

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting of the Members of **The St. George's Foundation** (the "SGF") will be held online via Zoom on:

Thursday 29 October 2020 at 6:30 p.m.

Or as soon as practicable thereafter for the following purpose:

**AGENDA**

1. To appoint Chairman of the meeting.
2. Confirmation of notice and quorum
3. To consider the Minutes of the Annual General Meeting of members held on 25 February 2020.
4. To consider the Chairman's Report.
5. To consider the General Manager's Report
6. To consider the Treasurer's Report and receive the unaudited Financial Statements of the SGF for the year ended 31 March 2020.
7. To:
  - a. determine the number of Directors for the ensuing year
  - b. elect Directors
8. To consider the waiver of an auditor for the forthcoming year.
9. To confirm the acts of the Directors and Officers of the SGF.
10. Any other business

Dated: 22 October 2020

Cheryl Hayward-Chew  
Chairman

MINUTES of the 2019 Annual General Meeting of the Members of The St. George's Foundation held at the World Heritage Centre, Penno's Wharf, St. George's on Tuesday, 25 February 2020 at 6:30 p.m.

Present: Voting Members:  
Cheryl Hayward-Chew, Louise Wakefield, Peter Barrett, Quinell Francis, Stephen Lowe, Wendy Percy

In attendance: Associate Members:  
Barbara Atwood, Bill & Joan Davis, Meredith Ebbin, David Frith, Duncan Frith, Graham Frith, Peter Frith, J. Henry Hayward, Donnie McLaughlin, Arthur (Junior) Ming, Fred Ming, Louis Mowbray, Jamie Sapsford, Taché Smith, Christine Trimmingham

**1. Appoint Chair**

Cheryl Hayward-Chew was appointed Chairman and called the Annual General Meeting to order.

**2. Notice and Quorum**

The Chairman reported that Notice of this meeting had been given in accordance with the Byelaws and that a quorum was present.

**3. Minutes of the 2018 Annual General Meeting**

The Minutes of the last Annual General Meeting held on 13 November 2018 were approved.

**4. Chairman's Report**

The Chairman, Cheryl Hayward-Chew presented her Report as attached to these Minutes.

It was **AGREED** that the Chairman's Report, as circulated and attached, was accepted by the members.

**5. Treasurer's Report**

The Treasurer, Peter Barrett, provided his 2019 Treasurer Report as attached to these Minutes. Attending Members further received Unaudited Financial Statements for the year ending March 2019 and Management accounts for six months ending September 2019.

After discussion it was **AGREED** that the Treasurer's Report, Unaudited Financial Statements and Management accounts were accepted by the members present.

- a. **IT WAS RESOLVED** to waive presentation of audited financial statements of the Foundation for the year ended 31 March 2019.

## **6. Appointment of an auditor**

It was **AGREED** for the year ended 31 March 2019, no auditor need be appointed.

## **7. General Manager's Report**

General Manager, Peter Frith, provided his 2019 Report as attached to these Minutes to the attending members.

The General Manager's Report was accepted by the members.

## **8. Fiscal year 2020 strategic changes:**

- a. Company Limited by Guarantee and associated corporate governance

Referring the members to the Chairman's Report, the Chair explained the corporate governance structure of the new "The St. George's Foundation", a company limited by guarantee, advising that the shareholders of the company are the Voting Members, who appoint a Board of Directors. The Trustees are the Voting Members of the new company and were also approved as the Directors.

The Voting Members and Directors of the Foundation are Cheryl Hayward-Chew (Chair), Louise Wakefield (Deputy Chair), Peter Barrett (Treasurer), Wendy Percy (Secretary), Neil Moncrieff, Quinell Francis and Stephen Lowe.

Further, the general membership under the old trustee structure, are now, as per the bye laws, Associate Members who are eligible to attend the AGM and to speak as directed by the Chair. All in attendance supported the new governance structure and there were no objections.

- b. Fiscal year 2021 Strategic Direction

- The members approved the new mission statement:  
*"To support the UNESCO World Heritage Site through collaboration, education and awareness."*

- Members were invited to serve on the Education Working Group.
- Members were invited to submit feedback and suggestions to the Board by the end of May 2020 on the future of the World Heritage Centre building and property, before the Board commenced discussions with the landlord, the Corporation of St. George.
- Part time administrator Taché Smith had been contracted and was introduced to the members.

**9. Confirm the acts of the Directors and Officers of the St. George's Foundation**

It was RESOLVED that the actions of the Directors and Officers of the Foundation since 24 June 2019 up to the date of this meeting are approved, ratified and confirmed in all respects.

**10. Any other business**

There being no further business, the Chairman declared the meeting closed at 7:30 p.m.

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Cheryl Hayward-Chew  
Chairman

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Wendy Percy  
Secretary



# The St. George's Foundation

## 2020 Chairman Report

Dear Members:

Only weeks after our previous Annual General Meeting in February did the impact of the COVID-19 pandemic reach our Island's shores. Since then, the St. George's Foundation (the "SGF") and the rest of Bermuda have shifted to the new norm of sanitizers, masks and social distancing, which will be with us for some time to come. It is for this reason that the 2020 SGF AGM is virtual.

### *Fiscal 2020*

SGF's fiscal 2020 highlights include:

- transitioning to a company limited by guarantee, protecting membership and trustees from personal liability;
- receiving a provisional audit waiver from the Charities Commission;
- chairing the World Heritage Site Management Committee, which in June 2019 submitted the draft 2020-2025 World Heritage Site Management Plan to the Bermuda Government;
- formally handing the control of the Deliverance back to the landlord, the Corporation of St. George (the "Corporation"), after expiration of the lease;
- conducting a formal stakeholder needs assessment and seeking input directly from the Bermuda Government and the Corporation on how SGF could best serve Bermuda's UNESCO World Heritage Site and the Town of St. George;
- creating the new mission statement to support Bermuda's UNESCO World Heritage Site through collaboration, education and awareness; and
- requesting membership feedback on the future of the Queen's Warehouse, home of the World Heritage Centre.

