

ANNUAL REPORT 2022

GENERAL PURPOSE
FINANCIAL REPORT



Forest & Bird
TE REO O TE TAI AO | *Giving Nature a Voice*

INTRODUCTION

It's a pleasure to be introducing Forest & Bird's 2022 annual report. When I joined Forest & Bird as CEO in March 2022 I looked forward to the challenge of leading the Society as it entered its centenary year. It would be fair to say that the last twelve months have been a combination of hectic and inspiring. A real highlight has been learning about Forest & Bird's rich history, the thousands of Forest & Bird people who have left their imprint on our country and the incredible accomplishments that Forest & Bird has made as an organisation – mahi that has made such a positive difference to the New Zealand we live in today.

I feel honoured to have the opportunity to lead the Society and build on this legacy. This work has also helped me understand our whakapapa – where we come from – something I feel is incredibly important as we look forward to the next 100 years. I've been inspired by what I've learnt and by the many conversations I've had with the Forest & Bird whānau – the dedicated team of staff, volunteers, members, supporters and donors who share a passion for Aotearoa's environment and our special creatures and places.

This annual report provides a window into the wealth of work that these people have undertaken in 2022. It shows the breadth of Forest & Bird's mahi - the opportunities provided for people to connect with nature, the practical conservation work that is undertaken and learnt from, the advocacy work we undertake to prioritise nature and hold decision makers accountable.

I'd like to take this opportunity to thank all our members, supporters, volunteers, donors – everyone who we have worked with – for all their hard work, passion and commitment in 2022. I'm positive about the difference we are making in giving a voice for nature and I'm looking ahead to 2023, celebrating our first hundred years and shaping our future legacy.

Nicola Toki

Chief Executive Officer

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OUR PURPOSE

We protect and restore nature in a climate crisis

OUR VISION

Aotearoa New Zealand working together for nature

OUR MISSION

We stand, speak, and act for nature

HIGHLIGHTS IN 2022

Building people's connection with nature and encouraging them to increase their active participation



4,402

VOLUNTEERS GAVE MORE THAN

96,159

HOURS



5,000

MEMBERS OF KIWI CONSERVATION CLUB



500

YOUNG PEOPLE ENGAGED THROUGH FOREST & BIRD YOUTH



233

LOCAL EDUCATIONAL EVENTS HELD

Reaching out and connecting people



E-NEWS

112,263

SUBSCRIBERS
9 ISSUES PER YEAR



NATURE ACTION

731

SUBSCRIBERS
10 ISSUES PER YEAR



KCC NEWSLETTER

9,225

SUBSCRIBERS
10 ISSUES PER YEAR



FOREST & BIRD MAGAZINE

23,000

PER QUARTER



WILD THINGS MAGAZINE

51,393

COPIES TO KCC MEMBERS
OVER THE YEAR



123,325
FACEBOOK



4,722
LINKEDIN



17,171
INSTAGRAM



17,300
TWITTER

Followers in February 2023

HIGHLIGHTS IN 2022

Initiating, supporting and delivering local and national conservation programmes



1,482

HECTARES OF OWNED AND
MANAGED RESERVES PROVIDE
SPACES WHERE PEOPLE CAN
ENGAGE WITH NATURE



RESTORATION WORK
CARRIED OUT ACROSS

27,394

HECTARES OF LAND



37

LOCATIONS ACROSS
THE COUNTRY



MORE THAN

38,000

PLANTS AND TREES
PLANTED



23,916

TRAPS AND BAIT
STATIONS CHECKED



9,460

HOURS OF WEEDING
CARRIED OUT

HIGHLIGHTS IN 2022

Influencing key decision makers to prioritise nature and holding them to account



MORE THAN
50
NATIONAL OR
REGIONAL
SUBMISSIONS
SUBMITTED IN 2022



818
STORIES IN
NATIONAL,
REGIONAL OR
LOCAL MEDIA



41
MEDIA RELEASES
ISSUED ON
NATIONAL ISSUES



13
NATIONALLY OR
REGIONALLY
SIGNIFICANT LEGAL
CASES UNDERWAY
IN 2022



8
REGIONAL
CONSERVATION
MANAGERS



4
EXPERT
ADVISORS



5
LEGAL AND
PLANNING
EXPERTS

ENGAGING WITH LOCAL, REGIONAL AND NATIONAL DECISION MAKERS

HIGHLIGHTS IN 2022

Ensuring the mechanisms that keep the society effective and aligned are working well and are sustainable



A NEW
FOREST & BIRD
**HEALTH
AND
SAFETY**
SYSTEM



NEW BRANCH
**SUPPORT
ADVISOR**
PUT IN PLACE



A NEW
APPROACH TO
**RISK
MANAGEMENT**
DEVELOPED



A MID-TERM
STRATEGY
REFRESH KICKED OFF
BY THE BOARD



WORK CARRIED OUT
TO ASSESS OUR
**CARBON
FOOTPRINT**
AND TAKE ACTION TO
REDUCE OUR EMISSIONS



FOREST & BIRD
TE AO MĀORI
POLICY AND KAUPAPA
MĀORI APPROACH

100

**CENTENARY
WORK**

OUR
WHAKAPAPA
AND HISTORY

2022 IN SUMMARY

Delivering on key conservation outcomes from our 2020-2025 Strategy.



CLIMATE CENTRED

Ensuring our country does everything we can to keep the climate safe for all life on Earth. The impact of climate change will be at the centre of everything we do.



ECONOMY THAT SUPPORTS NATURE

A community that recognises that the long-term economy is dependent on a healthy environment for nature's intrinsic and lifegiving values.



VIBRANT LANDSCAPES

Stable, healthy ecosystems full of native animals and plants.



ENERGISED WATER, RIVERS AND WETLANDS

Rivers and streams that run clean, healthy and are teeming with life.



OCEANS ALIVE

Protected and preserved marine life and ecosystems.

STRATEGIC ACHIEVEMENTS

Our impact - delivering on key conservation outcomes from our 2020-2025 Strategy.



SO1: “CLIMATE CENTRED”

Ensuring our country does everything we can to keep the climate safe for all life on Earth. The impact of climate change will be at the centre of everything we do.

OUTCOMES BY 2025

WHAT WE ACHIEVED IN 2022

1.1 Government has implemented a programme of action on the climate crisis that will achieve Carbon neutrality as a country by 2040 and which places Aotearoa, New Zealand as a recognised world leader in mitigating its effects.

- Forest & Bird provided advocacy input into the development of the Emission Reduction Plan (ERP) which was published in 2022.
- Forest & Bird was also involved in the development of a National Adaptation Plan (NAP) which was also published in 2022.
- Our main contribution has been championing the importance of these plans and also bringing forward specific ideas around “Nature based solutions”.
- This concept has been recognised by government as a key plank of this twin reduction and adaptation approach. Nature based solutions have been embedded through a chapter in the Emissions Reduction Plan. Forest & Bird successfully provided information about the benefits that Nature Based Solutions can provide to both the climate and biodiversity. Nature based solutions are now gaining traction in both central and local government thinking (For example, MFE has published advice on how Councils can give effect to the requirement to take climate change into account in resource management planning.)
- A climate budget was also announced alongside the 2022 Budget. Forest & Bird research (carbon and pests, forestry) was significant in leading to greater conservation investment in these areas.

1.2 There is widespread public understanding of the risks to nature from climate change and demands that this be addressed.

- Forest & Bird has been active in highlighting the risks to nature from climate change through its messages to branches, supporters and volunteers in 2022. We have also been a leading public advocate in the media about these issues.
- In 2022, Forest & Bird provided key information through the media on environmental issues (in particular around climate change).
- Public awareness of climate change in general continues to grow as evidenced by a July 2022 IPSOS mori report on New Zealander's attitudes and behaviours to climate change¹.

1.3 The public has a broad understanding of nature's value in mitigating climate change impacts and addressing emissions.

- Awareness of the damage and impacts of climate change is growing. Extreme weather events globally are bringing home the consequences of our changing climate. The damage caused in early 2023 by Cyclone Gabrielle has highlighted this in stark terms for New Zealanders.
 - Awareness of nature's value as a mitigator is still gaining momentum and Forest & Bird has been active in highlighting solutions to national and local government as well as the wider public.
 - Work in 2022 included publishing new work on "Room for Rivers" which highlights solutions around flood mitigation that can be implemented in New Zealand. This is now being piloted by some local government bodies.
 - A suite of nature-based solutions that could be accelerated as part of the post-Gabrielle rebuild was also developed in early 2023. This has been shared with senior officials, Ministers, and other leading political figures to help inform rebuild options.
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1

<https://www.ipsos.com/en-nz/nz-attitudes-and-behaviours-towards-climate-change>

1.4 Climate crisis response and resilience is embedded in terrestrial, freshwater and marine resource management legislation

In 2019, the Government commissioned a Resource Management Review Panel (Randerson Panel) to review how the RMA has performed. The resulting report titled 'New Directions for Resource Management in New Zealand' was published July 2020. In February 2021, the government announced it would repeal the RMA and enact new three new laws based on the recommendations of the Randerson Panel. They are:

- Natural and Built Environments Act
- Spatial Planning Act
- Climate Adaptation Act.

A key objective of the reforms is "Better prepare for adapting to climate change and risks from natural hazards and better mitigate the emissions contributing to climate change". In 2022 (and early 2023) significant work has been undertaken in this area at both the national and regional levels by Forest & Bird. At the national level Forest & Bird has engaged in the legislation development process for the new post-RMA processes. This includes work on the development of the Acts and Select Committee processes (starting in late 2022 but continuing through 2023).

We have also engaged around the development of the National Planning Framework (NPF). The NPF will have a key role in the new post RMA system - it will provide mandatory direction and incorporate existing national direction. Developing the NPF will involve a process including a Board of Inquiry sub-process before final decisions are made by the Minister.

Work has also focused on ensuring that environmental prioritisation is reflected at the regional level through the new Spatial Planning Act (SPA) which requires long term spatial planning through the development of Regional Spatial Strategies (RSS). RSS are intended to enable and drive changes in land use and the coastal marine area, while protecting and enhancing the natural environment.

