

The St. George's Foundation

FINANCIAL STATEMENTS

March 31, 2019

(UNAUDITED)

Notice To Reader

To the Members of The St. George's Foundation:

On the basis of information provided by management of The St. George's Foundation, I have compiled the statement of financial position of The St. George's Foundation as at March 31, 2019 and the statement of operations, the statement of changes in net assets, and the statement of cash flows for the years then ended.

I have not performed an audit or a review engagement in respect of these financial statements and, accordingly, I express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

Hamilton, Bermuda
November 19, 2019

A handwritten signature in blue ink, appearing to be 'T. Boyd', written in a cursive style.

Todd Boyd, CPA, CA

THE ST. GEORGE'S FOUNDATION
STATEMENT OF FINANCIAL POSITION
as at March 31, 2019
(expressed in Bermuda dollars)
UNAUDITED

	2019	2018
CURRENT ASSETS		
Cash <i>(Note 9)</i>	7,043	\$ 2,868
Rent receivable <i>(Note 13)</i>	7,000	10,500
	14,043	13,368
CAPITAL ASSETS <i>(Note 5)</i>	1,393,767	1,585,683
ANTIQUE FURNITURE <i>(Note 6)</i>	58,500	58,500
	1,466,310	1,657,551
CURRENT LIABILITIES		
Accounts payable and deposits <i>(Note 12)</i>	\$ 94,523	\$ 76,288
Deferred membership fees and dues	23,696	23,064
	118,219	99,352
DEFERRED CONTRIBUTIONS <i>(Note 4)</i>	1,931,774	2,199,233
	2,049,993	2,298,585
NET DEFICIENCY		
Net assets invested in capital assets and antique furniture	1,837,694	1,644,183
Net assets restricted for endowment purposes <i>(Notes 7 and 11)</i>	18,292	18,292
Deficiency in unrestricted net assets	(2,439,669)	(2,303,509)
	(583,683)	(641,034)
	\$ 1,466,310	\$ 1,657,551

APPROVED BY THE BOARD:

Chairman

Treasurer

THE ST.GEORGE'S FOUNDATION
STATEMENT OF OPERATIONS

Year Ended March 31, 2019
(expressed in Bermuda dollars)

UNAUDITED

	2019	2018
REVENUES		
Non restricted income	150,662	164,207
Membership fees and dues	44,193	52,235
Donated audit services <i>(Note 14)</i>	-	36,000
	194,855	252,442
EXPENSES		
Staffing	128,816	153,189
Facilities	51,816	92,315
Outside services	7,671	55,538
Office	20,889	23,035
Goods	2,260	3,959
	211,452	328,036
EXCESS OF EXPENSES OVER UNRESTRICTED REVENUES		
BEFORE AMORTIZATION	(16,597)	(75,594)
AMORTIZATION		
Amortization of deferred contributions <i>(Note 4)</i>	267,459	267,461
Less: Amortization of capital assets	(193,511)	(193,433)
	73,948	74,028
EXCESS / (DEFICIT) OF REVENUES OVER EXPENSES	\$ 57,351	\$ (1,566)

THE ST. GEORGE'S FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS

Year Ended March 31, 2019
(expressed in Bermuda dollars)

UNAUDITED

		Invested in capital assets and antique <u>furniture</u>		Restricted for endowment <u>purposes</u>	<u>Unrestricted</u>	<u>Total 2019</u>	<u>Total 2018</u>
BALANCE BEGINNING OF YEAR							
BROUGHT FWD	\$	1,644,183	\$	18,292	\$ (2,303,509)	\$ (641,034)	\$ (639,468)
(Deficiency)/excess of expenses over revenues		193,511		-	(136,160)	57,351	(1,566)
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BALANCE END OF YEAR	\$	1,837,694	\$	18,292	\$ (2,439,669)	\$ (583,683)	\$ (641,034)
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THE ST. GEORGE'S FOUNDATION
STATEMENT OF CASH FLOWS
Year Ended March 31, 2019
(expressed in Bermuda dollars)
UNAUDITED