The final month of fiscal 2020 saw the COVID-19 pandemic quickly envelope Bermuda. By the end of the month the airport and seaports were closed, a curfew was in place and, where possible, residents were working from home. Like much of the Island, March 2020 ended with SGF's operations on hold and the doors of the World Heritage Centre and Second Hand Rose closed and revenues halted.

## *Fiscal 2021*

The COVID-19 fog lifted in July 2020 when the Island moved to Phase 4, opening the airport and loosening economic restrictions. Safety concerns as well as inadequate volume of customers led to the conclusion of not opening the Second Hand Rose and the World Heritage Centre to the public. However, Phase 4 regulations permitted tenant Big Bs, with its outdoor dining, to commence operations, bringing life to the waterfront plaza of the Queen's Warehouse.

With renewed energy, the Board commenced monthly meetings in July, focused on using the shattering impact of the pandemic as the opportunity to pivot SGF to a stable, flexible and financially prudent organisation. The Board concluded that SGF's energy should shift to directly supporting the Bermuda's UNESCO World Heritage Site as opposed to the building housing the World Heritage Centre.

As such, the SGF Board has notified the Corporation of its intent to terminate the Queen's Warehouse lease effective 31 December 2020. In collaboration with the Corporation and SGF's key historical partners, all efforts are being made to ensure historical assets and exhibits are preserved and transferred to appropriate, caring homes. The Second Hand Rose charity thrift shop clearance sale is taking place through the month of October, also serving as the venue for the sale of non-heritage contents of the Queen's Warehouse.

To facilitate its transition from a brick and mortar custodian to a nimble, cloud based organisation, the SGF Board formed four mission-based working groups as follows:

- Finance Working Group - monitors and provides oversight of SGF's finances.
- Implementation Working Group - oversees SGF's exit from the Queen's Warehouse with special attention to collaboration with the Corporation of St. George and our heritage partners.
- Heritage Preservation Working Group - collaborates with key stakeholders, in particular the Department of Parks, along with volunteers and corporate partners, to preserve and raise awareness of Bermuda UNESCO World Heritage Site assets. To date two clean up events have been held this year in the Ferry Reach Park – the Martello Tower and Gunpowder Magazine in July and the Old Lime Kiln in October.
- Education Working Group – collaborates with the East End schools and community groups to develop awareness and education programmes.

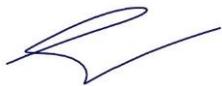
To support these initiatives, General Manager Peter Frith, assisted by heritage intern Taché Smith, have worked hard on the ongoing transition, which has included shifting the SGF office to the cloud, enhancing SGF's social media presence and developing the new SGF website [www.sgf.bm](http://www.sgf.bm), which is launching in October. As well, Alison Correia is supervising

the Second Hand Rose clearance sale which, after over 10 years of operating, has been a mammoth task.

### *Looking to the Future*

The remaining months of the 2021 fiscal year will see the handover of the Queen's Warehouse to the Corporation, the formalisation of SGF's new scaled down operation model, the continuation of the Heritage Preservation initiatives and the fruition of SGF's education and awareness programmes.

The SGF Board is excited to action its mission to support Bermuda's UNESCO World Heritage Site through collaboration, education and awareness, and looks forward to having a meaningful, positive impact for the residents and visitor to the Historic Town of St. George and its related fortifications.



Cheryl Hayward-Chew  
*Chairman*

### ***Acknowledgements:***

*First and foremost, the SGF Board wishes to recognise the life and contribution of friend Claudine Wilson. It was Ms. Wilson's wish that on her passing \$50,000 be donated to the SGF and it is thanks to her generosity that SGF will be able to complete its transition plans during a year of crisis. We look forward to formally recognizing her generosity with an in person gathering in 2021.*

*The SGF Board recognises the loss of long time Board Trustee Miles Outerbridge at the end of February. Mr. Outerbridge contributed his valuable expertise in support of the Queen's Warehouse and in later years to the restoration of the Deliverance.*

*The Board also recognises the passing of special volunteer Sue Van Reel, whose friends and family held a celebration of Ms. Van Reel's life at the World Heritage Centre, with the proceeds donated to SGF in her memory.*

*The SGF Board recognises Government and heritage collaborating partners who have assisted in the past year including Corporation of St. George, Department of Parks, Government Archives, Department of Community and Cultural Affairs, Bermuda National Trust, Bermuda*

*National Museum, St. George's Historical Society, Bermuda Heritage Museum and St. Peter's, Their Majesties Chappell.*

*The SGF Board would also like to thank:*

- *General Manager Peter Frith for his passion and commitment to SGF and Bermuda's UNESCO World Heritage Site;*
- *Alison Correia for her flexibility and ongoing support of SGF;*
- *Heritage intern Taché Smith who has infused SGF with her enthusiasm, heritage expertise and administrative versatility;*
- *Chubb sponsored summer student Tyrese Cheeseman who embraced and supported SGF's transition efforts;*
- *Emma Edwards of Red Bicycle media company who generously donated their development time creating the new [www.sgf.bm](http://www.sgf.bm) website;*
- *Ferry Reach clean up volunteers:*
  - o *Rick Hawke for recording stills & video footage; Peter Barrett, SGF Board; Francine Trott, Curator & Danny DeSilva, Caretaker from Fort St. Catherine; Charlotte Andrews, Heritage Consultant and Gabby Moreno, Skyport;*
  - o *Martello Tower: David Frith, Town Crier & Chairman of the Twinning Association; Kyle Morris, Ren Re; Jamie & Jack McCrae, Meyer Group; Sean Wainwright, Fort St. Catherine Supervisor;*
  - o *Lime Kiln: 10<sup>th</sup> October – 9 members of the St. George's Rotary under President Ihab Azab; 14<sup>th</sup> October - Angelique Burgess, Debbie Gillet, & Jeanne West of the Bascome Family;*
- *Second Hand Rose volunteers including Debi Montgomery, Sandy Pearson, Gail Butterworth and Alison Outerbridge;*
- *Patty Betcher for her administrative assistance and Allan Betcher for IT assistance;*
- *David Chew for his assistance with the Queen's Warehouse clean up;*
- *outgoing volunteer bookkeeper Myra (Patricia) Simmons;*
- *Kit Cunningham of Appleby for legal assistance;*
- *Vivian Carter and the Bank of Bermuda Foundation for their ongoing support;*
- *and our valuable members, whether corporate or individual, large or small.*