1.5 New Zealand-based private and public investors are divesting from climate damaging investments in New Zealand and offshore

Good progress is being made in shifting investment behaviours with Forest & Bird highlighting this amongst its members and supporters through its partnership with Pathfinder which continues to develop in 2022. New Zealand has become the first country in the world to introduce legislation requiring mandatory climate-risk reporting for the financial sector. This is primarily done through the Financial Sector (Climate-related Disclosures and Other Matters) Amendment Act 2021. The Act outlines the reporting required by 'climate reporting entities', which represent the majority of assets under management in New Zealand. Around 200 entities in New Zealand are required to produce climate-related disclosures.

Forest & Bird partnership with Pathfinder is encouraging supporters and members of the public to switch to ethical investments. Of the 6,350 Pathfinder Kiwisaver members, 20% chose Forest & Bird as their preferred charity.

1.6 Forest & Bird will emit less carbon than it absorbs at both a national and branch level

In 2022 a project was commissioned which will establish how much carbon Forest & Bird emits and determine how we will measure, offset and report on this going forward in a way that is consistent with best practice. This work has an initial focus at a national level, with branches to follow at a later date. Progress on a verified emissions measurement program (with ISO standard) is being made with results due in autumn 2023. This work with Toitū will provide a measurement programme and the evidence base to kick off an improved reduction programme.

1.7 Forest & Bird has increased effective pest control over its own land

Forest & Bird has 1482 hectares of land spread across 37 reserves nationally. Pest control measures are in place across all reserves where this is appropriate. In 2022, 80% of all Forest and Bird managed forested reserve land has pest control measures in place.



SO2 - “ECONOMY THAT SUPPORTS NATURE”

A community that recognises that the long-term economy is dependent on a healthy environment for nature’s intrinsic and lifegiving values.

OUTCOMES BY 2025

WHAT WE ACHIEVED IN 2022

2.1 Government has adopted goals and measures for environmental progress with at least equal status to economic equivalents

Forest & Bird has been supporting this work through its advocacy work alongside other environmental NGOs such as Greenpeace, EDS, Fish and Game and WWF.

Looking at 2022 and we can see that good progress continues to be made in setting goals and measures for environmental progress, including shifts that are lifting their importance relative to wider economic measures. For example, we have seen the publication of the ERP, the NAP and Te Mana o te Taiao (TMOTT).

Significantly, the refresh of the Treasury Living Standards Framework (undertaken in 2021 and being rolled out in 2022) now sees environmental indicators placed on the same footing as financial and physical capital. The Treasury also reports on progress on key environmental indicators (including biodiversity, river health, fish stocks, emissions etc) as a core part of the LSF.²

2.2 Government has adopted new economic measures to incentivise environmental protection and restoration and discourage environmental damage

2022 saw new economic investment by government in environmental outcomes. Forest & Bird has been a leading voice in advocating for this investment and highlighting areas (such as pest control) where investment can make important environmental in-roads.

In the 2022 Budget the government allocated \$2.9 billion (across the forecast period) for a new Climate Emergency Response Fund. This is in addition to pre-commitments of \$840 million total operating for international climate finance under the Paris Agreement, and \$25 million total operating for the Government Investment in Decarbonising Industry Fund.

The overall level of government expenditure in environmental agencies has also increased – although from a relatively low baseline. For example, the Budget 2022 provides an extra \$374m of operating funding and \$26m of capital funding to DOC to significantly progress implementation of the New Zealand Biodiversity Strategy, and to help New Zealand achieve its future carbon goals.

2.3 Government has ended all new coal, oil and gas exploration or extraction in Aotearoa, New Zealand

In 2022 Forest & Bird undertook a refreshed campaign around “no new mines on conservation land”. This involved a high-profile media campaign which has put this issue back in the limelight. A petition to parliament was also presented – aligned with a private members bill which has consistent goals – the Crown Minerals (Prohibition of Mining) Amendment Bill. This Bill seeks to ban mining on or requiring access from conservation land or waters.

As part of our work in 2022 Forest & Bird has also highlighted the significant range of mining activities that have been permitted since this “no new mines” commitment was made.

At the time of writing Forest & Bird’s campaign has made in-roads. Cabinet considered a paper on this move in late 2022. Further policy work is now currently underway. We are confident that further progress towards this goal will be made in early 2023.

2.4 Government has integrated just transition factors into investment policies and decision making

In late 2021 New Zealand signed up to the International Just Transition Declaration, at COP26 in Glasgow. This acknowledges that countries must respond to the climate crisis in a way that is fair to everyone. To deliver on this the Government has established a Just Transition team to support this goal. It has a particular focus on regions where it is likely that the impact of change will be disproportionately felt. For example, Taranaki and Southland.

More recently, the government has introduced the ERP – this is the primary mechanism that is driving an integrated approach to a transition to a low carbon future in a just, inclusive, and equitable way. Forest & Bird has supported the ERP’s development and has provided input in previous years in to the role that nature-based solutions can play in a long-term, just transition from a carbon-positive economy.

2.5 There is a measurable reduction in both fossil fuel and irrigation investment

Progress has been made and a reduction in investment continues to gain momentum. Government has stopped default KiwiSaver funds from investing in fossil fuel companies. Research in November 2021 showed that KiwiSaver investors have \$1.5 billion invested in fossil fuel companies and there are a further \$1.3 billion in retail investment funds³. This analysis of portfolio holdings showed that in 2019, 2% of KiwiSaver funds were managed with fossil fuel exclusion policies; by August 2021, that had risen to 19%.

A new responsible investment framework for the Crown Financial Institutions: the ACC, Government Superannuation Fund, National Provident Fund and the New Zealand Superannuation Fund has also been launched aimed at aligning investment practices with the government climate change agenda. Government is also winding down public funding in large scale irrigation through Crown Irrigation Investments Ltd (CIIL).

In 2022 Forest & Bird has been active in providing submissions on reforms of existing government mining legislation. Work by Forest & Bird (and other NGOs) has supported the government with the Crown Minerals Amendment Bill – notably removing “promotion” of mining from legislation.

2.6 All Kiwisaver funds and public institutions no longer invest in significant environmentally damaging activities

As noted above progress is being made in some areas. The outcome as stated is difficult to measure given the breadth of activities that could be considered “significantly environmentally damaging”. A proxy measure used here is around carbon reduction.

There is a shift happening in this space as evidenced by an investment survey, undertaken between mid-September and early October 2021. This included nine of the 10 largest fund managers and covered 75% of the estimated total NZ funds under management. The survey revealed five pledges to Net Zero by NZ investment organisations: BT/Westpac, Mercer Investments, Pathfinder Asset Management, Russell Investments, and QBE Insurance. Collectively, their funds under management amount to around \$40 billion. Since the survey, government Ministers and several Crown Financial Institutions have also announced a pledge to Net Zero emissions by 2050 – covering the New Zealand Superannuation Fund, Accident Compensation Commission, Government Superannuation Fund and National Provident Fund which collectively administer around \$110 billion.

Forest & Bird use ethical investment company Pathfinder for the Endowment Fund and preferred provider of staff Kiwisaver. Partnership is also used to promote ethical investments to the wider Forest & Bird support base.



SO3 - “VIBRANT LANDSCAPES”

Stable, healthy ecosystems full of native animals and plants

OUTCOMES BY 2025

WHAT WE ACHIEVED IN 2022

3.1 Forest & Bird fosters relationships with forest owners, land managers and kaitiaki Māori to enable these areas to be managed effectively for carbon sequestration, pest and weed control

Forest & Bird is committed to working “at place” with the full range of local stakeholders in communities. A key focus of our work is pest control, planting and weed control. Understanding of carbon sequestration is improving and in 2022 Forest & Bird has been active in supporting relationships in this space through its work on pests and carbon (with the release of our ‘Native Habitat Carbon in Crisis’ report), wetlands and our “4 Forests” approach.

A highlight in 2022 was securing progress with government on policy around exotic and native forestry carbon sinks and also higher levels of investment in pest control. The 2022 budget saw the government intending to spend \$145 million on native forest replanting and restoration, a further \$111 million on research into carbon storage in native forests.

3.2 Forest & Bird successfully advocates for increases in aerial 1080 predator control of 100,000 Ha each year

The 2022 budget saw an increase in baseline predator control from 450,000 ha to 600,000 ha and a further \$30 million in deer and goat control over the next four years. Forest & Bird has a position that we need to hit 1m hectares of baseline predator control in order to effectively manage the impact on our forests and biodiversity.

As noted, in 2022 Forest & Bird research on carbon impacts of browsing pests was instrumental in supporting this uplift in pest control investment.

3.3 A large mainland peninsula becomes predator-free

Predator Free New Zealand is driving progress towards this goal. At present, the main area that is likely to achieve this outcome is the Miramar Peninsula in Wellington. Forest & Bird works alongside PF2050 across the motu. Our local branches in Wellington are supportive of this wider mahi and continued with this work in 2022.

There are also predator eradication opportunities being explored at Whangaparāoa Peninsula as part of the ongoing work of our Pest Free Hibiscus Coast Project.

3.4 Stewardship land is acknowledged as having conservation value either because of its high ecological integrity or the potential to restore and enhance threatened or rare ecosystems.

Significant work on stewardship land reform/reclassification was undertaken by Forest & Bird in 2022. This involved engagement across the Canterbury/West Coast regions and extensive meetings and dialogue with branches, other local groups, iwi and government officials. A substantive and detailed expert submission was provided on the proposed reforms. The work of Forest & Bird has been recognised as providing new insights around the parcels of land under consideration and is highly likely to inform changes from the initial proposals.

The reclassification process has however been problematic and there remain significant risks that reclassification will not secure the environmental protection that these lands warrant.

3.5 Protection of natural ecosystems is secured for all publicly owned land, including crown pastoral leases.

Crown pastoral land encompasses some of NZ's most iconic landscapes and is a taonga for all New Zealanders. Forest & Bird takes a particular interest in Crown pastoral land because some of the most intact, rare, and under-protected dryland ecosystems remain on this land. However due to land use change and ambiguous regulation, these ecosystems are becoming fragmented and are rapidly disappearing.

In 2022 Forest & Bird submitted on Crown pastoral land reform, and welcomed the Crown Pastoral Land Reform Act 2022, particularly ending tenure review, and the establishment of standards and regulations to improve land management practices and increase accountability. Forest & Bird has also provided feedback on the proposed standards and regulations to better achieve the outcomes set out in the Act.