	2019	2018
OPERATING ACTIVITIES		
Excess / (Deficit) of revenues over expenses	\$ 57,351	\$ (1,566)
<i>Items not involving cash movement</i>		
Amortization	193,511	193,433
<i>Changes in assets and liabilities:</i>		
Rent receivable (Note 13)	3,500	16,500
Donation receivable	-	15,000
Accounts payable and accrued liabilities	18,235	43,597
Deferred membership fees and dues	632	(4,535)
Deferred contributions	(267,459)	(267,461)
	5,770	(5,032)
Net cash provided / (used) from operating activities		
INVESTING ACTIVITIES		
Purchase of capital assets	(1,595)	-
	-	-
NET INCREASE / (DECREASE) IN CASH	4,175	(5,032)
CASH, BEGINNING OF YEAR	2,868	7,900
CASH, END OF YEAR	\$ 7,043	\$ 2,868

THE ST. GEORGE'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2019

(expressed in Bermuda dollars)

UNAUDITED

1. NATURE OF ORGANIZATION

The St. George's Foundation (the "Foundation") was incorporated by ratification of its charter and by-laws on October 30, 1997. The Foundation is a not-for-profit organization and also a Bermuda Registered Charity #454. Governance and oversight consists of a board of trustees and a small contingent of full and part time staff. Volunteers are an important component in the execution of the operations of the Foundation. Funding is provided by a paid membership base as well as donations provided by members of the public and organizations.

The primary activities of the Foundation are devoted to preserving the history and heritage of the historic town of St. George and its related fortifications, a UNESCO World Heritage Site. Through restoration and enhancement projects and a variety of educational initiatives, the Foundation's mandate is to ensure that properties of historical significance are preserved and that the history of the parish of St. George's is showcased for residents and visitors alike. The Foundation will partner with other like-minded groups in Bermuda provided these efforts dovetail with the Foundation's mandate.

2. SIGNIFICANT ACCOUNTING POLICIES

Use of estimates

These financial statements have been prepared in accordance with accounting standards for not-for-profit organizations generally accepted in Bermuda and Canada ("Part III"). The preparation of financial statements in conformity with Part III requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Significant accounting policies are as follows:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions and pledges. All contributions are recognized as revenue in the year in which the related expenses are incurred. Contributions and pledges can be designated for use on certain Foundation projects at the request of the donor. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Pledges receivable are amounts that have been promised to the Foundation but have not as yet been received. Contributions are amounts that have been received as cash. Pledges are recognized as receivable when the amounts to be received can be reasonably estimated and ultimate collection is reasonably assured. Amounts relating to expected receipts in future years are recorded as long-term pledges receivable and deferred on the statement of financial position.

Endowment contributions are recognized as direct increases in net assets.

Rental income from property space under the management of the Foundation are accrued as earned.

THE ST. GEORGE'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

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2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Capital assets

Capital assets are amortized on a straight-line basis over the estimated useful lives of the assets. The amortization periods are as follows:

Furniture/exhibits	5 years
Computer equipment	5 years
Leasehold improvements	20 years

Donated services

The Foundation records the value of donated services at fair value when the fair value can be reasonably estimated, and the services are normally purchased and would be paid for if not donated. The Foundation is dependent on donated services of many volunteers. Due to the difficulty in determining their fair value, the value of the volunteer services is not recognized in the financial statements. Audit fees are recorded at their fair value in the statement of operations.

Website costs

Costs relating to the administration, hosting and enhancement of the Foundation's website are expensed as incurred.

Deliverance full-scale model

The Foundation spends material amounts maintaining the full scale model of the Deliverance seen in the town of St. George. These amounts are expensed as incurred.

Financial instruments

The Foundation initially measures its financial assets and liabilities at fair value. The Foundation subsequently measures all financial assets and liabilities at amortized cost which consist of cash, donations receivable, rent receivables and accounts payable and accrued liabilities, deferred.

Membership fees

While the Foundation uses an August 31 year-end for annual membership drive purposes, members of the public are welcome to join the Foundation at any time. Membership fees are deferred upon receipt and then amortized into income over the ensuing twelve months.

THE ST. GEORGE'S FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

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3. PRIOR PERIOD ADJUSTMENT

Opening net assets was increased by \$7,290 because in fiscal 2017 a liability of that amount was charged against the statement of operations rather than against the liability. As a result the closing net deficiency on March 31, 2017 was adjusted from \$646,758 to \$639,468 and the accounts payable on March 31, 2018 decreased from \$83,578 to \$76,288.