*And finally, thank you to the SGF Board members – Deputy Chairman Louise Wakefield, Treasurer Peter Barrett, Secretary Wendy Percy, Directors Neil Moncreiff, Quinell Francis and Stephen Lowe, whose tenacity and commitment have ensured SGF's continued movement towards the shared vision.*

### ***The Queen's Warehouse, circa 1860 - World Heritage Centre Development***

*Having successfully facilitated the designation of the Historic Town of St. George and related fortifications as an UNESCO World Heritage Site, on 16 November 2002, the Corporation of St.*

*George (the “Corporation”) and the St. George’s Foundation (the “SGF”) signed an agreement for the Queen’s Warehouse, #19 Penno’s Wharf. In that agreement, SGF committed to renovating and developing the Queen’s Warehouse into a heritage centre and CSG committed to a lease of 999 years for the nominal annual rent of one bale of cotton.*

*The driving force behind the development was the 1996 St. George’s Town Heritage Plan. The Queen’s Warehouse was chosen both because it was ideally located as an orientation centre for visitors entering the Town from the planned Tiger Bay transportation hub, and because the building, built in 1860, had fallen into a state of disrepair, an eye sore to passengers in what was then a thriving cruise ship port. The Queen’s Warehouse was to be transformed into an educational centre to highlight Bermuda’s early history.*

*After seven years of preparation and with over \$7M raised in the building capital campaign for what was then to be called the “World Heritage Visitors Centre”, the restoration project officially began with the 16 July 2004 ground breaking ceremony. The restoration would bring the building to “as new” condition, to include roofing, plumbing, electrical, installation of new doors and windows as well as the installation of an elevator and staircase.*

*In 2006, the World Heritage Centre officially opened its doors with the grand opening of the “Gateway to Bermuda” Orientation and Exhibits Gallery, a comprehensive display area with what was then cutting edge interactive exhibits. The Bermuda Government was the major exhibit sponsor. The orientation centre was to create life in the Town, revitalize interest in St. George’s and Bermuda’s heritage and history. The World Heritage Centre became an advocate of other museums in St. George’s and throughout Bermuda, encouraging visitors to explore the “real museum”, the Historic Town of St. George and its related fortifications. In the following year, charity thrift shop Second Hand Rose opened its doors to enhance SGF’s revenue generation.*

*With the upper level completed featuring a 60 seat contemporary movie theatre and 4,500 square feet of main exhibit area, SGF celebrated the official opening and dedication ceremony of the World Heritage Centre on 28 July 2009. The opening ceremony was dedicated in commemoration of Bermuda’s 400<sup>th</sup> Anniversary with the Bank of Bermuda Foundation being celebrated as both the first donor and the single largest donor supporting the building renovation and creation of the World Heritage Centre.*

*All in all, between the building renovations, interior furnishings and exhibits, SGF raised and invested well over \$5M into transforming the Queen’s Warehouse into the World Heritage Centre. Over its 14 years, the transformed Queen’s Warehouse came alive with locals and visitors alike, functioning as a centre for orientation, education and celebration of the heritage and history of Bermuda’s UNESCO World Heritage Site, the Historic Town of St. George and its related fortifications.*



# The St. George's Foundation

10 October, 2020

## 2020 GENERAL MANAGER REPORT

Prior to lock down on 20<sup>th</sup> March, we only did one public school tour with 32 students from Northlands Primary School, then two "Spirit of Bermuda" middle school sail training tours for 31 students. A special tour was done with 14 students from the Centre for Creative Learning and then another special tour for 32 students on the overseas Sail Training Ship "Pelican of London" on a repeat visit.

We did manage to host an evening of beautiful music in the World Heritage Centre for the Bermuda Festival performance by Alda Dizdari on violin, accompanied by 3 members of the Bermuda Philharmonic. 61 people were able to attend.

The only student learning activity for the next 6 months was to be a part of the Bermuda National Trust partnership with the Department of Education three part learning journey "online Zoom" experience where the General Manager took on the persona of Governor Sir Thomas Gates to answer questions relating to "From Shipwreck Survivor to Settler Society" and "Follow the Money: Agriculture" for P4 students and Governor Captain Nathaniel Butler for "From Slavery to Emancipation" and "Follow the Money: Maritime" for P5 students. A grand total of 390 students were involved over three days with three 30 minute sessions per day. With the success and positive reception from all, this program will be continued in the early part of 2021.

The remainder of the time was spent on a complete revamp of our administration to move on to the virtual office cloud based system supported by Independent Consulting Solutions eVolution Program and begin the process to shut down our operation in the World Heritage Centre.

This coincided with the beginning of our "Heritage Preservation for Education" project, to restore the access and visual esthetics of several historical sites out at Ferry Point Park, on Ferry Reach.

The two projects completed so far, Martello Tower and Old Lime Kiln, have lead to a renewed interest from the public and garnered much needed support from certain corporate entities which SGF will now expand upon to begin the process to teach all students and residents alike the importance of preserving these historic features to tell the true inclusive story of our history and culture.

All avenues of awareness were utilized from social media to printed and electronic media to get island wide coverage.

A new request for membership has gone out and already we are seeing a very positive response and long may it continue!

Without the support and dedication from our special contract staff of Alison Correia, and Taché Smith, plus the assistance from the Chubb Foundation supporting the training of student intern, Tyrese Cheeseman, these projects would not have got off the ground.

Also special thanks go out to our Board Members and Volunteers who worked tirelessly to get everything ready for our Grand Clearance Sale of all merchandise in Second Hand Rose, and the donation of exhibit

material to collaborating historical organizations like the Bermuda National Trust and the Bermudian Heritage Museum.