3.6 All government agencies understand the importance of, and provide for, biodiversity protection including restoration and enhancement, and a mountains-to-sea approach in strategies, policies and plans

In April 2022 the government launched the implementation plan for Te Mana o te Taiao (TMOTT). This provides a national basis for biodiversity protection including restoration and enhancement. The implementation plan and TMOTT together form the Aotearoa New Zealand Biodiversity Strategy.

In addition, in June 2022 the government published an exposure draft National Policy Statement for Indigenous Biodiversity.

Forest & Bird is working to provide input in to both the implementation plan for TMOTT and has provided feedback on the NPS IB. Collectively these are critical documents for the future of New Zealand's biodiversity.

3.7 Predator Free New Zealand (PF2050) is on a viable course, has realistic implementation strategies developed, and has clear direction for implementation of stage 2 beyond the first 5-year-phase

The 2021 5-year progress report from PF2050 shows good progress and that it is on course with a clear direction and plan to proceed beyond their initial 5 year start up phase. Their dashboard shows 5 of 7 goals are on track to be achieved or have been achieved. One will not be achieved by 2025 (mammalian predators eliminated from offshore islands) and one has insufficient data (breakthrough science).

In 2022 Forest & Bird contributed to this mahi through its national advocacy on pest control investment and approaches and also local action undertaken by volunteers across our projects.



SO4 - “ENERGISED WATER, RIVERS AND WETLANDS”

Rivers and streams that run clean, healthy and are teeming with life.

OUTCOMES BY 2025

WHAT WE ACHIEVED IN 2022

4.1 Forest & Bird has incorporated knowledge of the impact of climate change on freshwater ecosystems into campaign work and communications

Climate change is expected to affect when, where, and how much rainfall, snowfall, and drought occur. This may change the amount of water in our soil and in glaciers, lakes, rivers, and groundwater. The frequency of extreme weather events is expected to increase. The flows, mixing, and temperature of water in lakes, rivers, and groundwater is also projected to change. Ultimately, all these changes will affect what we do (including where and how we produce food), our economy, and how and where we live.

In 2022 Forest & Bird put in place dedicated Freshwater Advisory capability to ensure that these issues are highlighted in our campaign work and communications. This has led to a significant uplift in our ability to deliver on this goal.

4.2 Aotearoa, New Zealand has a strong regulatory framework that is incorporated into regional and district council plans to ensure protection of freshwater habitats and species.

New rules to protect and restore New Zealand’s fresh water came into effect on 3 September 2020. This included the new National Policy Statement on Freshwater Management (NPS-FM), National Environmental Standards for Freshwater (NES-F), stock exclusion regulations, and updates to the regulations which cover the measurement and reporting of water takes. These regulations aim to deliver on the government’s commitment to stop further degradation, show material improvements within 5 years, and restore waterways to health within a generation.

In 2022 Forest & Bird also published the Making Room for Rivers report, calling on the government to make a national plan including strategic managed retreat from high risk flood plains.

4.3 Regional Councils will have transparent and accountable regional freshwater management plans, with appropriate monitoring, compliance and enforcement

Guidance to progress this was published in August 2022 – namely Guidance on the National Objectives Framework of the NPS-FM 2020. The guidance sets out the process for regional councils, along with tangata whenua and communities, to manage freshwater in their region and develop freshwater regional plans to give effect to Te Mana o te Wai.

It provides information about the provisions critical for successfully implementing the National Objectives Framework including:

- The requirements of Te Mana o te Wai
- The long-term visions for freshwater
- Tangata whenua involvement
- Integrated management
- Using the best information available.

It also sets out the steps to follow when implementing the National Objectives Framework.

In 2022 work was initiated by Forest & Bird to support regional councils with these plans. Engagement with councils to help model best practice planning is now underway.



SO5 - "OCEANS ALIVE"

Protected and preserved marine life and ecosystems

OUTCOMES BY 2025

5.1 Working alongside iwi, the Government has adopted marine-spatial planning processes in a meaningful network of marine protected and no-take marine protected areas

WHAT WE ACHIEVED IN 2022

The government's Conservation Law reform programme published in 2022 contains a number of key focus areas that see progress towards this outcome. Revitalising the Gulf: Government action on the Sea Change Plan proposes that 18 protected areas are established through new tools in the Hauraki Gulf in 2024. This includes:

- 11 High Protection Areas to protect habitats and ecosystems while providing for the expression of customary practices by mana whenua;
- 5 Seafloor Protection Areas to protect the sea floor; and
- additional protection adjacent to 2 existing marine reserves.

Marine Protected Areas reforms are also proposed through to 2025. These will create a more strategic, nationally coordinated framework for marine protection and will explicitly recognise Treaty partners' rights and interests in marine protection.

Two other government initiatives are also underway which support this objective. A Fisheries Industry Transformation Plan (ITP) is in development and in addition, TMOTT has a number of key marine objectives.

Forest & Bird is active across this broad range of areas - notably through the 2022 appointment of a Hauraki Gulf advisor and the launch of a "Love the Gulf" campaign. A broad range of submissions on fisheries plans were also provided (Crayfish, Tarakihi, Gulf Plan, Fisheries Act).

5.2 Government has reformed the Fisheries Act (and other marine legislation) to incorporate ecosystem-based fisheries management capable of delivering a pathway to zero bycatch and inclusive of the values and aspirations of iwi and hapū.

Changes to the Fisheries Act are going through the parliamentary process having been introduced in 2022. This is currently with select committee. This bill will amend the Fisheries Act 1996. It will require several consequential amendments to the commercial and recreational fishing regulations and aims to provide for a commercial fishing sector that is innovative, and technology driven, has highly selective practices, and is responsive to cumulative pressures on the marine environment caused by, for example, climate change.

Alongside the legislative reforms a Fisheries Change Programme is underway which aims to strengthen and modernise the way fisheries are managed; and ensure the sustainability of New Zealand's fisheries. The programme has 3 parts:

1. Introducing mandatory electronic catch and position reporting to improve the collection and reliability of fisheries information
2. Changing fishing rules and policies to make them simpler, fairer and more responsive, while also incentivising better fishing practice
3. Improving monitoring and verification capabilities, including the use of on-board cameras, to better observe fishing practice.

In 2022 Forest & Bird work to provide input in to the Fisheries Change Programme was undertaken using dedicated resource from both national (strategic advisor) and regional (notably Auckland regional managers) staff.

5.3 All fishing vessels are 100% transparent (with at-sea observers, or cameras and digital monitoring deployed)

Good progress has been made towards this objective with Forest & Bird long campaigning on the need for change. In June 2019 the Government announced roll-out of cameras on a small number of vessels in Māui dolphin habitat starting November 2019. This was delayed to until October 2021 but is now underway. In September 2020 government announced intention to proceed with a budget bid to roll out cameras starting October 2021. In June 2021 government announced the roll out of cameras on the inshore fishing fleet to be completed in 2024. In August 2022 a significant change also took place when it was announced that 300 cameras would be put on the in-shore fleet and an announcement around digital monitoring was also made.

5.4 Government has put an end to oil and gas exploration and extraction, and eliminated or minimised threats to the marine environment, including climate change and ocean acidification

In 2018, the NZ government decided not to grant any new petroleum exploration permits, with the exception of onshore Taranaki. This decision effectively banned future oil and natural gas exploration in Aotearoa New Zealand, though companies can continue to look for and extract oil and natural gas under existing permits.

New permits cannot be granted, and existing permits are being progressively surrendered.

In 2022 Forest & Bird continued to maintain a watching brief on this area, noting that the energy lobby continues to advocate for the overturning of this ban.

5.5 Bycatch of endangered threatened or protected species is reduced year on year.

Protected species that are incidentally captured in NZ fisheries (bycatch) include seabirds, marine mammals, some bony fish, sharks and rays, marine reptiles, and marine invertebrates. Recognition of the threats posed by fisheries for some protected species, in addition to potential impacts on biodiversity, has led to specific bycatch reduction goals in TMOTT. These goals include zero bycatch of non-target species by 2050.

Goals in this strategy include that:

- “the number of fishing-related deaths of protected marine species is decreasing towards zero for all species” by 2025 (under Objective 12.2.1);
- “the direct effects of fishing do not threaten protected marine species populations or their recovery” by 2030 (Objective 12.2.2); and
- “the mortality of non-target species from marine fisheries has been reduced to zero” by 2050 (Objective 12.2.3)

This remains an important area of focus of Forest & Bird. In 2022 work was undertaken to support the development of the NPOA on Sharks and new work commissioned to support the NPOA Seabirds. Forest & Bird also continues to operate a valuable partnership with Birdlife International that enables the employment of a seabird advisor and supports domestic and international work in this area.

CONSOLIDATED STATEMENT OF SERVICE PERFORMANCE

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED

For the period ended 31 December 2022

Strategic priority	2022 Operational Plan KPI	2022 Operational Achievement	2021 Performance Comparison
Government decisions that achieve our Strategic Plan objectives	2022 Forest & Bird campaigns for governance of and implementation of Te Mana o te Taiao that reflects strategic plan objectives	5 submissions to MPI Participation in Sharks TAG & Hauraki Gulf Fisheries Plan Group 20 Media releases relating to TMOTT 1 Appeal relating to TMOTT	Over 6,000 people signed petitions to end both new coal mining and new mines on conservation land Forest and Bird was consulted on two changes to the fresh water National Environmental Standard and National Policy Statement Forest and Bird involved in two Water Conservation Order applications and nine freshwater-related Environment Court appeals on district and regional plans.
	2022 Forest & Bird campaigns for local government reform that reflects F&B strategic plan objectives	N/A – Central Government shelved proposals for 2022	N/A

Strategic priority	2022 Operational Plan KPI	2022 Operational Achievement	2021 Performance Comparison
Integrating climate change into everything we do	2022 Forest & Bird campaigns for the Government's Adaptation Plan to reflect F&B strategic plan objectives	F&B submission on National Adaptation Plan resulted in wording from our submission being used in final plan.	Publicity campaign - 2,475 people made submissions to the Government 3,037 supported Forest and Bird's submission to the New Zealand Climate Change Commission
	2022 Climate change messaging is delivered across all campaign activities	26 Media Releases relating to climate change 2 Appeals relating to climate change	Published Protecting our Natural Ecosystem Carbon Sinks 40 media releases 4 Appeals relating to climate change
Membership	KCC Engagement Index increases by 5% on 2021 figures. This index includes an increase in membership and renewals as well as the growth in community engagement.	85.65 - Not Achieved 6% less than previous year	90.93
	The F&B Youth Community (members and supporters) has grown by 50% by the end of 2022, and is aligned to, and has the opportunity to engage with all aspects of F&B.	191 - Not Achieved Less than 2021 total	195
	Survey of branches finds more than 75% are satisfied or very satisfied with the level of support they receive from National Office.	Achieved - 85% (29 out of 34) of branches who responded to the survey said that they were satisfied or very satisfied with the level of support from National Office.	52% (12 out of 23) of branches who responded to the survey said that they were satisfied or very satisfied with the level of support from National Office.

