

## **Vancouver Natural History Society/Nature Vancouver**

### **Treasurer's Report for the 2023 AGM - April 27, 2023**

The Society's financial statements for the year ended December 31, 2022, were reviewed by Song & Ho Group LLP Chartered Professional Accountants. This report is a summary of the financial statements and ancillary information.

The 2022 financial statements reflect a smaller operation compared to pre-pandemic with another postponement of our summer camps due to Covid-19 in 2022. It is great that our summer camps are scheduled to resume in July 2023, after 3 years of hiatus. We expect our 2023 financial results to be more comparable with pre-pandemic levels.

### **Core Operations**

**Refer to page 13, Schedule 1 of 2022 Financial Statements for details of Core Operations**

Core Operations include membership services, administration, and production of publications, and the delivery of general programs. The financial capacity of the Society is dependent on its core operations, as well as the receipt of donations and bequests.

Core Operations do not include Summer Camps. Transactions in the Society's Restricted Funds, such as the VNHS Endowment Fund, are excluded from Core Operations.

A deficit of \$8,111 was recorded under core operations in 2022 (before any allocations from the Endowment Fund), compared to a deficit of \$1,437 in 2021. Historically, up to 75% (50% before 2018) of investment income from the Endowment Fund was allocated to help fund our core operations. No such allocation was made in 2021 due to the small size of the deficit. The Board has approved an allocation of \$8,111 from the Endowment Fund this year to fund the deficits of our core operations.

Core operating revenue was \$33,261, compared to \$32,501 in 2021, a modest 2.3% increase.

The increase in core operating revenue was mostly driven by the following items:

- Increased investment income from \$1,211 in 2021 to \$2,263 in 2022 due to higher interest rates
- Increased Nature Tour revenue from \$0 in 2021 to \$3,600 in 2022

The above increases were partially offset by the following items:

- Membership dues declined by \$2,654, from \$24,415 in 2021 to \$21,761 in 2022.
- Donations declined by \$1,736, from \$3,734 in 2021 to \$1,998 in 2022.

Core operating expenses increased by 21.9% to \$41,372, from \$33,938 in 2021.

The increase in core operating revenue was mostly driven by the following items:

- Meeting expenses increased significantly to \$5,040 due to the resumption of in person meetings and higher meeting room rental rate. For comparison, meeting expenses were \$1,641 in 2021, \$583 in 2020, and \$7,176 in 2019.
- Increased Nature Tour expenses from \$0 in 2021 to \$3,524 in 2022. We organized one nature tour trip in 2022 and it was run on a breakeven basis.
- Increased Periodicals expenses for Discovery from \$9,195 in 2021 to \$10,133 in 2022 due to increased pages and higher cost due to inflation

### **Unrestricted Fund Balance (a.k.a. Members' Equity)**

Unrestricted Funds, or Members' Equity, was \$37,641, compared to \$40,854 in 2021. Note the fund balance on page 5 of the financial statements is showing \$24,683. The difference is the total deficit of \$12,958 incurred in 2022. Of the \$12,958, \$8,111 was core operation deficits to be covered by allocation from the Endowment Fund as aforementioned; and \$4,847 was summer camp cost, which will be covered by allocation from the Camp Reserve Fund. These 2 allocations have been approved by the Board but have not been reflected in the draft financial statements posted on our website as our accounting firm is currently unable to access their data due to a ransomware attack experienced by their IT provider and datacentres in early April 2023.

### **Restricted Funds**

The VNHS Endowment Fund stands as the most substantial restricted fund within Nature Vancouver, with a balance of \$760,445 at the conclusion of 2022. This increase of \$52,167 from the previous year was primarily fueled by two sizable bequests the Society received, partially offset by unrealized losses stemming from market downturns. We wish to express our gratitude to the two generous benefactors, Louis Irwin and Elizabeth Walker, who regrettably passed away in 2022.

The Endowment Fund, along with most other restricted funds, are maintained in our investment account at PH&N Investment Services, a subsidiary of Royal Bank of Canada.

Before 2018, the Society's Bylaws allowed a maximum 50% of investment income to be allocated to operations every year to help cover operating expenses from an accounting perspective but the proceeds continue to stay in the PH&N account to earn investment income. That allocation percentage was raised from 50% to 75% in the 2018 revised Bylaws. Our Bylaws were further updated in 2021, approved by the membership at the 2021 AGM, to take an approach that is more aligned with the Society's needs and best practices. As part of the 2021 Bylaws revision, the Education Trust Fund was merged with the Endowment Fund so it can reflect the Society's priorities and also be managed more efficiently. Up to 4% of the most recent 3-year average market value of the Endowment Fund can be used to help fund the Society's operations. Disbursement over \$20,000 needs to be approved by the membership at AGM.

Nature Vancouver's investment account at PH&N had a return of -4.66% in 2022 due to market declines across asset classes. In comparison, the investment return was 4.24% for the past 3 years, 4.16% for the past 5 years, and 5.05% since inception in 2001.

The financial statements have been posted on Nature Vancouver's website. A PDF of the complete financial statements is also available to any member from the Treasurer upon request.

A big Thank You to our members and volunteers for your unwavering support!

Adele Liu  
Treasurer