

Statement of Financial Performance

FOR THE YEAR ENDED 28 FEBRUARY 2014

	Note	Group		National Office	
		2014 \$	2013 \$	2014 \$	2013 \$
Income					
Subscriptions		445,758	508,268	445,758	508,268
		77,451	84,650	77,451	84,650
Donations - General		2,904,200	2,472,631	2,865,832	2,541,596
Appeals		346,228	201,879	346,228	201,879
Grants	13	827,353	1,072,217	604,299	782,731
Sponsorship	14	39,342	32,031	39,192	32,031
Other Operating Income		647,708	655,297	391,638	524,919
Bequests	5	951,695	1,901,219	939,969	1,472,669
TOTAL OPERATING INCOME		6,239,735	6,928,192	5,710,368	6,148,743
Expenditure					
Nature Conservation Beyond Public Protected Areas		1,229,664	1,261,557	852,000	925,700
Taking Nature Back to Town		386,455	349,173	376,657	349,173
Defending & Expanding Protected Area Networks		447,831	610,652	399,318	523,086
Climate Change		1,628	12,225	1,628	12,225
An Ecologically Sustainable Economy		85,123	121,941	82,385	118,226
International		111,545	114,501	111,545	114,501
Communications		545,383	569,990	500,027	517,952
KCC		211,295	260,295	200,119	251,615
Marketing & Promotion		132,387	102,800	132,387	102,800
Membership & Fundraising		2,398,646	2,878,966	2,350,806	2,820,466
Branch Support		107,690	330,470	148,776	355,948
Governance		111,371	188,893	88,128	155,604
Planning and Reporting		370,725	269,336	364,659	262,204
Donations		24,319	54,200	-	-
Other Branch Operation Expenditure		83,471	93,009	-	-
TOTAL OPERATING EXPENDITURE		6,247,532	7,218,008	5,608,435	6,509,500
Operating Surplus / (Deficit) for the year	18	(7,797)	(289,817)	101,933	(360,757)
Other Income					
Interest Received		173,747	164,315	11,374	14,486
Interest & Dividends Received		126,609	116,789	-	-
Unrealised Gains on Investments		126,680	182,439	-	-
TOTAL OTHER INCOME		427,036	463,543	11,374	14,486
Other Expenditure					
Endowment Fund Expenditure		31,031	29,610	-	-
		31,031	29,610	-	-
Surplus / (Deficit) for the year		388,209	144,116	113,307	(346,271)

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



Statement of Movements in Member Funds

FOR THE YEAR ENDED 28 FEBRUARY 2014

Note	Group		National Office	
	2014 \$	2013 \$	2014 \$	2013 \$
Opening Balance	8,202,207	8,058,091	989,546	1,335,817
Current Year Surplus / (Deficit)	388,209	144,116	113,307	(346,271)
Capital Loss on Sale of Shares	2,875	-	-	-
	8,593,291	8,202,207	1,102,853	989,546
Transfer from / (to) Reserves	20	126,335	140,070	126,335
	8,719,626	8,342,277	1,229,188	1,129,616
MOVEMENT IN RESERVES				
Movement in Branch Reserves		82,103	-	-
Movement in Restricted Reserves	20	(126,335)	(140,070)	(140,070)
Closing Balance	8,675,395	8,202,207	1,102,853	989,546

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

Statement of Financial Position

FOR THE YEAR ENDED 28 FEBRUARY 2014

Note	Group		National Office	
	2014 \$	2013 \$	2014 \$	2013 \$
Equity				
Member Funds	8,473,917	7,956,498	983,478	743,836
Branch Reserves	82,103	-	-	-
National Office Reserves	119,375	245,710	119,375	245,710
Closing Balance	8,675,395	8,202,207	1,102,853	989,546
Current Liabilities				
Bank Overdraft	-	419	-	419
Accounts Payable	6 734,148	876,765	729,707	872,153
Income Received in Advance	7 253,721	283,920	253,721	283,920
Rental Income Received in Advance	8 137,189	141,919	137,189	141,919
Deferred Income	9 412,873	384,528	230,011	183,004
	1,537,931	1,687,551	1,350,627	1,481,415
Non Current Liabilities				
Loan – Endowment Fund	23 -	-	500,000	500,000
Loans – Restricted Funds	-	-	113,850	-
Restricted Funds	12 534,615	730,260	729,544	852,048
TOTAL MEMBERS FUNDS & LIABILITIES	10,747,941	10,620,018	3,796,874	3,823,009
Current Assets				
Cash	20 513,927	417,398	207,500	111,761
Deposits (On Call)	20 857,429	805,278	59	58
Deposits (Fixed Term)	20 2,861,265	2,608,602	193,377	186,135
Accounts Receivable	10 286,115	276,643	272,049	259,421
Inventory	12,429	6,670	9,529	3,941
	4,531,165	4,114,591	682,514	561,316
Non Current Assets				
Shares and Other Securities	743,198	754,512	27,800	25,653
Investment – Endowment Fund	2,352,622	2,401,425	-	-
Restricted Funds	12 534,615	730,260	729,544	852,048
	3,630,435	3,886,197	757,343	877,701
Property Plant & Equipment				
	11 2,586,341	2,619,229	2,357,018	2,383,992
TOTAL ASSETS	10,747,941	10,620,018	3,796,874	3,823,009