Strategic priority	2022 Operational Plan KPI	2022 Operational Achievement	2021 Performance Comparison
Centenary Celebrations	An agreed programme of events and activities is confirmed and booked for the Forest & Bird centenary in 2023	Achieved – events program confirmed in Dec 2022	Not applicable in 2021
Making Forest & Bird magazine more publicly available	Magazine distribution has increased.	99,470 – Achieved Increase of 6,122 or 6%	93,348
Fundraising	Fundraising performance shows year on year improvement with key measures being donor retention, response rates to appeals, and growth in each income channel	Not Achieved Income from those streams: \$9,684,558 \$205,998 below 2021 level or 2% less	Income from those streams: \$9,890,556
	Members get full value from their engagement with Forest & Bird demonstrated by year on year increase in membership renewal rate. Membership income grows by a minimum of 4%	Not Achieved Total members = 6,944 Renewals = 276 Membership income = \$357,348	Total members = 7,273 Renewals = 556 Membership income = \$383,829
Carbon Emissions	Quarterly reports to the Board show F&B national office has implemented measures to reduce its carbon output.	Partially achieved – Board KPI report includes carbon accounting measure where updates have to be provided at each Board meeting. Reporting has been inconsistent due to capacity issues and F&B COVID restrictions meaning that contractors were not allowed on site to complete carbon accounting work	Partially achieved – Board KPI report required quarterly reporting but reporting not completed in some quarters due to capacity constraints and F&B COVID restrictions

FINANCIAL STATEMENTS



ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE & EXPENSES FOR THE PERIOD ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$	Group 31 Dec 2021 (restated) \$
Income			
Subscriptions - Forest & Bird		320,268	342,749
Subscriptions - Kiwi Conservation Club		51,459	45,869
Donations - general		4,934,228	5,765,774
Appeals		814,798	1,140,332
Grants	6	1,072,812	760,394
Corporate sponsorship	7	482,781	417,317
Other operating income		709,869	984,195
Bequests	5	2,008,212	1,418,132
Ruapehu Lodge income		55,034	35,549
TOTAL OPERATING INCOME		10,449,461	10,910,310
Less cost of raising income			
Cost of raising income		1,908,437	2,078,185
Total operating costs - raising income	8	1,013,904	999,052
TOTAL COST OF RAISING OPERATING INCOME		2,922,341	3,077,237
GROSS SURPLUS		7,527,120	7,833,073
Expenditure			
Conservation - expenditure			
Climate		17,065	53,427
Freshwater		59,783	23,553
Marine		62,573	52,548
Terrestrial		1,535,798	1,054,425
International		110,263	106,933
KCC		280,048	260,390
Branch support		5,939	4,961
Total operating costs - conservation	8	2,855,518	2,460,601
Donations		49,720	40,130
Other branch operation expenditure		230,613	80,820
TOTAL COST OF CONSERVATION		5,207,319	4,137,789
Conservation Support - expenditure			
Centennial		27,629	-
Governance		76,463	93,948
Marketing and communications		74,263	55,474
Planning and reporting		65,242	46,898
Total operating costs - conservation support	8	1,187,680	1,107,827
TOTAL COST OF CONSERVATION SUPPORT		1,431,277	1,304,147
TOTAL EXPENDITURE		6,638,596	5,441,935
Surplus / (deficit) for the year before other income and expenditure		888,524	2,391,138
Other Income			
Interest received		184,092	37,053
Interest and dividends received - Grant & Marilyn Nelson Endowment Fund	9	155,004	245,313
Interest and dividends received - Forest & Bird Endowment Fund	22	1,407	2,377
Unrealised gain on investment - Other investments		(33,695)	23,119
Unrealised gain / (loss) on investment - Grant & Marilyn Nelson Endowment Fund	9	(514,337)	(116,843)
Unrealised gain on investment - Forest & Bird Endowment Fund	22	(689,619)	510,652
TOTAL OTHER INCOME		(897,148)	701,672
Other Expenditure			
Forest & Bird Endowment Fund expenditure	22	26,708	5,908
Grant & Marilyn Nelson Endowment Fund expenditure	9	45,438	47,844
Asset impairment		-	-
TOTAL OTHER EXPENDITURE		72,146	53,752
Total comprehensive revenue and expense for the year		(80,770)	3,039,058

The attached notes form part of and are to be read in conjunction with the consolidated financial statements.

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS / EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2022

	\$	Group \$	\$
	Accumulated revenue and expense	Restricted cash reserves (note 10)	Total net assets/equity
Balance as at 31 December 2020	11,320,305	9,345,873	20,666,178
Prior period error (Note 9)		(5,000,000)	(5,000,000)
Restated balance as at 31 December 2020	<u>11,320,305</u>	<u>4,345,873</u>	<u>15,666,178</u>
Total comprehensive revenue and expense for the year	3,039,058	-	3,039,058
Transfers - restricted cash reserves (Note 10)	(245,993)	245,993	-
Balance as at 31 December 2021 (restated)	<u>14,113,371</u>	<u>4,591,866</u>	<u>18,705,237</u>
Total comprehensive revenue and expense for the year	(80,770)	-	(80,770)
Transfers - restricted cash reserves (Note 10)	(81,775)	81,775	-
Balance as at 31 December 2022	<u>13,950,826</u>	<u>4,673,640</u>	<u>18,624,466</u>

The attached notes form part of and are to be read in conjunction with the consolidated financial statements.

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2022

	Note	31 Dec 2022 \$	Group 31 Dec 2021 (restated) \$
Equity			
Member funds		13,950,826	14,113,371
Branch reserves	10	1,270,023	1,581,227
National office reserves	10	3,403,617	3,010,639
		18,624,466	18,705,237
Current liabilities			
Accounts payable	11	905,297	881,093
Income received in advance	12	154,048	165,342
Rental income received in advance	13	94,613	99,344
Deferred income	14	992,313	891,840
		2,146,272	2,037,619
Non-current liabilities			
Restricted funds	15	760,219	821,722
Loans	15	-	80,333
		760,219	902,055
TOTAL MEMBERS FUNDS & LIABILITIES		21,530,956	21,644,911
Current Assets			
Cash & cash equivalents		2,135,933	1,715,041
Deposits (On Call)		2,481,552	3,775,522
Deposits (On Call) - Grant & Marilyn Nelson Endowment Fund	9	232,626	954,794
Investments - term deposits		6,127,350	3,937,716
Receivable (from exchange transactions)	16	536,972	359,943
Inventory	4	5,373	5,176
		11,519,806	10,748,191
Non current assets			
Investments - Managed Funds and Other Securities		2,004,054	1,174,388
Investments - Grant & Marilyn Nelson Endowment Fund	9	693,054	1,678,259
Investments - Forest & Bird Endowment Fund	22	4,458,534	5,172,147
Restricted funds	15	760,219	821,742
		7,915,861	8,846,536
Fixed Assets			
Property Plant & Equipment	23	2,062,724	1,991,168
Intangible Assets	24	32,566	59,015
		2,095,290	2,050,183
TOTAL ASSETS		21,530,956	21,644,911



A Chow
Treasurer
For and on behalf of the Board
Date: 23 June 2023

The attached notes form part of and are to be read in conjunction with the consolidated financial statements.

	31 Dec 2022	Group 31 Dec 2021 (restated)
	\$	\$
Cash flows from operating activities		
Proceeds from:		
Donations, fundraising and other receipts	8,235,289	9,074,245
Subscriptions	360,433	385,350
Grants	1,173,285	1,027,464
Receipts from providing goods & services	1,070,675	527,681
Interest & dividends	340,503	284,744
Restricted funds	-	-
Net GST	(255)	26,677
Payments to:		
Suppliers and employees	(9,440,383)	(9,416,274)
Donations or grants paid	(49,720)	(40,130)
Net cash inflow/(outflow) from operating activities	1,689,828	1,869,756
Cash flows from investing activities		
Proceeds from:		
Disposal of property, plant and equipment	-	-
Sale of investments	-	-
Loans borrowed from other parties	-	-
Payments for:		
Purchase of property, plant and equipment	(171,022)	(146,870)
Repayments of loans borrowed from other parties	(80,333)	(16,067)
Purchase of investments	(2,987,691)	(1,739,654)
Net cash inflow/(outflow) from investing activities	(3,239,046)	(1,902,590)
Net increase/(decrease) in cash and cash equivalents	(1,549,218)	(32,835)
Cash and cash equivalents at beginning of year	6,894,114	6,926,948
Cash and cash equivalents at the end of year	5,344,896	6,894,114
Made up of:		
Bank Overdraft	-	-
Cash & Cash Equivalents	2,135,933	1,715,041
Restricted Funds	494,784	448,757
Deposits (on Call)	2,714,178	4,730,316
	5,344,896	6,894,114

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The attached notes form part of and are to be read in conjunction with the consolidated financial statements.

1. Reporting entity

The Royal Forest & Bird Protection Society of New Zealand Inc. (the 'Entity') is an incorporated society and a registered charity. For the purposes of financial reporting, the Entity is a public benefit entity in accordance with the Incorporated Societies Act 1908, Charitable Trusts Act 2005, and the Financial Reporting Act 2013.

These consolidated financial statements comprise the National Office, branches, the Endowment Fund, and the JS Watson Trust (together referred to as the 'Group').

2. Basis of preparation

(a) Statement of compliance

The Group financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with the Public Benefit Entity Accounting Standards Reduced Disclosure Regime ("PBE Standards RDR") as appropriate for Tier 2 not-for-profit public benefit entities and disclose concessions have been applied.

As a registered charity, the Entity qualifies as a Tier 2 reporting entity as for the two most recent reporting periods it is not publicly accountable and not large (operating expenditure has been between \$2m and \$30m in the current and prior period).

