) \$17,376; Biofunds (DOC) \$23,684; Bay of Plenty Regional Council \$488; Biofunds (DOC) \$6,405; WWF New Zealand \$693; Foundation North \$6,315; Foundation North \$25,229; Biofunds (DOC) \$3,863; Biofunds (DOC) \$5,888; Auckland Zoo \$5,001; The Trusts Community Foundation \$64,925; Auckland Council \$46,710; Foundation North \$93,717; Infinity Foundation Limited \$2,901; BirdLife International \$24,604; BirdLife International \$73,947; Biofunds (DOC) \$17,391; CCPF2 (DOC) \$17,293

#### Grants with Restrictions:

Bushy Park Trust \$8,065; Biofunds (DOC) \$10,726; Biofunds (DOC) \$17,391; Environmental Defence Fund \$10,000

Grants recognised during 2016/2016 for Branches totalled \$431,358 (\$334,682).

### 14. Corporate / Sponsorship

TopFlight \$5,000; Weta Digital \$8,000; JB Hi Fi Group \$19,793; Kiwi Camping \$10,000; Laminex New Zealand \$7,180; The Collective \$10,300; Health Pak \$8,790; Lindsay & Dixon \$20,000; Health Post Limited \$5,834; Other \$17,434

### 15. Administered Funds

National Office also administers the funds of the Threatened Species Trust Programme and the JS Watson Conservation Trust. These funds are not included in the financial statements as the Society is effectively acting as a Trustee.

### 16. Operating Lease Commitments

National Office commitments under a non-cancellable operating lease:

Less than one year  
One year to two years  
Two years to five years

	National Office 2016 \$	2015 \$
	152,918	74,066
	145,441	34,941
	88,835	75,435
	387,195	184,442

Branches - no commitments existed under non-cancellable operating leases as at 29 February 2016

### 17. License Commitments

Ruapehu Lodge - The Society has been granted a licence from the Department of Conservation to use the lodge site in the Tongariro National Park. The license is for a term of 20 years from 1 July 2013 to 30 June 2033 with an option to take a renewal for one further term of 20 years to 30 June 2053. Annual rental is payable by 31 March each year for the period from 1 July of the preceding year to 30 June of the current year and is reviewed every third year. The current rental is \$2,943 per annum and is subject to three yearly reviews. The next review is due 30 June 2017.

18. Executive Honorarium

Honorarium paid to Executive Committee members during the year:  
 A Cutler \$10,000 (\$8,030); G Bellamy \$0 (\$643); B Barrett \$1,000 (\$0)

19. Operating Surplus / (Deficit) for the Year

	Group		National Office	
	2016 \$	2015	2016 \$	2015 \$
Operating Surplus / (Deficit) for the year after deducting:	644,528	(48,801)	536,072	222,793
Audit Fees - National Office	26,715	24,955	26,715	24,955
Audit Fees - Other Firms	2,111	3,881	-	-
Honoraria	18,487	10,751	11,000	8,548
Rent	184,318	188,821	182,079	186,948
Interest Expense	4,317	38,428	4,317	38,428
Depreciation	78,450	118,549	70,120	108,129

20. Amendments to Output Definition & Prior Year Branch Adjustments

Additional changes have been made to output codes to align the financial statements with the Strategic Plan. Adjustments have been made for restated Branch Financial Statements.

The financial statements for the year ended 28 February 2015 have been restated as follows:

	Group			National Office		
	Original	Restated	Change	Original	Restated	Change
<u>Income</u>						
Donations - General	2,860,478	2,860,823	(345)	3,015,798	3,015,798	-
Grants	780,627	802,869	(22,242)	468,187	468,187	-
	<u>3,741,105</u>	<u>3,763,692</u>	<u>(22,587)</u>	<u>3,483,984</u>	<u>3,483,984</u>	<u>-</u>
<u>Expenditure</u>						
Supporting & Expanding Protected Areas	465,601	465,603	(2)	386,310	386,310	-
Communications	437,474	-	437,474	400,241	-	400,241
KCC	159,781	149,817	9,965	148,117	138,153	9,965
Marketing & Promotion	94,689	-	94,689	92,511	-	92,511
Marketing & Communication	-	550,075	(550,075)	-	610,664	(610,664)
Branch Support	125,764	117,807	7,947	165,970	168,023	7,947
Other Branch Operation Expenditure	93,741	96,208	(2,467)	-	-	-
	<u>3,822,883</u>	<u>3,825,352</u>	<u>(2,469)</u>	<u>3,698,993</u>	<u>3,698,993</u>	<u>-</u>
<u>Other Income</u>						
Unrealised Gains on Investments - Other Investments	-	50,356	(50,356)	-	-	-
	<u>-</u>	<u>50,356</u>	<u>(50,356)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Restated Surplus / (Deficit) for the year</b>	<u>313,516</u>	<u>383,990</u>	<u>(70,474)</u>	<u>236,218</u>	<u>236,218</u>	<u>-</u>