12 June 2014
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

Notes to the Accounts

FOR THE YEAR ENDED 28 FEBRUARY 2014

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.

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.

(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:

FIXED ASSETS

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:

Asset	Method	Rate	Asset	Method	Rate
Land	-	-	Furniture and Fittings	Straight Line	5-10 years
Office Buildings	Straight Line	5 years	Motor Vehicles	Straight Line	5 years
Lodge Buildings	Straight Line	40 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

Investments held by Forest & Bird National Office and Branches have been recorded at cost.

Investments held by Forest & Bird Endowment Fund:

– 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.

– Investments

Investments held by Forest & Bird Endowment Fund Investments are recorded as follows:

- Fixed interest investments are valued at cost plus accrued interest.
- Shares are valued at market value as at Balance Date.

SHARES AND OTHER SECURITIES

Shares have been valued at cost or at market value on the date of receipt of bequest.

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.

GOVERNMENT GRANTS AND DEFERRED INCOME

Revenue from Government grants is taken up in the period that the qualifying expenditure is incurred. Other grant income 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.

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. 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.

5 BEQUESTS

Bequests received during 2013/2014 for National Office were as follows: Estate FH Adams \$2,526; Estate M Bycroft \$10,000; Estate L Collett \$46,974; Estate D Cooper \$20,000; Estate LN Smith \$200; Estate LC Doubleday \$180; Estate NJ Hoekstra \$15,037; Estate RJ Dent \$250,000; Estate P Friedlander \$1,180; Estate S Gaudin \$3,537; Estate M Goodey \$117,265; Estate V Grant \$10,000; Estate P Hardy \$5,000; Estate M Hayes \$405,692; Estate P Jenkins \$1,732; Estate L Middlemiss \$1,000; Estate B Neilson \$1,000; Estate J Olsen \$20,000; Estate BB Stoker \$4,091; The Charles Leslie Turner Estate \$500; The Ivan & Nancye Davis Charitable Trust \$284; The Mac & Tui Chapman Charitable Trust \$520; Estate E Toft \$5,000; Estate M Williams \$17,900; Davis Trust \$350

Bequests received during 2013/2014 for Branches totalled \$11,727 (2013 \$428,550)

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 \$186,857 (\$134,458); Life Membership Provision \$42,915 (\$48,308); Other Income In Advance \$238 (\$238).

DEFERRED INCOME - BRANCHES

This comprises Unspent Grants of \$183,863 (\$48,308).

10 ACCOUNTS RECEIVABLE

National Office comprised Trade Receivables \$85,100 (\$56,440); Other Receivables \$186,949 (\$202,981). Branch receivables totalled \$55,430 (\$17,222).

11 FIXED ASSETS

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

	Cost or Valuation \$	Dep'n to date \$	Dep'n 2014 \$	Book Value 2014 \$	Book Value 2013 \$
Land	989,415	-	-	989,415	989,415
Buildings	1,371,537	169,478	27,977	1,202,059	1,208,578
Furniture and Fittings	81,899	64,272	11,589	17,628	29,217
Office Equipment	624,459	480,453	68,554	144,005	150,204
Motor Vehicles	41,777	37,865	2,667	3,912	6,578
Total National Office Fixed Assets	3,109,087	752,069	110,788	2,357,018	2,383,992
Branch Fixed Assets	314,355	85,033	12,063	229,323	235,237
Total Fixed Assets	3,423,442	837,101	122,851	2,586,341	2,619,229

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

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 28 February 2014 were \$729,544 (\$852,048) Irwin Legacy \$4,212 (\$4,113); Rotorua Branch \$135,000 (\$135,000); Stewart Island Section \$68,051 (\$65,502); Sutherland Trust \$(12,537) (\$795); Tautuku Lodge \$152,951 (\$157,984); Environmental Defence Fund \$10,552 (\$121,494); J Barrington Bequest \$28,450 (\$27,772); Horner Fund \$199,791 (\$194,909); Fensham Reserve \$44,356 (\$45,428); Other Funds Totalled \$98,717 (\$99,051).