These financial statements were authorised for issue by Alan Chow (National Treasurer) on 23 June 2023.

(b) Functional and presentation currency

These consolidated financial statements are presented in New Zealand Dollars (\$), which is the Group's functional and presentation currency. All amounts have been rounded to the nearest dollar.

(c) Basis of measurement

The Group financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position, which are measured at fair value:

- Shares and Other Securities
- Investments

3. Use of judgements and estimates

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 4 (c) - revenue: whether non-exchange revenue has conditions or restrictions
- Note 4 (j) - leases: the classification of lease arrangements, and an arrangement contains a lease.

4. Summary of significant accounting policies

Significant accounting policies are included in the notes to which they relate. Significant accounting policies that do not relate to a specific note are outlined below.

(a) Basis of consolidation

i. Controlled entities

Controlled entities are those entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from that entity's activities. The financial statements of the Group's controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii. Loss of control of a controlled entity

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any minority interest, and the other components of net assets/equity related to the controlled entity. Any resulting gain or loss is recognised in surplus or deficit.

iii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

(b) Taxes

The Group is a registered charitable organisation and is therefore exempt from income tax under section CW 41 of the Income Tax Act 2007. These consolidated financial statements are prepared on a GST exclusive basis, except for accounts receivable and accounts payable which are stated GST inclusive as the Entity has opted to file returns on a payments basis.

4. Significant accounting policies (continued)

(c) Revenue

Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Group. Revenue is measured at the fair value of consideration received or receivable.

The following specific recognition criteria in relation to the Group's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Subscriptions

Revenue is recognised over the period of the membership or subscription (usually 12 months). Amounts received in advance for memberships or subscriptions relating to future periods are recognised as a liability until such time that period covering the membership or subscription occurs.

Sale of goods (included in "other operating income")

Revenue from sale of goods is recognised in the statement of comprehensive revenue and expense when the Group 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 office.

Services (included in "other operating income")

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.

ii. Revenue from non-exchange transactions

Non-exchange transactions are those where the Group receives value from another entity (e.g. cash or other assets) without giving approximately equal value in exchange.

With the exception of services-in-kind, inflows of resources from non-exchange transactions are only recognised as assets where both:

- It is probable that the associated future economic benefit or service potential will flow to the entity, and
- Fair value can be measured reliably.

Inflows of resources from non-exchange transactions that are recognised as assets are recognised as non-exchange revenue, to the extent that a liability is not recognised in respect to the same inflow.

Liabilities are recognised in relation to inflows of resources from non-exchange transactions when there is a resulting present obligation as a result of the non-exchange transactions, where:

- it is probable that an outflow of resources embodying future economic benefit or service potential will be required to settle the obligation, and
- the amount of the obligation can be estimated reliably.

The following specific recognition criteria in relation to the Group's non-exchange transaction revenue streams must also be met before revenue is recognised.

Grants, donations - general, appeals, and corporate sponsorship

The recognition of non-exchange revenue from grants, donations - general, appeals and corporate sponsorship, depends on the nature of any stipulations attached to the inflow of resources received, and whether this creates a liability (i.e. present obligation) rather than the recognition of revenue.

Stipulations that are 'conditions' specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, resulting in the recognition of a non-exchange liability that is subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.

Stipulations that are 'restrictions' do not specifically require the Group to return the inflow of resources received if they are not utilised in the way stipulated, and therefore do not result in the recognition of a non-exchange liability, which results in the immediate recognition of non-exchange revenue.

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 Group.

Other operating income

Other than revenue from sale of goods and services noted above which are exchange revenue, other operating income includes revenue from non-exchange transactions which is recognised as revenue when received.

iii. Other income

Finance Income

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

4. Significant accounting policies (continued)

(d) Employee benefits

i. Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii. Long-term employee benefits

The Group's net obligation in respect to long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Re-measurements are recognised in surplus or deficit in the period in which they arise.

iii. Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in surplus or deficit in the periods during which services are rendered by employees.

Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

(e) Financial instruments

PBE IPSAS 41 Financial Instruments is effective from 1 January 2022 and was adopted on that date. PBE IPSAS 41 has not had a material impact on the Society's measurement and recognition of financial instruments.

PBE FRS 48 Service Performance Reporting is effective for periods from 1 January 2022 and was adopted by the Group on that date.

PBE FRS 48 requires specific disclosures for the reporting of service performance information which have been provided in the consolidated statement of service performance.

(a) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Society becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus transaction costs that are directly attributable to its acquisition or issue. At initial recognition, an entity may measure short-term receivables and payables at the original invoice amount if the effect of discounting is immaterial.

The Society derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Society neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(b) Classification and subsequent measurement

Financial assets

On initial recognition, all of the Society's financial assets are classified and measured at either amortised cost or fair value through surplus or deficit.

i) Amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions:
it is held within a management model whose objective is to hold assets to collect contractual cash flows;
and
its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit.

ii) Fair value through surplus or deficit

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTSD. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in surplus or deficit.

Financial liabilities

All of the Society's financial liabilities are classified and measured at amortised cost.

Financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus or deficit.

(c) Impairment of financial assets

The Society recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

The Society measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:
bank balances for which credit risk (i.e., the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Society considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Society's historical experience and informed credit assessment and including forward-looking information.

The Society assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Society considers a financial asset to be in default when the financial asset is more than 90 days past due.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Society expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

g) Classification of financial instruments

The tables below show the carrying amount of the Group's financial assets and financial liabilities

Group - 31 December 2022

		Carrying amount (\$)				
		Financial assets		Financial liabilities		Total
		FVTSD ¹	Amortised cost	FVTSD	Amortised cost	
	Cash and cash equivalents		2,135,933			2,135,933
	Deposits (on call)		2,481,552			2,481,552
	Deposits (on call) - Grant & Marilyn Nelson Endowment Fund	9	232,626			232,626
	Investments - Term deposits		6,127,350			6,127,350
	Receivables (from exchange transactions)	16	325,117			325,117
	Investments - Managed Funds and Other Securities		2,004,054		-	2,004,054
	Investments - Grant & Marilyn Nelson Endowment Fund	9	693,054			925,533
	Investments - Forest & Bird Endowment Fund	22	4,458,534			4,458,534
	Restricted funds - asset	15	760,219			760,219
	Accounts Payable	11			(113,711)	(113,711)
	Restricted funds - liability	15			(760,219)	(760,219)
			7,155,642		12,295,276	18,576,988

¹ FVTSD = Fair value through surplus or deficit

Group - 31 December 2021

		Carrying amount (\$)				
		Financial assets		Financial liabilities		Total
		FVTSD ¹	Amortised cost	FVTSD	Amortised cost	
	Cash and cash equivalents		1,715,042			1,715,042
	Deposits (on call)		3,775,522			3,775,522
	Deposits (on call) - Grant & Marilyn Nelson Endowment Fund	9	954,794			954,794
	Investments - Term deposits		3,937,716			3,937,716
	Receivables (from exchange transactions)	16	233,338			233,338
	Investments - Managed Funds and Other Securities		1,174,388			1,174,388
	Investments - Grant & Marilyn Nelson Endowment Fund	9	1,678,259			1,678,259
	Investments - Forest & Bird Endowment Fund	22	5,172,147			5,172,147
	Restricted funds - asset	15	821,742			821,742
	Accounts Payable	11			(248,130)	(248,130)
	Restricted funds - liability	15			(821,722)	(821,722)
			8,024,794		11,438,155	18,393,096

¹ FVTSD = Fair value through surplus or deficit

4. Significant accounting policies (continued)

(h) Property, plant, and equipment

i. Recognition and measurement

Items of property plant and equipment are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

All of the Group's property, plant and equipment are subsequently measured under the cost model: cost (or fair value for items acquired through non-exchange transactions) less accumulated depreciation and impairment.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Website development expenditure is capitalised when incurred.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in surplus or deficit.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

iii. Depreciation

For property, plant and equipment, depreciation is based on the cost of an asset less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives are:

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

Depreciation methods, useful lives, and residual values are reviewed at reporting date and adjusted if appropriate.

(i) Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

iii. Amortisation

Amortisation is recognised in surplus or deficit on a straight line basis over the estimated useful lives of each amortisable intangible asset.

The estimated useful lives are:

Software	5 years	Straight Line
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Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

iv. Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(j) Leases

Operating leases

Leases that are not finance leases are classified as operating leases.

Operating leases are not recognised in the Group's statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Determining whether an arrangement contains a lease

At the inception of an arrangement the Group determines whether such an arrangement is or contains a lease. This will be the case if the following two criteria are met:

- The fulfilment of the arrangement is dependent on the use of a specific asset or assets, and
- The arrangement contains a right to use the asset(s).

At inception or on reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

(k) Inventory

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

(l) 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.

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

5. Bequests

Bequests received during the year to 31 December 2022 for National Office were as follows:

Frederick & Audrey Adams Trust \$4,600, Estate of Colin Armishaw \$9,200, Estate of Glen Robert Martin Beauchamp \$170,612, Estate of Logan Cochrane Bell \$1,300, Estate of Mary Elizabeth Brown \$20,000, The Mac & Tui Chapman Charitable Trust \$6,459, Estate of David James Julian Coltman-Rogers \$4,619, Estate of Sheila Isabel Coombs \$275,480, Irene Erica Cowan Charitable Trust \$11,500, Estate of Graeme Eric Culling \$10,000, The Ivan & Nancye Davis Charitable Trust \$1,430, Roger Farrant \$5,000, Estate of Dr Martin Noel Foggo \$41,217, Estate of Len A Frontin-Rollett \$47,157, Sybil Mary Gaudin Charitable Trust \$1,884, Estate of Christina Gibb \$2,000, Estate of Lindsay Going \$2,500, Estate of Mollie Irene Gower \$180,000, Estate Elaine Maire Hadfield \$111,543, H M Hancock Charitable Trust \$1,875, Estate of Gertuida Elizabeth Hawkins \$10,000, Kenneth Holmes \$36,764, Estate Fairlie Dorothea Horsley \$20,000, Estate of Peter William Ireland \$100,000, Marcia Lousley Charitable Trust \$4,500, Estate of Martyn Howard Lovelock \$12,180, Estate of Lois Nora McFarlane \$24,288, Estate of Christine Clare McElwee \$5,000, Estate of John Marsden Nankervis \$100,000, Estate of Evelyn May Newman \$18,975, Estate of Murray S Rider \$27,434, Estate of Monica Robinson \$9,848, Irene & Stanley Sawtell Charitable Trust \$728, Allan & Louisa Stewart Charitable Trust \$5,000, Betty Stoker Charitable Trust \$9,962, Estate of Helen Blanche Sullivan \$338,609, Estate of Jocelyn Enid Tarrant \$65,354, The Hazel Traynor Charitable Trust \$4,748, Estate of Peter Ward \$33,750, Estate of Morva Milburn Williams \$19,000, Estate of Connie Wright \$607, Estate of Malcolm J Yockney \$10,000

The following bequests have been tagged to the work/projects noted:

Glen Beauchamp to be split with \$30,000 available to the Hauraki Islands branch, and the remainder to support projects/advocacy in the Hauraki Gulf

Graeme E. Culling has been tagged to work/projects in the Whanganui region

Lois Nora McFarlane has been tagged with 50% set aside for branches in the Canterbury/Westland regions and 50% for National Office to maintain reserves or fresh clean water in the aforementioned regions.