Yours,



Peter M. Frith

General Manager

 @SGFBermuda

 @sgf\_bermuda

 @SGF\_BERMUDA

WEB: [www.sgf.bm](http://www.sgf.bm)



## The St. George's Foundation

Dear Members:

Thank you for attending this years' AGM.

At last years' AGM we spoke about the positive results stemming from our re-organization from a trust to a non-profit company limited by guarantee. As a reminder, this process was necessary to rationalize operations, better manage risk and to attract and keep talent on the board.

*Overall results for the year ended March 31, 2020.*

After years of incurring financial losses, we were able this year to earn a net financial gain before amortization of \$139,502. This is a considerable improvement from the net financial loss of \$16,597 last year. This turnaround in our financial condition enabled the Foundation to pay down its current accounts payable which had been growing unabated. We had to "aim high" and economize since our existence relied upon it. Since March 31, 2019 our cash position improved by \$66k and our accounts payable fell by \$61k. Our liquidity position is much improved as our ratio of current assets to current liabilities has risen almost 15-fold from 0.12 on March 31, 2019 to 1.83 on March 31, 2020. Expenses before amortization fell from \$211k last year to \$114k this year. These results confirm that our re-organization was in the best interest for the members, and the Foundation alike since it has facilitated much better resource management.

*Understanding the nature of the financial statements:*

Unlike many organizations, the financial results of the Foundation are much more impacted by accounting allocations to comply with financial reporting rules rather than by economic events which have a current or future cash flow effect. Looking at the statement of operations, the largest revenue item (i.e. campaign income) and the largest expense item (i.e. amortization) reflect these type of allocations. The nature of these allocations will be described in further detail.

***Looking at the statement of operations:***

*(i) Campaign income and amortization of capital assets:*

The campaign income of \$267,463 (2019: \$267,459) is a result of amortizing our deferred contributions of \$1,664,311 (2019: \$1,931,774). The campaign income is not the result of fundraising completed during fiscal 2020.

The amortization expense of \$193,644 (2019: \$193,511) is a result of allocating the cost of the Foundation's capital assets. This expense does not reflect a current or future outflow of cash.

Under financial reporting rules, the net effect of the campaign income less amortization is technically a net gain of \$73,819 (2019: \$73,948), however the current and future cash flow effects of these “net gains” are zero. With this in mind you really need to pay much more attention to the net results **before amortization** of \$139,502 (2019 loss: \$16,597) rather than our net income after amortization of \$213,321 (2019: \$57,351). Failure to do this will probably result in reaching the incorrect conclusion about the true net financial results of our operations.

*(ii) Non restricted donations:*

Non-restricted income is mainly comprised of sales and admission fees originating from the Queen’s Warehouse; unrestricted donations (e.g. persons and organizations simply donating sums of money); receipts from special events (e.g. dinners, receptions, raffles) and rental revenue from tenants using space within the premises. The net fluctuation this year was up mainly because we received a \$50,000 donation from the estate of Claudine Wilson.

*(iii) Membership dues and fees:*

There has been a fall in those renewing their memberships, particularly in the last 6-months of the year. Hence membership dues have declined 8%. A plan is in place to enhance our membership base. This is especially important due to the new covid-19 environment which has been thrust upon all of us.

*(iv) Staffing:*

Costs relating to staffing have decline because we have continued to scale down the hours of all of our staff to better dovetail with the ebb & flows of the tourist market which drives most of the foot-traffic through the Queen’s Warehouse. At the same time during fiscal 2020 we were no longer incurring the considerable expenses relating to compliance with the employment act as all of our staff are now part-time contract workers.

*(v) Facilities:*

Facilities expense includes items like electricity, insurance, and repair & maintenance. Facilities expense has fallen primarily because we are no longer spending monies repairing the Deliverance as our lease was not renewed; and because we have not needed to spend as much as we have in the past repairing the Queen’s Warehouse.

*(vi) Outside services:*

Outside services includes mainly our bookkeeping fees as well as some other smaller fees that might include printing. This year’s total was up primarily because we spent \$7k on a needs assessment to help the board better understand how the public views the Foundation and how we might better tailor our core mission. This process was an integral part of our successful transition.

**Looking at the statement of financial position:**

*i. Capital assets:*

The net book value of our capital assets of \$1,200,123 (2019: \$1,393,767) is mainly (96%) the unamortized portion of our leasehold improvements in the Queen’s Warehouse with the remaining 4% being the net book value of the Patience model and signage. This “asset” value may seem very “attractive”, however its carrying value is more to do with satisfying accounting rules, and less to do with estimating the future value of the cash flows expected

from the assets. Given these traits and the fact that this is mainly an intangible asset is one of the reasons we received an audit waiver from the charities commission after 2018.

*ii. Accounts payable:*

Our accounts payable of \$33,826 (2019: \$94,523) fell because we were able to allocate more cash towards paying down our vendors and creditors.

*iii. Deferred contributions:*

The largest figure on the balance sheet is the deferred contributions of \$1,664,311 (2019: \$1,931,774) which arose many years ago from the results of the capital campaign. Under accounting rules, amounts raised and then spent on our current unamortized assets has to be deferred and amortized at the same rate of amortization charged against these assets. In essence, we are not permitted to recognize this portion of the proceeds of the capital campaign as revenue when the cash was received many years ago. Instead the value of these cash receipts are deferred on the balance sheet as a “long-term liability”. As already outlined, the campaign income harvested from the unamortized deferred contributions balance is *not a cash item, nor will it ever become one*. We therefore should **not** view our campaign income as a current or future source of cash. It is merely an accounting exercise to satisfy the matching principle dictated by accounting rules & standards. It will be another four years before the deferred contributions are written off, hence for another four years our net income after amortization will seem at first glance much better than our true performance. Another reason why we were able to receive the audit waiver was because of the nature of the campaign revenue.

***Looking ahead:***

While March 31, 2020 saw the end of our financial year, it also marked the beginning of the covid-19 pandemic. With much of the economy in hibernation, and the closing of the Queen’s Warehouse to locals, tourists and to our tenants, our revenues have plummeted.