20. Amendments to Output Definition & Prior Year Branch Adjustments contd:

Movement in Member Funds	Group			National Office		
	Original	Restated	Change	Original	Restated	Change
Current Year Surplus / (Deficit)	313,516	383,990	(70,474)	236,218	236,218	-
Movement in Branch Reserves	(3,000)	30,430	(33,430)	-	-	-
	<u>310,516</u>	<u>414,420</u>	<u>(103,904)</u>	<u>236,218</u>	<u>236,218</u>	<u>-</u>
<b>Equity</b>						
Member Funds	8,787,531	8,824,888	(37,357)	1,136,465	1,136,465	-
Branch Reserves	(3,000)	63,547	(66,547)	-	-	-
National Office Reserves	202,607	202,607	-	202,607	202,607	-
	<u>8,987,138</u>	<u>9,091,042</u>	<u>(103,904)</u>	<u>1,339,071</u>	<u>1,339,071</u>	<u>-</u>
<b>Current Liabilities</b>						
Deferred Income	466,646	413,099	53,547	194,579	194,579	-
	<u>466,646</u>	<u>413,099</u>	<u>53,547</u>	<u>194,579</u>	<u>194,579</u>	<u>-</u>
<b>Non Current Liabilities</b>						
Restricted Funds	609,244	626,811	(16,568)	919,938	919,938	-
	<u>10,063,027</u>	<u>10,129,952</u>	<u>(66,925)</u>	<u>2,453,588</u>	<u>2,453,588</u>	<u>-</u>
<b>RESTATED MEMBERS FUNDS &amp; LIABILITIES</b>						
<b>Non Current Assets</b>						
Shares and Other Securities	786,064	836,421	(50,357)	24,775	24,775	-
Restricted Funds	609,244	626,811	(16,568)	919,938	919,938	-
	<u>1,395,308</u>	<u>1,462,233</u>	<u>(66,925)</u>	<u>944,713</u>	<u>944,713</u>	<u>-</u>

21. Restricted Reserves

Income received which is subject to certain restrictions has been recognised as an adjustment to Equity, and these funds are included in cash, deposits and term deposits.

Opening Balance as at 1 March 2015	202,607
Plus Transfer to Restricted Reserves	263,326
Less Transfer from Restricted Reserves	(148,869)
Balance as at 28 February 2016	<u>337,064</u>

These funds are to be used for:

Aongatele	9,750
Pelours Bridge	11,363
Kauri National Park	12,405
Ark in the Park	152,841
Land For Wildlife	21,222
Bushy Park	25,000
Bernie Lagan	20,000
Fairy Terns	16,608
NZ Rere Birds - specially North Island Kokako & Tika	67,775
	<u>337,064</u>

22. Impact of New Zealand Equivalents to International Financial Reporting Standards

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy), developed by the External Reporting Board (XRB). Under this Accounting Standards Framework, Forest & Bird is classified as a Tier 2 reporting entity and it will be required to apply Public Benefit Entity Accounting Standards (PAS). The effective date for the new standards for public sector entities is for reporting periods beginning on 1 April 2015 which means, Forest & Bird will apply the new reporting standards for the financial year ending 28 February 2017.

23. Contingent Liability

As at 28 February 2016 there were no contingent liabilities known to the National Executive (other than stated below), however due to the nature of legal cases Forest & Bird is currently involved in to support our conservation efforts, it is likely that these cases may incur court costs which are not quantifiable at present.

Ruanatwha - Court of Appeal. Our application for judicial review was declined by the High Court. Forest & Bird has lodged an appeal with the Court of Appeal, which will be heard in May 2016. The key risk is an adverse award of costs if the appeal is lost. The worst case scenario is in the region of \$30,000

#### 24. Related Parties Transactions

Forest & Bird National Office borrowed \$500,000 from the Forest & Bird Endowment Fund to assist with cash flow in prior years. Term of loan was two years from 28 March 2012. Interest at 6% is payable one year from date of advancement with the final interest and principal repaid two years from date of advancement on 28 March 2014. This loan has been renewed for a further two years at the same interest rate.