Connie Wright has been tagged to predator control work/projects.

Bequests received by branches during the year to 31 December 2022 totalled \$243,091, (2021 \$59,429)

6. Grants

Grants recognised during the year to 31 December 2022 for National Office were as follows:

Grants with Conditions:

\$208,658 for Ark in the Park from Foundation North \$95,960, Auckland Council \$75,137, and The Trusts Community Foundation (TTCF) \$37,561

\$679 from CAF America for Forest & Bird campaign work and conservation

\$5,502 from Foundation North for the Fairy Tern project

\$178,831 for the Pest Free Hibiscus Coast project from Auckland Council \$144,376, Department of Conservation \$4,965, Foundation North \$25,040, and Lottery Environment and Heritage Fund \$4,450

\$18,543 for the South East Wildlife Link project from Auckland Council \$798, and Foundation North \$17,745.

\$256,134 for the Te Hoiere Bat Restoration project from Department of Conservation \$17,754, Evergreen Charitable Trust \$13,000, Lottery Environment and Heritage

Fund \$21,996, Marlborough District Council \$201,992, and Transpower \$1,392.

Grants with Restrictions:

\$16,010 from the Bushy Park Trust for Bushy Park Tarapurui

Total grants funds recognised by National Office during the year to 31 December 2022 were \$684,358 (2021: \$451,977).

Total grants recognised by branches during the year to 31 December 2022 were \$388,454 (2021: \$311,765).

7. Corporate sponsorship

Corporate sponsorship income received by National Office during the year to 31 December 2022 was as follows:

Active Components New Zealand \$52,500, Allbirds \$10,246, Bennetto Natural Foods \$9,010, BURNSCO \$10,000, Cranfield Design \$9,000, Dr Beak \$1,282, Eco Pool \$1,331, Eleven PR (Playstation campaign) \$10,000, Elite Hardware 2019 Limited \$5,869, Enviro (NZ) \$5,000, Forager Wines \$1,500, Google (Benevity) \$12,386, Healthpak Ltd \$17,507, Heritage Expeditions \$7,137, Honeywrap Ltd \$1,000, JB Hi Fi Group \$31,644, Jiayue Wu \$18,205, Kereru Brewing Company Ltd \$4,430, Kwanto Limited \$5,000, Limn Gallery \$1,000, Mary Egan Publishing \$3,870, Metalbird \$2,997, Monty's Promotions Limited \$2,120, Nature Quest NZ \$57,565, Part Time Rangers \$20,000, Pathfinder Asset Management \$74,349, Payroll giving \$5,279, Policy Exchange \$10,000, Pure Nature \$28,000, Shine On \$1,000, Simplicity \$5,000, Simply Pure \$6,615, Spark (payroll giving) \$1,607, Spy Valley Wine \$7,500, The Ancestral Health Society of NZ \$9,000, 3Plus Consulting \$2,250, Thunderpants Ltd \$1,000, Universal Music NZ (Lorde) \$8,514, Zeden Cider \$7,500, Other \$14,568

8. Total operating costs

	National Office	
	Dec 2022 \$	Dec 2021 \$
Total Operating Costs is made up of the following		
Raising income		
Salary costs	806,713	788,457
Office premises	82,129	85,742
Office equipment	17,677	14,186
Communications / Consumables	16,836	19,752
General	84,856	88,534
Travel & vehicle costs	5,693	2,381
Conservation		
Salary costs	2,238,307	1,887,244
Office premises	220,262	222,581
Office equipment	30,400	22,376
Communications / Consumables	32,673	39,298
General	261,772	241,025
Travel & vehicle costs	72,103	48,076
Conservation support		
Salary costs	867,766	749,673
Office premises	181,003	161,188
Office equipment	14,394	11,339
Communications / Consumables	89,623	166,706
General	3,313	13,936
Travel & vehicle costs	31,581	4,986

The above costs are for National Office as Branches only have general operating costs.

In 2022, a further \$751,507 of salary costs was paid to Forest & bird staff for work on conservation projects such as Ark in the Park, Bushy Park, Dunedin branch projects, Pest Free Hibiscus Coast, South East Wildlink, Te Hoiere Bat Recovery project, and the Birdlife International Pacific Region Co-ordinator position, which is fully funded by Birdlife International. (2021: 551,645)

9. Grant & Marilyn Nelson Endowment Fund

The Gama Foundation, by way of its Trustees Grant & Marilyn Nelson, donated \$5 million dollars in November 2016. The gift was used to establish the Grant & Marilyn Nelson Endowment Fund which will exist in perpetuity. The funds are to be invested in New Zealand and Australian equities (including property), and in fixed interest securities, as a moderately conservative portfolio. The income received from the Fund will be used to pay the salaries of staff members who have been employed or contracted to carry out the agreed priorities. The purpose will be reviewed every five years by the trustees of the Gama Foundation after consulting with Forest & Bird. After 2035, the purposes will be determined by the elected Board of the Royal Forest and Bird Protection Society of New Zealand Incorporated.

Priority purposes are set out in clause 3 of the deed of gift and are listed in numerical order so that the first priority purpose will have precedence over the second, the second over the third and so on.

First Priority Purpose: Employ a full time staff member in the Christchurch or Wellington office of Forest & Bird to advocate and campaign for improvements in the quality and quantity of freshwater in streams, rivers, lakes and aquifers. At least one third of this work will relate to the Canterbury area.

Second Priority Purpose: Employ a staff member in the Wellington Office of Forest & Bird who will provide additional assistance to staff working on checking new legislation and making submissions to Select Committees. Assistance may also be given with background research for legal action taken by Forest & Bird.

Third Priority Purpose: Place up to \$100,000 each financial year in a legal action reserve account so that it can later be spent on employing anyone required to assist with legal action taken by Forest & Bird. The balance is not to exceed \$100,000 at any one time.

Fourth Priority Purpose: Employ a full or part time staff member to carry out additional work on promoting greater pest and weed control, including control of feral pigs, deer and goats. The person will also advocate for local or central Government to purchase significant blocks of indigenous forest when available for purchase.

Clause 4 of the deed of gift sets out the requirements for Forest & Bird reporting to The Gama Foundation. Clause 4.3 states that if The Gama Foundation is not satisfied with the information received, Forest & Bird will pay to the Foundation \$500,000 from the capital of the Fund. This can be enacted for each financial year that the fund is held. On 27 September 2021, The Gama Foundation requested \$1,000,000 to be re-paid, \$500,000 for the 2019 and 2020 financial years. To expedite payment, this amount was paid out of Forest & Bird cash reserves on 20 October 2021. In the 2022 financial year, \$1,000,000 was withdrawn from the investment funds and transferred to Forest & Bird to replenish the cash reserves.

Prior period adjustment

In March 2023, the Nelsons requested the return of the outstanding balance of the \$5m gift received by Forest & Bird in November 2016. \$1m was returned to the Nelsons in 2021 and withdrawn from the portfolio in 2022. Forest & Bird was given two options: one to return the full amount immediately (i.e. \$5m less \$1m already returned); or the second to return \$500k each year for the next eight years (equal to \$4m).

As noted in the significant judgements, it was initially determined that the funds were under the control of Forest & Bird. In compiling the 2022 financial statements, the terms of the deed of gift was reassessed and it was determined that Forest & Bird did not hold control over the assets of the fund and therefore did not meet the definitions of an asset and the \$5m received should not have been recognised as non-exchange revenue. Control of the asset was retained by the Gama Foundation as it had to approve any disbursements from the portfolio prior to them being paid out. This has resulted in a prior period adjustment as set out in the table below:

	Dec 2021 (original)	Adjustment	Dec 2021 (restated)
Equity			
Member funds	13,113,371	1,000,000	14,113,371
National office reserves	8,010,639	(5,000,000)	3,010,639
Current Assets			
Deposits (On Call) - Grant & Marilyn Nelson Endowment Fund	954,794		954,794
Non current assets			
Investments - Grant & Marilyn Nelson Endowment Fund	5,678,259	(4,000,000)	1,678,259

9. Grant & Marilyn Nelson Endowment Fund (continued)

	Dec 2022 \$	Dec 2021 (restated) \$
Bank Accounts:		
Grant & Marilyn Nelson Endowment Fund	147	68,248
Craigs - ANZ (NZ)	82,981	534,025
Craigs - ANZ (AUD)	149,498	352,521
	<u>232,626</u>	<u>954,794</u>
Shares & Securities:		
Held with Craigs	693,054	1,678,259
	<u>693,054</u>	<u>1,678,259</u>
Total Investment	<u>925,680</u>	<u>2,633,053</u>
Income:		
Interest	55,824	130,146
Dividends	99,180	115,167
	<u>155,004</u>	<u>245,313</u>
Expenditure:		
Custodial & Monitoring Services	24,551	22,955
Audit Fees	1,750	4,888
Taxes	19,137	20,001
Disbursement of funds to Forest & Bird	304,928	-
	<u>350,366</u>	<u>47,844</u>
Realised Gain / (Losses)	(48,280)	17,803
Unrealised Gain / (Losses)	(514,337)	(116,843)
Net Return	<u>(757,979)</u>	<u>98,429</u>
Subsequent to year end, the investment portfolio had unrealised gains/losses of \$211,849 for the three months ended 31 March 2023.		
Expenditure on priority purposes		
Priority purpose 1 - freshwater advocate	(150,568)	(78,216)
Priority purpose 2 - strategic	-	-
Priority purpose 3 - legal action reserve	(102,039)	-
Priority purpose 4 - pest/weed control advocate	-	-
Total expenditure on priority purposes	<u>(252,607)</u>	<u>(78,216)</u>