Membership renewals have been anemic as much of the population is not spending as they normally would. Despite cost cutting measures, the pandemic pushed us into financial decline. This crisis has forced us to reevaluate our ability to remain as a tenant in the Queen’s Warehouse which we are currently leasing from the St. George’s Corporation. Understanding that we do not receive an operating grant to help maintain the premises or to pay many of the ongoing expenses which a landlord would typically pay, we were forced to reassess ourselves. Looking after the Queen’s Warehouse was always a challenge in the best of times, and it continually distracted us from our core mission. As a result we are going to have to hand the premises back to the St. George’s Corporation after the end of this year. Arguably the effects of the pandemic have been a blessing in disguise since it has forced us to rationalize our operations to enable us to better focus on our mandate which is to support the UNESCO World Heritage Sites through collaboration, education and awareness.

Along with your AGM pack you should find our financial results for the six months ended September 30, 2020. These results show how the pandemic has affected us financially. For the six months ended September 30, 2020 we incurred before amortization a loss of \$18,701 which represents a decline of \$79k when compared to the same period last year. Since March 31, 2020 our cash position has declined by \$23k, however our ratio of current

assets to current liabilities has held fairly steady from 1.85 on March 31, 2020 to 1.47, so we are able to meet our ongoing financial obligations when they become due.

Understanding the devastating impact of the pandemic, these half-year results confirm that we are navigating our way through this crisis, and that with the transition out of the Queen's Warehouse we should return once again to financial growth once the economy returns to some semblance of normalcy. To put things in a financial context, we expect the move to save us at least \$4k per month in expenses plus many hours of our time managing the issues surrounding the building and its tenants. This \$4k per month is **not** taking into account the contingencies associated with the effects of pandemics, severe economic recessions or strong hurricanes which would result in crippling repair costs, plus higher insurance premiums. We have successfully navigated our way through covid-19, but it is questionable if we could survive another pandemic, or economic recession within the next five years if we remained in the building. No charity as small as ours can afford to be the tenant of such an old building like the Queen's Warehouse unless it is provided with an automatic grant to pay for monthly maintenance and the yearly insurance premium. In closing, once we vacate the warehouse we will have to fully amortize all capital assets left in the building. We will also have to amortize the deferred contributions which are mapped against those capital assets. This process will result in a net accounting gain of approximately \$465k for the nine months ended December 31, 2020. Naturally, this "gain" will do nothing for our current or future cash position.

***Getting people involved:***

The Foundation's continued success will rest more and more on those willing to volunteer. We need people who can focus their talents to increase our membership base. We would also be most grateful if volunteers could step forward to help the Foundation with its efforts to preserve and ultimately restore heritage sites. If anyone can dedicate a certain amount of time on certain days, then please advise our general manager Peter Frith at 297-8043 or 536-1637. In particular we will be looking for masons who might be willing to assist with restorative work.

I would like to thank Peter Frith once again for the assistance he has given me since I joined the Foundation. Also, I would like to extend a special thanks to all of the board members for their continued support.

  
Peter Barrett  
Treasurer

# **The St. George's Foundation**

**FINANCIAL STATEMENTS**

**March 31, 2020**

**(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, 2020 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  
June 16, 2020

A handwritten signature in blue ink, appearing to be 'T. Boyd', is positioned above a horizontal line.

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Todd Boyd, CPA, CA

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
as at March 31, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	2020	2019
<b>CURRENT ASSETS</b>		
Cash <i>(Note 2(f))</i>	73,222	\$ 7,043
Rent receivable <i>(Note 11)</i>	3,883	7,000
	77,105	14,043
<b>CAPITAL ASSETS <i>(Note 4)</i></b>		
ANTIQUE FURNITURE <i>(Note 5)</i>	1,200,123	1,393,767
	58,500	58,500
	1,335,728	1,466,310
<b>CURRENT LIABILITIES</b>		
Accounts payable and deposits <i>(Note 2(f))</i>	\$ 33,826	\$ 94,523
Deferred membership fees and dues <i>(Note 2(g))</i>	7,953	23,696
	41,779	118,219
<b>DEFERRED CONTRIBUTIONS <i>(Note 3)</i></b>		
	1,664,311	1,931,774
	1,706,090	2,049,993
<b>NET DEFICIENCY</b>		
Net assets invested in capital assets and antique furniture	2,031,338	1,837,694
Net assets restricted for endowment purposes <i>(Notes 6 and 9)</i>	13,625	18,292
Deficiency in unrestricted net assets	(2,415,325)	(2,439,669)
	(370,362)	(583,683)
	\$ 1,335,728	\$ 1,466,310

APPROVED BY THE BOARD:



Chairman


  
Peter Barrett  
Treasurer

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF OPERATIONS**  
For the Year Ended March 31, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	2020	2019
<b>REVENUES</b>		
Non restricted income	213,110	150,662
Membership fees and dues	40,641	44,193
Donated legal services	2,500	-
	253,751	194,855
<b>EXPENSES</b>		
Staffing	49,253	128,816
Facilities	34,309	51,816
Outside services	14,962	7,671
Office	15,556	20,889
Goods	169	2,260
	114,249	211,452
<b>EXCESS / (DEFICIT) OF UNRESTRICTED REVENUES OVER EXPENSES BEFORE AMORTIZATION</b>	<b>139,502</b>	<b>(16,597)</b>
<b>AMORTIZATION</b>		
Amortization of deferred contributions <i>(Note 3)</i>	267,463	267,459
Less: Amortization of capital assets <i>(Note 4)</i>	(193,644)	(193,511)
	73,819	73,948
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 213,321</b>	<b>\$ 57,351</b>

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
For the Year Ended March 31, 2020  
*(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 2020</u>	<u>Total 2019</u>
BALANCE BEGINNING OF YEAR							
BROUGHT FWD	\$	1,837,694	\$	18,292	\$ (2,439,669)	\$ (583,683)	\$ (641,034)
Excess of revenues over expenses		193,644		(4,667)	24,344	213,321	57,351
<hr/>							
BALANCE END OF YEAR	\$	2,031,338	\$	13,625	\$ (2,415,325)	\$ (370,362)	\$ (583,683)
<hr/>							