The outstanding loan balance as at 28 February 2015 was offset by a bequest of shares transferred directly to the Endowment Fund.

Opening Balance as at 1 March 2015	380,000
Less Transfer of Shares	(380,000)
Closing Balance as at 29 February 2016	-

#### 25. Consolidation of Branches

The financial statements of the branches of the Royal Forest & Bird Protection Society for the year ended 29 February 2016 have been included in the consolidated financial statements using the purchase method. All significant inter entity transactions have been eliminated on consolidation.

Branches included in the consolidation:

	Income	Expenditure	Surplus / (Deficit)	Assets	Liabilities	Member Funds
Ashburton	5,120	6,471	(351)	10,799	2,830	7,969
Central Auckland	8,029	38,829	(30,800)	50,480	0	50,480
Central Hawke's Bay	6,539	7,621	(982)	25,407	300	25,107
Central Otago-Lakes	31,858	22,610	9,248	19,497	0	19,497
Dunedin	112,484	60,313	52,170	1,109,457	625	1,108,932
Dunedin - LENZ	24,322	16,182	8,140	287,123	8	287,116
Eastern Bay of Plenty	6,500	8,406	(1,906)	43,422	0	43,422
Far North	21,222	24,365	(3,143)	85,591	0	85,591
Franklin	613	1,020	(407)	1,378	0	1,378
Gisborne	3,820	2,128	1,692	16,013	0	15,013
Golden Bay	284,303	307,854	(23,552)	100,946	89,388	11,558
Hastings / Havelock North	14,297	17,037	(2,739)	283,259	1,701	281,558
Hauraki Islands	82,237	56,863	25,374	313,465	1,608	311,857
Hibiscus Coast	11,379	8,319	3,060	22,791	12,802	9,989
Horowhenua	4,687	3,909	778	3,908	0	3,908
Kaikoura	694	46	848	3,686	0	3,686
Kaipara	1,016	471	545	13,439	0	13,439
Kapiti-Mana	6,848	9,583	(2,735)	49,846	0	49,846
Lower Hutt	8,588	3,735	4,861	33,670	0	33,670
Manawatu	5,653	3,685	1,968	35,809	89	35,720
Marlborough	6,122	4,106	2,016	20,831	7,429	13,402
Mercury Bay	2,480	1,464	1,017	5,940	0	5,940
Wairarapa Area (Mid North)	5,547	5,174	373	33,467	8,435	25,032
Napier	14,387	7,367	7,030	252,494	200	252,294
Nelson-Tasman	13,872	48,511	(34,639)	105,152	28,609	76,543
North Canterbury	23,232	16,609	6,623	338,725	3,388	335,337
North Shore	40,971	35,484	5,508	133,911	100,753	33,158
North Taranaki	38,337	24,908	11,430	42,556	0	42,556
Northern	0	0	0	139,992	0	139,992
Rangitikei	16,193	330	15,862	41,586	0	41,586
Rotorua	8,772	6,831	1,941	216,173	0	216,173
South Auckland	10,343	14,261	(3,917)	58,663	0	58,663
South Canterbury	2,921	2,726	196	21,209	0	21,209
South Otago	8,293	9,928	(1,635)	24,603	0	24,603
South Taranaki	20,181	18,974	1,206	44,254	0	44,254
South Waikato	7,019	6,087	932	37,760	34,854	2,906
Southland	101,332	17,924	83,408	178,547	0	178,547
Taupo	3,736	2,620	1,116	16,704	0	16,704
Tauranga	5,865	6,906	(1,041)	89,532	2,292	87,240
Te Puke	4,082	3,822	241	35,046	1,000	34,046
Thames- Hauraki	7,817	22,418	(14,602)	54,443	0	54,443
Upper Coromandel	487	348	139	23,188	0	23,188
Upper Hutt	12,245	12,883	(638)	37,408	4,162	33,247
Waikato	268	310	(42)	5,040	0	5,040
Waikato	32,710	22,446	10,264	52,661	577	52,084
Waiparapa	5,814	5,913	(100)	28,086	3,749	24,336
Waitekare	61,053	60,012	11,040	351,240	17,275	333,965
Waikato	222	765	(543)	3,450	0	3,450
Whanganui	141,794	5,871	135,923	281,088	0	281,088
Wellington	18,801	16,657	2,144	141,877	15,830	126,047
West Coast	8,226	11,771	(3,545)	9,706	6,727	2,980
	<u>1,281,228</u>	<u>983,753</u>	<u>277,475</u>	<u>5,314,100</u>	<u>344,332</u>	<u>4,969,768</u>