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent amounts received in the current and prior periods for which related expenditures will be incurred in a subsequent periods. Changes in the deferred contributions balance are as follows:

	Balance March 31, 2018	Contributions received	Recognized as revenue	Balance March 31, 2019
Designated contributions				
Capital campaign	\$ 2,132,565	\$ -	\$ (261,127)	\$ 1,871,438
Patience model	7,377	-	(1,321)	6,056
Signage	59,291	-	(5,011)	54,280
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 2,199,233	\$ -	\$ (267,459)	\$ 1,931,774
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	Cost 2019	Accumulated amortization 2019	Net book value	
			2019	2018
Furniture/exhibits	\$ 1,016,248	\$ 1,016,248	\$ -	\$ -
Computer and other equipment	16,092	14,683	1,409	-
Leasehold improvements	3,866,493	2,474,135	1,392,358	1,585,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	\$ 4,898,833	\$ 3,505,066	\$ 1,393,767	\$ 1,585,683
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

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6. ANTIQUE FURNITURE

An antique cedar cupboard was donated to the Foundation by an anonymous donor. The Foundation incurred \$58,500 in prior years to complete its restoration. As management is of the opinion that this asset's value will appreciate, it is not amortized and any appreciation in value will be recognized if the asset is sold to an unrelated buyer dealing at arm's length with the Foundation. Any loss in value will be recognized when a decline that is other than temporary occurs.

7. ENDOWMENT CONTRIBUTIONS

Included in net assets restricted for endowment purposes are donated funds of \$ 18,292 (2018: \$18,292) which are subject to externally imposed restrictions stipulating that the resources be maintained permanently for purposes of the Revolving Fund for restoration of buildings in St. George's. Interest income earned on these funds is unrestricted. There were no changes in net assets restricted for endowment purposes during current year or the prior year.

8. RELATED PARTY TRANSACTIONS

Up to February 28, 2018 the Foundation rented its office location space at 16 Water Street for a fee of \$ 6,600 (2018: \$7,200). The office space was rented from an entity which has an affiliation with a member of the Foundation's Board of Trustees. The rent is discounted at a charity rate which is below fair market value. During March, 2019 the office location was relocated to the World Heritage Center where no rent is incurred.

9. RISK MANAGEMENT

Credit risk

Credit risk is the potential that a financial counterparty will fail to satisfy its obligations in accordance with agreed terms and conditions. As of March 31, 2019 and 2018 the Foundation held one cash account with a local bank. The Foundation also holds financial instruments as described in note 2. The Foundation does not require collateral or other securities to manage the credit risks associated with its financial instruments.

Liquidity risk

Liquidity risk is the risk the Foundation will not be able to meet its financial obligations as they fall due. The Foundation is dependent on membership fees, private donations, admission fees, rental income, ticket sales for events and sponsorships to maintain sufficient cash flows. The Foundation anticipates cash flow needs and requests the necessary funding from private donors and organizations to manage their liquidity risk.

Market and economic risks

The Foundation is exposed to the risk that membership dues, admission fees, rental income, donations, contributions or sponsorships may decrease due to adverse changes in the market place and the overall

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local economy. Such declines would have a negative effect on the Foundation's ability to generate income, all of which are derived from Bermuda-based organizations and members of the public. The Foundation does not engage in any hedging activities to mitigate the risks associated with adverse changes in the market place or the local economy.

10. LEASE

On November 16, 2002 the Foundation entered into a long-term lease with the Corporation of St. George for the premises known then as the Queen's Warehouse, for 999 years for a nominal consideration of one bale of cotton. Today these premises are known as the World Heritage Center.

11. CAPITAL DISCLOSURES

The Foundation manages externally restricted donations, as outlined in Note 7, totaling \$18,292 (2018: \$18,292). The Foundation has complied with all externally imposed capital requirements during the year.

12. GOVERNMENT REMITTANCE PAYABLE

Included in accounts payable and accrued liabilities is \$ 14,629 (2018: \$8,943) due to the Bermuda Government.

13. RENTAL PROPERTY

The Foundation rents out the theatre and kitchen spaces within the World Heritage Center. The theatre area is rented to the East End Church of Christ and the kitchen spaces are rented out to two local vendors who specialize in Bermuda cuisine.

14. SUBSEQUENT EVENTS

Subsequent to March 31, 2019 the trustees reorganized the Foundation into a non-profit company limited by guarantee. As part of this process the trustees were transitioned into the new directors and voting members of this new company. The operations and charity status of the Foundation were never affected.

The Foundation also successfully applied to the Charities Commission for exemption from the requirement to file annual audited financial statements as outlined in the Charities Regulations 2014.

Also subsequent to March 31, 2019 the Foundation ceased to operate the Deliverance since a decision was made not to renew its expired lease with the Corporation of St. George.