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Year Ended March 31, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 213,321	\$ 57,351
<i>Items not involving cash movement</i>		
Amortization of capital assets	193,644	193,511
<i>Changes in assets and liabilities:</i>		
Rent receivable	3,117	3,500
Accounts payable and deposits	(60,697)	18,235
Deferred membership fees and dues	(15,743)	632
Deferred contributions	(267,463)	(267,459)
	66,179	5,770
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	-	(1,595)
	66,179	4,175
<b>NET INCREASE IN CASH</b>	<b>66,179</b>	<b>4,175</b>
<b>CASH, BEGINNING OF YEAR</b>	<b>7,043</b>	<b>2,868</b>
<b>CASH, END OF YEAR</b>	<b>\$ 73,222</b>	<b>\$ 7,043</b>

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

March 31, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

1. NATURE OF ORGANIZATION

The St. George's Foundation (the "Foundation") is a not-for-profit Bermuda company limited by guarantee. It is also a Bermuda Registered Charity, #454. Governance and oversight consists of a board of directors and a small contingent of contracted part-time staff. Volunteers are also 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.

Through a process of collaboration, education and awareness, the primary activities of the Foundation are devoted to supporting the history and heritage of the historic town of St. George and its related historic sites & fortifications that today stand as a UNESCO World Heritage Site. The Foundation's mandate is to partner with other like-minded groups in support, and raise awareness of the importance of the UNESCO World Heritage Site.

2. SIGNIFICANT ACCOUNTING POLICIES

*a. 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:

*b. 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**

March 31, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*c. 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

*d. 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 also 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.

*e. Website costs*

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

*f. 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, rent receivables and accounts payable and deposits. Cash is comprised of a single chequing account held with a Bermuda bank.

*g. 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**

March 31, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

3. DEFERRED CONTRIBUTIONS

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

	Balance March 31, 2019	Contributions received	Recognized as revenue	Balance March 31, 2020
Designated contributions				
Capital campaign	\$ 1,871,438	\$ -	\$ (261,132)	\$ 1,610,306
Patience model	6,056	-	(1,321)	4,735
Signage	54,280	-	(5,010)	49,270
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	\$ 1,931,774	\$ -	\$ (267,463)	\$ 1,664,311
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

4. CAPITAL ASSETS

Capital assets consist of the following:

	Cost 2020	Accumulated amortization 2020	Net book value	
			2020	2019
Furniture/exhibits	\$ 1,016,248	\$ 1,016,248	\$ -	\$ -
Computer and other equipment	16,092	15,002	1,090	1,409
Leasehold improvements	3,866,493	2,667,460	1,199,033	1,392,358
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total	\$ 4,898,833	\$ 3,698,710	\$ 1,200,123	\$ 1,393,767
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>

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

March 31, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

5. ANTIQUE FURNITURE

A cedar dole cupboard, built in 1640 for distributing food to the poor, was donated many years ago to the Foundation by an anonymous donor. There are few such dole cupboards left in the world, hence it is a genuine antique and a valuable item for showcasing Bermuda's heritage. In prior years, this antique was subject to a professional restoration costing \$58,500. It is now on loan to the St. Peter's Church in St. George as an exhibit piece inside the Church. Management is of the opinion that its value far exceeds the cost of the restoration, and that with time it will only appreciate in value. Therefore it is not amortized in accordance with *Note 2(c)*. Any appreciation in value will be recognized if the dole cupboard is sold to a buyer dealing at arm's length. No loss in value will be recognized unless it is determined to be other than temporary.

6. ENDOWMENT CONTRIBUTIONS

Included in net assets restricted for endowment purposes are donated funds of \$13,625 (2019: \$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. During the current year, restorative work costing \$4,667 (2019: \$nil) was completed. There were no contributions for this year or the prior year.

7. 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. Financial instruments held by the Foundation are disclosed in *note 2(f)*. The Foundation does not require collateral or other securities to manage the credit risks associated with its financial instruments. Management has determined that the Foundation's exposure to credit risk is minimal.

*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 local economy, including the macro-economic effects relating to pandemics. 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 market and economic risks.

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

March 31, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

8. 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.

9. CAPITAL DISCLOSURES

The Foundation manages externally restricted donations, as outlined in *Note 6*, totaling \$13,625 (2019: \$18,292). The Foundation has complied with all externally imposed capital requirements during the year.

10. GOVERNMENT REMITTANCE PAYABLE

Included in accounts payable and accrued liabilities is \$ nil (2019: \$14,629) due to the Bermuda Government.

11. 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 vendors who specialize in Bermuda cuisine.

12. SUBSEQUENT EVENTS

Subsequent to March 31, 2020 Bermuda was in lockdown in response to the world-wide COVID-19 pandemic. The effects of this lockdown has led to a significant decrease in rent revenue and revenues earned from operations conducted within the World Heritage Center. Currently management is not yet able to determine precisely the total cost of the pandemic to the Foundation, nor how the pandemic will affect future membership dues and donations from the public.

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
as at September 30, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	September 30 2020	March 31 2020
<b>CURRENT ASSETS</b>		
Cash <i>(Note 3(b))</i>	\$ 50,227	\$ 73,222
Rent receivable <i>(Notes 3(b), 3(e) and 13)</i>	562	3,883
	50,789	77,105
<b>CAPITAL ASSETS <i>(Note 5)</i></b>		
ANTIQUE EXHIBIT <i>(Note 6)</i>	1,103,791	1,200,123
	58,500	58,500
	\$ 1,213,080	\$ 1,335,728
<b>CURRENT LIABILITIES</b>		
Accounts payable and deposits <i>(Notes 3(b) and 12)</i>	\$ 27,264	\$ 33,826
Deferred membership fees <i>(Note 3(g))</i>	7,400	7,953
	34,664	41,779
<b>DEFERRED CONTRIBUTIONS <i>(Note 4)</i></b>		
	1,530,580	1,664,311
	1,565,244	1,706,090
<b>NET ASSETS</b>		
Guarantor paid up capital <i>(Note 11)</i>	50	50
Net assets invested in capital assets and antique exhibit	1,162,291	1,258,623
Net assets restricted for endowment purposes <i>(Notes 7 and 10)</i>	13,425	13,625
Deficiency in unrestricted net assets	(1,527,930)	(1,642,660)
	(352,164)	(370,362)
	\$ 1,213,080	\$ 1,335,728