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

10. Restricted cash reserves

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

	Group	
	Dec 2022	Dec 2021 (restated)
	\$	\$
Opening Balance as at 1 January 2021		4,345,873
<u>Plus</u> Transfer to restricted & branch reserves		260,676
<u>Less</u> Transfer from restricted & branch reserves		(14,683)
Balance as at 31 December 2021		4,591,866
Opening Balance as at 1 January 2022	4,591,866	
<u>Plus</u> Transfer to restricted & branch reserves	81,774	
<u>Less</u> Transfer from restricted & branch reserves	-	
Balance as at 31 December 2022	4,673,640	

These funds are from and to be used for:

Estate Ada-Rae Herd (Nelson Biodiversity Forum)	16,900	16,900
Estate of Patrica Ann Wright (protection, defence, and restoration of conservation value on private land)	411,077	411,077
Estate of Lois McFarlane (maintaining reserves and/or of fresh clean water)	909,019	896,875
Estate of Lois McFarlane (maintaining reserves and/or of fresh clean water in local branches)	883,504	-
Fairy Terns	11,087	11,087
Grant & Marilyn Nelson Endowment Fund	836,293	564,795
Major Gift (Ocean Acidification)	17,782	17,782
Ark in the Park	19,960	89,292
Mearns Bequest (Bushy Park - Tieke & Hihi)	-	12,826
Mearns Bequest (Protect rare NZ birds - NI Kokako & Tieke)	149,934	67,775
Estate of Stanley Alfred Hunt (KCC)	172,924	172,924
Donations for Arowhenua Bush purchase (funding for purchase of Arowhenua Bush)	289,903	326,750
Frances Lee legal action fund (funding for legal action)	336,691	422,556
Glen Beauchamp bequest (funding for projects on/around Waiheke Island)	116,766	-
GAMNEF funds for disbursement	114,173	-
GAMNEF PP1 Freshwater advocate	1,110	-
Branch cash reserves	386,519	1,581,227
	4,673,640	4,591,866

11. Accounts payable

	Group	
	Dec 2022	Dec 2021
	\$	\$
Trade payables	113,711	248,130
Accruals	373,371	277,798
Employee benefits	418,215	355,166
	905,297	881,094

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

12. 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.

13. Rental income received in advance

Rental income received in advance relates to property purchased by the Group on Waiheke Island. This purchase included a lease back to the vendor for a period of 34 years, ending 18 December 2042. Rental is to be allocated over this term at \$4,731 per annum.

14. Deferred income

	Group	
	Dec 2022	Dec 2021
	\$	\$
Unspent grants	705,909	630,898
Life Membership provision	21,665	23,374
Other income in advance	264,740	237,567
	992,313	891,840

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

15. Restricted funds & loans

The National Office has deposited funds at Kiwibank 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.

	Group	
	Dec 2022	Dec 2021
	\$	\$
Environmental Defence Fund	228,788	225,338
Fensham Reserve	82,834	73,871
Horner Fund	224,612	221,029
Inwin Legacy	79,368	78,171
Pauatahanui Wildlife Reserve	14,262	16,307
Pacific Islands Bird Conservation and Research Fund	95,084	98,089
Stewart Island section	-	74,485
Term Deposit - combined branches	40,823	40,462
Other Funds	(5,551)	(6,009)
	<u>760,219</u>	<u>821,742</u>
These are split as per below:		
Cash and cash equivalents	494,784	448,757
Investments (term deposits greater than 3 months)	265,435	372,985
	<u>760,219</u>	<u>821,742</u>

The National Office entered the Inland Revenue Small Business Cashflow Loan Scheme in June 2020. National Office has two years from the date of receipt to pay the loan in full otherwise 3% interest will apply. The last repayment was made in May 2022.

	Group	
	Dec 2022	Dec 2021
	\$	\$
Loans	-	80,333
	<u>-</u>	<u>80,333</u>

16. Accounts receivable

	Group	
	Dec 2022	Dec 2021
	\$	\$
Trade Receivables	247,937	163,001
Other Receivables	77,181	70,337
Prepayments	150,892	65,897
GST Receivable	60,963	60,708
	<u>536,972</u>	<u>359,943</u>

17. Operating lease commitments

National Office commitments under a non-cancellable operating lease:

	Group	
	Dec 2022	Dec 2021
	\$	\$
Less than one year	360,096	287,284
One year to five years	578,342	676,340
Greater than five years	-	-
	<u>938,439</u>	<u>963,624</u>

Branches - no commitments existed under non-cancellable operating leases as at 31 December 2022

Current leasing arrangements include rent for:

Auckland Office - lease expires 30 September 2025, Wellington Office - renewal option 1 December 2025 (9 years), and Christchurch Office - renewal option 1 October 2023 (2 years).

Other leasing arrangement include:

parking at Auckland office (1 month notice period), photocopiers (1 month notice period), EFTPOS (2 month notice period), and phones and internet (lease extended to encapsulate Calling by Teams - now expires 30 November 2024).

Operating lease expenses during the year to 31 Dec 2022 were \$349,323 (2021: \$334,336)

18. License commitments

Ruapehu Lodge - The Group 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 proceeding 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 2023.

19. Contingent liabilities

Due to the nature of legal cases that Forest and Bird is involved in it is likely court costs will be incurred that are not quantifiable at present. However, as at 31 December 2022, other than disclosed in note 9, there are no contingent liabilities known to the National Office Leadership Team.

20. Related party transactions

In addition to transactions disclosed under notes 9, 21, and 22, \$57,565 of sponsorship income was received from Nature Quest NZ Limited, a company owned by a board member of the Society.

21. JS Watson Trust

The James Sharon Watson Conservation Trust (JS Watson Trust) was established under the will of the late Katherine Watson in memory of her husband. The trust's objective is to conserve the flora and fauna and natural features of New Zealand and to advance the knowledge and education of the public in these matters.

The JS Watson Trust has been consolidated into the Group.

22. 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 Forest & Bird Endowment Fund has been consolidated into the Group.

The Forest & Bird Endowment Fund made no distribution to the National Office in the period to 31 December 2022 (2021 : nil)

The value of the Forest & Bird Endowment Fund investment portfolio held with Pathfinder, decreased by \$187,790 from the 31 December 2022 balance date to 31 March 2023.

23. Property, Plant & Equipment

All land is stated at cost. No revaluations have been made in the financial period ended 31 December 2022.

	Land	Buildings	Plant & Machinery	Motor Vehicles	Furniture & Fittings	Office Equipment	Total
Cost or valuation							
Balance as at 1 January 2022	1,179,710	1,453,671	120,599	23,517	86,110	277,566	3,141,172
Additions (exchange)	-	64,498	24,986	-	1,599	79,939	171,022
Additions (non-exchange)	-	-	-	-	-	-	-
Reclassification	-	(2,332)	2,332	-	-	-	-
Disposals	-	-	(438)	-	-	-	(438)
Balance as at 31 December 2022	1,179,710	1,515,837	147,479	23,517	87,709	357,506	3,311,757
Accumulated depreciation & impairment							
Balance as at 1 January 2022	-	791,465	96,375	17,601	76,748	167,813	1,150,004
Depreciation	-	26,470	13,867	1,183	3,498	54,011	99,029
Impairment	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Balance as at 31 December 2022	-	817,935	110,241	18,784	80,246	221,824	1,249,033
Net book value							
As at 31 December 2020	1,179,710	611,731	33,095	7,395	17,992	82,714	1,932,637
As at 31 December 2021	1,179,710	662,206	24,224	5,916	9,362	109,752	1,991,168
As at 31 December 2022	1,179,710	697,902	37,238	4,733	7,462	135,682	2,062,725
<i>Made up as follows:</i>							
National Office	989,415	523,146	-	-	4,958	135,681	1,653,200
Branches	190,295	174,755	37,238	4,733	2,504	-	409,525
	1,179,710	697,902	37,238	4,733	7,462	135,681	2,062,725

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

24. Intangible Assets

	Software	Total
Cost or valuation		
Balance as at 1 January 2022	271,977	271,977
Additions (exchange)	1,000	1,000
Additions (non-exchange)	-	-
Disposals	-	-
Balance as at 31 December 2022	272,977	272,977
Accumulated amortisation & impairment		
Balance as at 1 January 2022	212,962	212,962
Amortisation	27,449	27,449
Impairment	-	-
Disposals	-	-
Balance as at 31 December 2022	240,411	240,411
Net Book Value		
As at 31 December 2020	102,676	102,676
As at 31 December 2021	59,015	59,015
As at 31 December 2022	32,566	32,566

25. Key management personnel remuneration

The Group classifies its key management personnel into one of two classes:

- Members of the governing body
- Leadership team

Members of the governing body are paid an annual amount in honoraria for each meeting attended during the year, although many members do not take the payment. The leadership team are employed as employees of the Society, on normal employment terms.

The aggregate level of remuneration paid and number of persons (measured in 'people' for members of the governing body, and 'full-time-equivalents' (FTEs) for the Leadership team in each class of key management personnel is presented below:

	2022		2021	
	Remuneration \$	Number of individuals	Remuneration \$	Number of individuals
Members of the governing body	45,000	9 people	42,000	9 people
Leadership team	1,135,561	8.5 FTE	736,447	4.7 FTE
	1,180,561		778,447	

Key management personnel are paid through National Office and none are paid through the branches.

26. Acknowledgement of reserve land assets

During 2020 the Board of the Society established a Property Committee to gain a clearer understanding of the property owned by Forest & Bird.

One of the first tasks undertaken was a review of the reserves held by Forest & Bird. Following is a list of reserves held by the Society that are recognised at a cost of zero, due to the accounting policy adopted by the Society.

The list includes the name and location of the reserves, the date it was gifted and the date and amount of the most recent valuations from Quotable Value.