In the consolidated figures, funds held on behalf of Branches have been eliminated to leave the other funds held of \$406,265 (\$730,260)

13 GRANTS

Grants received during 2013/2014 for National Office were as follows:

Grants with Conditions: BirdLife Community Conservation Fund-NZSP (2013) \$4,936; Lion Foundation \$2,691; BirdLife International \$52,453; Winston Churchill Trust \$2,094; Biofunds (DOC) \$5,160; WWF New Zealand \$7,699; WWF New Zealand \$2,000; EB Firth \$5,000; ASB Community Trust \$52,463; ASB Community Trust \$64,380; The Trusts Community Foundation \$26,777; Biofunds (DOC) \$22,088; Biofunds (DOC) \$7,616; Biofunds (DOC) \$2,004; The Pacific Development and Conservation Trust \$1,150; Auckland Council \$4,950; Auckland Council \$8,000; Auckland Council \$6,386; ASB Community Trust \$30,000; ASB Community Trust \$15,955; Irene & Stanley Sawtell Charitable Trust \$2,191; The Canterbury Community Trust \$13,000; PZ Cussons \$14,344; BirdLife Community Conservation Fund \$62,586; Pub Charity \$8,640

Grants with Restrictions: Eco Expeditions \$985; The Pew Charitable Trust \$85,189; The Guardians of the Sea \$500; Waikato District Council \$29,054; United Parcel Service \$22,348; Valder Conservation Fund \$3,640; Auckland Council \$46,710; Rodney Natural Heritage Fund \$3,528; T Gear Trust \$(14,231); T Gear Trust \$9,195; Stout Trust \$6,479; NZ Lotteries \$1,504 grants received during 2013/2014 for Branches totalled \$283,009 (\$289,486).

14 SPONSORSHIP

The Co-operative Bank \$13,250; EnviroChoice \$10,000; Touchcast Limited \$10,940; Wrights Vineyard & Winery \$1,274; Campaign Merchants Limited \$320; Muzroom \$273; Design With Purpose \$568

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: National Office.

Less than one year

One year to two years

Two years to five years

National Office	
2014 \$	2013 \$
195,723	175,365
62,105	158,793
27,773	37,220
285,601	371,378

Branches – no commitments existed under non-cancellable operating leases as at 28 February 2014

17 EXECUTIVE HONORARIUM

Honorarium paid to Executive Committee members during the year: A Cutler \$8,000 (\$8,000); G Bellamy \$0 (\$435); B Wards \$856 (\$645)

18 OPERATING SURPLUS / (DEFICIT) FOR THE YEAR

	Group		National Office	
	2014 \$	2013 \$	2014 \$	2013 \$
Operating Surplus / (Deficit) for the year after deducting:	(7,797)	(289,817)	101,933	(360,757)
Audit Fees – National Office	24,252	20,558	24,252	20,558
Audit Fees – Other Firms	6,066	7,132	-	-
Honoraria	15,341	15,037	8,856	9,080
Rent	200,738	186,820	198,049	185,925
Interest Expense	40,989	-	40,989	27,205

19 AMENDMENTS TO OUTPUT DEFINITION

Additional changes have been made to output codes to align the financial statements with the Strategic Plan. Climate Change has been added as output for the 2013/2014 financial year.

Individual project expenses have been reclassified between output codes to better reflect where they relate to.

The financial statements for the year ended 28 February 2013 have been restated as follows:

	Group			National Office		
	Original 2012/2013 \$	Restated 2012/2013 \$	Change \$	Original 2012/2013 \$	Restated 2012/2013 \$	Change \$
Income						
Sustain	102,817	-	102,817	102,817	-	102,817
Donations - General	2,369,814	2,472,631	(102,817)	2,438,779	2,541,596	(102,817)
	2,472,631	2,472,631	-	2,541,596	2,541,596	-
Expenses						
Nature Conservation Beyond Public Protected Areas	1,466,932	1,261,557	205,375	1,131,075	925,700	205,375
Taking Nature Back to Town	246,447	349,173	(102,726)	246,447	349,173	(102,726)
Defending & Expanding Protected Area Networks	664,596	610,652	53,944	577,030	523,086	53,944
Climate Change	-	12,225	(12,225)	-	12,225	(12,225)
An Ecologically Sustainable Economy	177,720	121,941	55,780	174,005	118,226	55,779
International	218,887	114,501	104,386	218,887	114,501	104,386
Communications	553,974	569,990	(16,016)	501,936	517,952	(16,016)
KCC	254,729	260,295	(5,566)	246,049	251,615	(5,566)
Marketing & Promotion	98,534	102,800	(4,266)	98,534	102,800	(4,266)
Membership & Fundraising	2,841,835	2,878,966	(37,131)	2,783,335	2,820,466	(37,131)
Branch Support	198,723	330,470	(131,747)	224,201	355,948	(131,747)
Governance	91,857	188,892	(97,035)	58,569	155,604	(97,035)
Planning and Reporting	256,565	269,336	(12,771)	249,433	262,205	(12,772)
	7,070,799	7,070,799	-	6,509,501	6,509,501	-

20 RESTRICTED RESERVES

As a result of the change in accounting policy with regard to Bequest & Grant income recognition, income received which is subject to certain restrictions has been recognised as an adjustment to Equity, (see Note 19) and these funds are included in cash, deposits and term deposits.

Opening Balance as at 1 March 2013	245,710
Plus Transfer to Restricted Reserves	60,042
Less Transfer from Restricted Reserves	(186,377)
Balance as at 28 February 2014	119,375
These funds are to be used for:	
Education in relation to conservation	60,141
Bat Project	15,688
Kaimai Project	43,546
	119,375

21 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). These standards are being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is expected to be for reporting periods beginning on or after 1 July 2014. This means Forest & Bird expects to transition to the new standards in preparing its 28 February 2015 financial statements. As the PAS are still under development, Forest & Bird is unable to assess the implications of the new Accounting Standards Framework at this time.

Due to the change in Accounting Standards Framework for public benefit entities, it is expected that all new NZ IFRS and amendments to existing NZ IFRS will not be applicable to public benefit entities. Therefore, the XRB has effectively frozen the financial reporting requirements for public benefit entities up until the new Accounting Standard Framework is effective. Accordingly, no disclosure has been made about new or amended NZ IFRS that exclude public benefit entities from their scope.

22 CONTINGENT LIABILITY

As at 28 February 2014 there were no contingent liabilities known to the National Executive.

23 RELATED PARTIES TRANSACTIONS

Forest & Bird National Office has borrowed \$500,000 from the Forest & Bird Endowment Fund to assist with cash flow. Term of loan is 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.

24 CONSOLIDATION OF BRANCHES

The financial statements of the branches of the Royal Forest & Bird Protection Society for the year ended 28 February 2014 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: Ashburton, Central Auckland, Central Hawke's Bay, Central Otago-Lakes, Dunedin, Dunedin - LENZ, Eastern Bay of Plenty, Far North, Franklin, Gisborne, Golden Bay, Hastings/Havelock North, Hauraki Islands, Hibiscus Coast, Horowhenua, Kaikoura, Kaipara, Kapiti-Mana, Lower Hutt, Manawatu, Marlborough, Mercury Bay, Mid North, Napier, Nelson-Tasman, North Canterbury, North Shore, North Taranaki, Northern, Rangitikei, Rotorua, South Auckland, South Canterbury, South Otago, South Taranaki, South Waikato, Southland, Taupo, Tauranga, Te Puke, Thames-Hauraki, Upper Coromandel, Upper Hutt, Waihi, Waikato, Wairarapa, Waitakere, Waitaki, Wanganui, Wellington, West Coast

25 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 \$100,000 (\$100,000) to the National Office.

MAJOR FUNDERS, SPONSORS AND SUPPORTERS

 ASB Community Trust <i>Te Kaitiaki Patea o Tamaki o Tai Tokerau</i>	 BirdLife INTERNATIONAL	 Lottery Grants Board Te Puna Tahua LOTTO FUNDS FOR YOUR COMMUNITY	Design with Purpose
	 The Cooperative Bank	 DLA PHILLIPS FOX	Envirochoice
 Biodiversity OUR LIVING TREASURE HE KURA TAIAO	 Pub Charity™	 HONDA The Power of Dreams	Health Pak
			Kiwi Camping
			Kiwi Karma
			Muzroom
			Planet Goodness
			PZ Cussons
			Simply Pure
			Star Products
			T Gear Trust
			The Pew Charitable Trusts
			Touchcast Limited
			Wrights Vineyard & Winery