APPROVED BY THE BOARD:

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Treasurer

*The accompanying notes are an integral part of these financial statements*

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF OPERATIONS**  
For the Six Months Ended September 30, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	April 1st to September 30  2020	April 1st to September 30  2019	(Note 15) Year-End March 31  2020	<b>BUDGET</b> April 1st to September 30  2020
<b>REVENUES</b>				
Non restricted income <i>(Note 16)</i>	\$ 9,001	100,772	\$ 210,610	\$ 22,555
Membership fees <i>(Notes 3(g) and 16)</i>	7,653	25,038	40,641	10,000
Donated legal services <i>(Note 3(f))</i>	-	2,500	2,500	-
	16,654	128,310	253,751	32,555
<b>EXPENSES</b>				
Management	11,652	18,305	45,540	19,701
Heritage and education <i>(Note 14)</i>	2,907	4,667	8,380	2,700
Facilities <i>(Notes 9 and 17)</i>	10,237	17,401	29,642	13,500
Outside services	2,574	18,773	14,962	7,500
Office	7,985	8,851	15,556	7,000
Goods	-	59	169	-
	35,355	68,056	114,249	50,401
<b>(DEFICIT) / EXCESS OF UNRESTRICTED REVENUES OVER EXPENSES BEFORE AMORTIZATION</b>	<b>(18,701)</b>	<b>60,254</b>	<b>139,502</b>	<b>(17,846)</b>
<b>AMORTIZATION</b>				
Amortization of deferred contributions <i>(Note 4)</i>	133,731	133,728	267,463	
Less: Amortization of capital assets <i>(Note 5)</i>	(96,832)	(96,822)	(193,644)	
	36,899	36,906	73,819	
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 18,198</b>	<b>\$ 97,160</b>	<b>\$ 213,321</b>	

*The accompanying notes are an integral part of these financial statements*

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF CHANGES IN NET DEFICIENCY**  
For the Six Months Ended September 30, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	Invested in capital assets and antique <u>exhibit</u>	Restricted for endowment <u>purposes</u>	<u>Unrestricted</u>	Guarantor Paid Up <u>Capital</u>	Total September 30 <u>2020</u>	Total March 31 <u>2020</u>
<b>BALANCE BEGINNING OF PERIOD</b>						
BROUGHT FWD	\$ 1,258,623	\$ 13,625	\$ (1,642,660)	\$ 50	\$ (370,362)	\$ (583,683)
Capital transfer	500	-	(500)	-	-	-
Excess of revenues over expenses	(96,832)	(200)	115,230	-	18,198	213,321
<b>BALANCE END OF PERIOD</b>	<b>\$ 1,162,291</b>	<b>\$ 13,425</b>	<b>\$ (1,527,930)</b>	<b>\$ 50</b>	<b>\$ (352,164)</b>	<b>\$ (370,362)</b>

*The accompanying notes are an integral part of these financial statements*

**THE ST. GEORGE'S FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
For the Six Months Ended September 30, 2020  
*(expressed in Bermuda dollars)*  
**UNAUDITED**

	April 1st to September 30 2020	Year-End March 31 2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 18,198	\$ 213,321
<i>Items not involving cash movement</i>		
Amortization of capital assets	96,832	193,644
<i>Changes in assets and liabilities:</i>		
Rent receivable	3,321	3,117
Accounts payable and deposits	(6,562)	(60,697)
Deferred membership fees and dues	(553)	(15,743)
Deferred contributions	(133,731)	(267,463)
	<hr/>	<hr/>
Net cash (used) / provided from operating activities	<b>(22,495)</b>	66,179
	<hr/>	<hr/>
<b>INVESTING ACTIVITIES</b>		
Purchase of capital asset	(500)	-
	<hr/>	<hr/>
<b>NET (DECREASE) / INCREASE IN CASH</b>	<b>(22,995)</b>	<b>66,179</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>73,222</b>	<b>7,043</b>
	<hr/>	<hr/>
<b>CASH, END OF PERIOD</b>	<b>\$ 50,227</b>	<b>\$ 73,222</b>
	<hr/> <hr/>	<hr/> <hr/>

*The accompanying notes are an integral part of these financial statements*

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

September 30, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

1. NATURE OF ORGANIZATION

The St. George's Foundation (the "Foundation") is a not-for-profit Bermuda company limited by guarantee and a registered charity, #454. Governance and oversight consists of a board of directors who serve gratis, as well as a small contingent of contracted part-time staff. Volunteers are also an important component in the execution of the operations of the Foundation. Funding is provided by a paid membership base, as well as donations and grants provided by members of the public and organizations. The Foundation's mandate is to support the UNESCO World Heritage Site through education, awareness and collaboration with those stakeholders detailed in the World Heritage Site Management Plan. To this end, its core activities include preserving and restoring historic sites and managing an education program which showcase these sites to students, the public and visitors.

2. REPORTING PERIOD

These notes are an integral part to the Foundation's semi-annual financial statements for the six months ended September 30, 2020. Therefore any reference in these notes to "the reporting period" means the period from April 1, 2020 to September 30, 2020.

3. SIGNIFICANT ACCOUNTING POLICIES

*a. Use of estimates*

These financial statements have been prepared in accordance with accounting standards (Part III) for not-for-profit organizations generally accepted in Bermuda and Canada. These standards require that management make estimates and assumptions that affect the reported amount of assets and liabilities, including the disclosure of contingent assets and liabilities as at the reporting date of the financial position and the reported amounts of revenues, expenses gains or losses during the reporting period. Actual results could differ from those estimates.