Name, location	Date gifted	Valuation date	Valuation amount
Arethusa, Far North	1985	11/02/2021	500,000
Atawhai Whenua Reserve, Hauraki Islands	1995	01/06/2021	1,140,000
Blowhard Bush Reserve, Hastings/Havelock North	1989	11/02/2021	155,000
Calder Green Reserve, North Canterbury	mid-1970's	01/07/2020	33,000
Chapman Reserve, Southland	1985	01/09/2018	620,000
Colin Kerr-Taylor Memorial Reserve, Kaipara	1993	01/07/2017	1,975,000
Conway's Bush, South Canterbury	1987	01/09/2020	114,000
Dick Jackson Memorial Reserve (Westland Black Petrel Colony), West Coast	1989	01/09/2018	34,000
E.B.Firth Reserve, Waikato	1978	11/02/2021	10,000
Ecclesfield Reserve, Upper Hutt	1965	01/07/2022	1,150,000
Field Reserve, Kapiti	1973	15/08/2020	210,000
Herbert Bismark Matthews Reserve, Far North	1996	11/02/2021	210,000
Laird's Reserve, Rangitikei	1967	01/09/2020	75,000
Lenz Reserve, Dunedin	1964	01/10/2020	985,000
Little Bush Reserve, Napier	1989	11/02/2021	200,000
McPherson's Reserve, Rangitikei	1962	01/09/2020	181,000
Morgan Reserve, Waikato	1993	01/07/2018	1,090,000
Ngaheretuku Reserve, South Auckland	1951	11/02/2021	440,000
Olive Davis Reserve, South Auckland	1971	11/02/2021	2,020,000
Onetangi Reserve, Hauraki Islands	1962	01/06/2021	1,020,000
Papatowai, Dunedin	prior to 2020	01/10/2020	105,000
Percy Leonard Moore Reserve, Dunedin	1974	11/02/2021	36,000
Pryce's Rahui Reserve, Rangitikei	1962	01/09/2020	245,000
Rhodes Reserve, North Canterbury	1967	01/07/2020	300,000
Simpson's, Rangitikei	1962	01/09/2020	66,000
Sutherland Turakina Reserve (Big Sutherland or Sutherland No.1), Rangitikei	1967	01/09/2020	406,000
Te Rere Reserve, Southland	1989	11/02/2021	134,000
Tom and Don's Bush, North Taranaki	prior to 2020	11/02/2021	1,064,000
Walter Scott Reserve, Waikato	1963	2013	58,000
Violet Bonnington Reserve, Rotorua	prior to 2020	01/09/2020	28,000
		Total valuation amount	14,604,000

The quotable value of property carried at cost total \$6,343,925. These are not included in the above list and continue to be carried at cost per Note 23.

27. Subsequent events

Other than those disclosed in Note 9, there were no material events that would affect these financial statements

ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INCORPORATED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2022 (Continued)

28. Consolidation of Branches

The financial statements of the branches of the Royal Forest & Bird Protection Society for the year ended 31 December 2022 have been included in the consolidated financial statements using the purchase method.

All significant inter entity transactions have been eliminated on consolidation.

As an incorporated society, the Group has access to use the assets of the branches through the Council.

The 47 branches included in the consolidation are as follows:

	Income	Expenditure	Surplus / (Deficit)	Assets	Liabilities	Member Funds
Ashburton	6,728	5,514	1,214	35,368	50	35,318
Central Auckland	4,782	5,651	(869)	33,565	1,148	32,417
Central Hawke's Bay	3,275	1,524	1,751	25,585	-	25,585
Central Otago Lakes	25,486	24,404	1,082	24,315	5,000	19,315
Dunedin	157,094	344,860	(187,766)	1,059,057	183,156	875,901
Dunedin - LENZ	39,432	17,451	21,982	390,522	-	390,522
Eastern Bay of Plenty	15,078	10,807	4,271	59,412	15,805	43,608
Far North	24,739	43,163	(18,424)	45,036	-	45,036
Gisborne	217	-	217	20,801	-	20,801
Golden Bay	404	3,644	(3,240)	8,185	-	8,185
Hastings / Havelock North	13,264	16,695	(3,431)	238,990	-	238,990
Hauraki Islands	79,416	114,822	(35,407)	318,331	41,537	276,794
Hibiscus Coast	55,887	55,672	216	17,639	-	17,639
Horowhenua	7,666	5,073	2,593	15,015	-	15,015
Kaikoura	550	1,312	(762)	3,210	-	3,210
Kapiti-Mana	6,545	7,477	(932)	23,109	-	23,109
Lower Hutt	7,638	6,492	1,146	40,175	390	39,785
Manawatu	2,976	3,172	(196)	31,918	4	31,914
Marlborough	6,622	5,589	1,033	11,382	-	11,382
Mercury Bay	-	-	-	4,999	2,242	2,757
Napier	226,193	34,555	191,639	473,756	-	473,756
Nelson-Tasman	9,594	10,695	(1,101)	77,954	-	77,954
North Canterbury	11,691	24,813	(13,122)	297,539	-	297,539
North Shore	11,940	19,218	(7,278)	92,224	12,879	79,346
North Taranaki	24,108	17,235	6,873	109,971	-	109,971
Northern	4,061	1,000	3,061	94,862	86	94,776
Rangitikei	7,974	10,561	(2,587)	55,488	7,454	48,034
Rotorua	4,589	3,593	996	197,622	-	197,622
South Auckland	3,292	4,496	(1,204)	43,411	-	43,411
South Canterbury	1,729	1,339	390	18,345	1,868	16,477
South Otago	21,936	20,455	1,480	45,473	-	45,473
South Taranaki	3,949	-	3,949	27,836	-	27,836
Southland	10,092	19,604	(9,511)	166,990	-	166,990
Taupo	7,549	6,417	1,132	36,104	-	36,104
Tauranga	40,703	17,934	22,769	101,173	-	101,173
Te Puke	4,040	7,087	(3,047)	22,565	-	22,565
Thames- Hauraki (non-active branch)	44	(6)	50	51,481	-	51,481
Upper Coromandel	46,776	30,903	15,873	21,388	1,258	20,130
Upper Hutt	48,022	42,044	5,979	67,745	7,322	60,423
Waikato	25,425	21,037	4,388	42,467	-	42,467
Wairarapa	1,772	1,750	22	14,171	-	14,171
Waitakere	43,555	40,908	2,647	360,021	17,989	342,032
Waitaki	1,434	1,434	-	2,714	1,566	1,148
Warkworth Area	54,356	48,471	5,885	52,353	-	52,353
Whanganui	354	13,996	(13,642)	94,675	-	94,675
Wellington	23,132	13,930	9,202	152,676	26	152,650
West Coast	7,733	8,234	(502)	9,001	6,852	2,148
Total	1,103,843	1,095,025	8,818	5,136,617	306,631	4,829,986

Branch assets include:

Cash, Cash Equivalents & Deposits on Call	1,633,460
Investments - Term Deposits	2,083,715
Investments - Term Deposits Held at National Office	151,476
Shares & Other Investments	817,582
Total Cash & Investments in Branches	4,686,234
Other Assets	450,383
Total Assets	5,136,617

AUDITORS' REPORT

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ROYAL FOREST & BIRD PROTECTION SOCIETY OF NEW ZEALAND INC

Opinion

We have audited the general purpose financial report of Royal Forest & Bird Protection Society of New Zealand Inc. ("the Society") and its subsidiaries (together, "the Group"), which comprise the consolidated financial statements on pages 29 to 45 and the consolidated service performance information on pages 10 to 27. The complete set of consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in net assets/equity, consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

Opinion on the Consolidated Service Performance Information

In our opinion, the accompanying general purpose financial report presents fairly, in all material respects, the consolidated service performance for the year ended date, in accordance with the group's service performance criteria, in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Qualified Opinion on the Consolidated Financial Statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at date, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion on the Consolidated Financial Statements

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 received by the group and the Group's members' fund is unable to be determined.
2. 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 Group is reliant on this 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.

We conducted our audit of the consolidated financial statements in accordance with International Standards on Auditing (New Zealand) (“ISAs (NZ)”) and the audit of the consolidated service performance information in accordance with the ISAs and New Zealand Auditing Standard (NZ AS) 1 The Audit of Service Performance Information (NZ). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the General Purpose Financial Report section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the area of taxation advice. The firm has no other relationship with, or interests in, the Group or any of its subsidiaries.

Other Information

The Board is responsible for the other information. The other information obtained at the date of this auditor’s report is information contained in the general purpose financial report, but does not include the consolidated service performance information and the consolidated financial statements and our auditor’s report thereon.

Our opinion on the consolidated service performance information and consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated service performance information and consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated service performance information and consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor’s report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Executive Board’s Responsibilities for the General Purpose Financial Report

Those charged with governance are responsible on behalf of the Group for:

- (a) the preparation and fair presentation of the consolidated financial statements and consolidated service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime, and;
- (b) service performance criteria that are suitable in order to prepare service performance information in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and
- (c) for such internal control as the directors determine/determines is necessary to enable the preparation of consolidated financial statements and consolidated service performance information that are free from material misstatement, whether due to fraud or error.

In preparing the general purpose financial report, the directors is/are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend/intends to liquidate the Group or to cease operations, or have/has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the General Purpose Financial Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole, and the consolidated service performance information are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) and NZ AS 1 will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate or collectively, they could reasonably be expected to influence the decisions of users taken on the basis of this general purpose financial report.

A further description of the auditor's responsibilities for the audit of the general purpose financial report is located at the XRB's website at

<https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-13/>

Who we Report to

This report is made solely to the Society's members, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's 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 Society and the Society's members, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Wellington Audit Limited

BDO Wellington Audit Limited
Wellington
New Zealand
23 June 2023



“Forest & Birds’ involvement has meant we are not the only voice anymore.”

“After a developer unlawfully cleared ours and neighbouring urban SNA land, and after unsuccessful attempts to have the land restored, or even find people willing to support our cause, we reached out to Forest & Bird. We have since received much needed support from Forest & Birds’ network of capable, knowledgeable and passionate people.

We are no longer feeling alone in our cause and are extremely appreciative of the support that has been provided. Our country desperately needs more people like those at Forest & Bird to advocate, create awareness and to protect our environment.”



Forest & Bird

TE REO O TE TAIAO | *Giving Nature a Voice*

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Forest & Bird is a registered charitable entity in terms of the Charities Act 2005.
Registration No. CC26943.

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