#### Branch assets include:

Cash, Cash Equivalents & Deposits on Call	1,634,189
Investments - Term Deposits	2,115,188
Investments - Term Deposits Held at National Office	400,553
Shares & Other Investments	859,583
<b>Total Cash &amp; Investments in Branches</b>	<u>5,009,513</u>
Other Assets	304,586
<b>Total Assets</b>	<u>5,314,100</u>

#### 26. Forest & Bird Endowment Fund

The Forest & Bird Endowment Fund was set up by Michael Lookman & Marilyn Somerville who are trustees of the T-Gear Charitable Trust. The purpose of the trust is to "preserve and protect the indigenous flora and fauna, and natural features of New Zealand for the benefit of the public including future generations".

The Endowment Fund has been consolidated into the Group Accounts using financial statements as at 31 December.

The Endowment Fund distributed \$0 (\$120,000) to the National Office.



BDO WELLINGTON

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of Royal Forest & Bird Protection Society of New Zealand Inc.**

### **Report on the Financial Statements**

We have audited the financial statements of Royal Forest & Bird Protection Society of New Zealand Inc's National Office and Group, which comprise the statements of financial position as at 29 February 2016, statements of movement in members' funds, and statements of financial performance for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body, in accordance with the Trust Deed of Royal Forest & Bird Protection Society of New Zealand Inc. Our audit has been undertaken so that we might state to the Members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members, as a body, for our audit work, for this report, or for the opinions we have formed.

### **Executive Board's Responsibility for the Financial Statements**

The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with generally accepted accounting practice in New Zealand and for such internal control as the Executive Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand.) Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

Other than where a qualified opinion has been expressed, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, Royal Forest & Bird Protection Society of New Zealand Inc, its branches or the Royal Forest & Bird Endowment Fund.

**Basis for Our Qualified Audit Opinion on Financial Position and Performance of the:****A. National Office of the Royal Forest & Bird Protection Society of New Zealand Inc**

1. In common with other similar organisations, control over revenues prior to being recorded is limited, for income received by Royal Forest & Bird Protection Society of New Zealand Inc. from donations. There are no practical audit procedures to determine the effect of this limited control. Accordingly the completeness of donation income and members' fund is unable to be determined.
2. In addition to above, Royal Forest & Bird Protection Society of New Zealand Inc. has engaged service organisations to facilitate the collection and processing of income for subscriptions, and a significant portion of the recognised income from donations. The Society is reliant on these service organisations for the controls over the completeness of income from these sources. We were unable to obtain sufficient appropriate audit evidence over the controls in place at these service organisations.

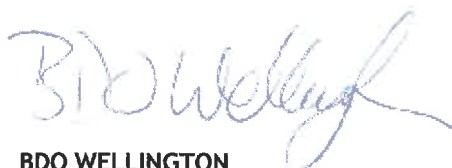
**B. Royal Forest & Bird Protection Society of New Zealand Inc Group**

1. We have been unable to obtain sufficient information on the Branches Cash and Cash Equivalents \$541,004, Deposits (On call) \$1,093,185, Investments (Term Deposits) \$2,515,741, Grants Income \$431,508 and Bequest Income \$282,048 to be able to form an opinion over these financial statement areas for the Group and its consequent effect on the Group's Member Funds. Accordingly, we are unable to determine the completeness, existence and accuracy over these Group financial statement areas.
2. In common with other similar organisations, control over revenues prior to being recorded is limited, for income received by Branches from donations. There are no practical audit procedures to determine the effect of this limited control. Accordingly, the completeness of the Group's donation income and the Group's members' fund is unable to be determined.

With the exception of the points noted above, we have obtained all of the information and explanations that we have required.

**Qualified Opinion on the Financial Position and Financial Performance of the National Office and Group of the Royal Forest & Bird Protection Society of New Zealand Inc.**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraphs above, the financial statements present fairly, in all material respects, the financial position of the National Office and Group of the Royal Forest & Bird Protection Society of New Zealand Inc as at 29 February 2016, and its financial performance for the year then ended in accordance with generally accepted accounting practice in New Zealand.



**BDO WELLINGTON**  
7 June 2016  
Wellington  
New Zealand