*b. Financial instruments*

A financial instrument is a legal relationship between two entities whereby the creation of a financial asset for one entity is mirrored by a corresponding financial liability, or equity instrument, for the other. The Foundation initially measures its financial assets and liabilities at fair value. Subsequent to that the Foundation measures all financial assets and liabilities at amortized cost which consist of cash, rent receivable and accounts payable and deposits. Cash is comprised of a single chequing account held with a Bermuda bank.

*c. Contributions*

The Foundation follows the deferral method of accounting for contributions whereby contributions are initially deferred and then recognized as revenue only when the related expenses are incurred. Contributions 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. Endowment contributions are recognized as direct increases in net assets.

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

September 30, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

*d. Donations and grants*

Donations and grants are recognized when a formal pledge to give a specific amount has been made and collectability is reasonably assured. Unrestricted donations and grants are a component of non-restricted income. Donor or grant monies that are restricted for certain use are deferred on the statement of financial position and then later amortized when the funds are spent in accordance with the terms and conditions of the donation or grant.

*e. Rental income*

Rental income is derived from property space disclosed in *Note 13* and is accrued as earned. Rental income is recognized net of any provision for losses, and is reported as a component of non-restricted income.

*f. Donated services*

Services donated by organizations and persons are recorded at fair market value provided (i) the services were needed and are well defined, (ii) the fair market value is readily supportable and, (iii) the services would have been paid for if not donated. The Foundation is also dependent on donated services of many volunteers. Due to the difficulty in determining their fair value, the value of volunteer services is not recognized in the financial statements.

*g. 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 life of the membership.

*h. Capital assets*

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

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

*i. Exhibits and collections*

The Foundation's exhibits and collections represent antiques and items on display. The accounting treatment surrounding the antique exhibit on loan to the St. Peter's Church is fully disclosed in *Note 6*. Purchased or constructed exhibits or collections are recorded at cost and then amortized in accordance with *Note 3(h)*. Exhibits and collections that were donated to the Foundation many years ago are reported at nil value.

*j. Website and social media costs*

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

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

September 30, 2020

(expressed in Bermuda dollars)

UNAUDITED

4. DEFERRED CONTRIBUTIONS

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

	Balance March 31, 2020	Contributions received	Recognized as revenue	Balance September 30, 2020
Designated contributions:				
Capital campaign	\$ 1,610,306	\$ -	\$ (130,565)	\$ 1,479,741
Patience model	4,735	-	(661)	4,074
Signage	49,270	-	(2,505)	46,765
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 1,664,311	\$ -	\$ (133,731)	\$ 1,530,580
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

5. CAPITAL ASSETS

Capital assets consist of the following:

	Cost Sept 30 2020	Accumulated Amortization Sept 30 2020	Net book value	
			Sept 30, 2020	Mar 31, 2020
Furniture/collections	\$ 1,016,248	\$ 1,016,248	\$ -	\$ -
Computer and other equipment	16,592	15,172	1,420	1,090
Leasehold improvements/exhibits	3,866,493	2,764,122	1,102,371	1,199,033
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total	\$ 4,899,333	\$ 3,795,542	\$ 1,103,791	\$ 1,200,123
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

6. ANTIQUE EXHIBIT

A cedar dole cupboard, built in 1640 for distributing food to the poor, was donated many years ago to the Foundation by an anonymous donor. There are few such dole cupboards left in the world, hence it is a genuine antique and a valuable item for showcasing Bermuda's heritage. Many years ago this antique was subject to a professional restoration costing \$58,500. It is now on loan to the St. Peter's Church in St. George as an exhibit piece inside the Church. Management is of the opinion that its value is priceless and certainly far exceeds the cost of the restoration, and that its value only appreciates with time. Therefore it is not amortized in accordance with *Note 3(h)*. Any appreciation in value will be recognized if the dole cupboard is sold to a buyer dealing at arm's length. No loss in value will be recognized unless it is determined to be other than temporary.

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

September 30, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

7. ENDOWMENT CONTRIBUTIONS

Included in net assets restricted for endowment purposes are donated funds of \$13,425 (March 31, 2020: \$13,625) which are subject to externally imposed restrictions stipulating that the resources be maintained permanently for purposes of the Revolving Fund for the preservation and restoration of heritage sites within the UNESCO zone. Interest income earned on these funds is unrestricted. Changes to the endowment fund balances are fully disclosed in the statement of changes in net deficiency.

8. 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. Financial instruments held by the Foundation are disclosed in *Note 3(b)*. The Foundation does not require collateral or other securities to manage the credit risks associated with its financial instruments. Management has determined that the Foundation's exposure to credit risk is minimal.

*Liquidity risk*

Liquidity risk is the risk that the Foundation will not be able to meet its financial obligations as they fall due. The Foundation is dependent on membership fees, private donations, grants, 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, grants, contributions or sponsorships may decrease due to adverse changes in the market place and the overall local economy, including the macro-economic effects relating to natural disasters and pandemics. 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 market and economic risks. The effects of the covid-19 pandemic is discussed in *Note 16*.

9. LEASE

On November 16, 2002 the Foundation entered into a long-term lease with the Corporation of St. George's for the premises known as the Queen's Warehouse for 999-years for a nominal consideration of one bale of cotton. The Foundation has given notice to the Corporation of St. George's that they intend to vacate the Queen's Warehouse after December 31, 2020.

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

September 30, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

10. CAPITAL DISCLOSURES

The Foundation manages externally restricted donations, as outlined in *Note 7*, totaling \$13,425 (March 31, 2020: \$13,625). The Foundation has complied with all externally imposed capital requirements during the reporting period. Capital balances are fully disclosed in the statement of changes in net deficiency.

11. PAID UP CAPITAL

The Foundation has seven guarantors who have paid fifty dollars in total to establish the Foundation's ultimate liability.

12. GOVERNMENT REMITTANCE PAYABLE

On September 30, 2020 and on March 31, 2020 there was no indebtedness to the Government of Bermuda.

13. RENTAL PROPERTY

The Foundation rents out the theatre and kitchen space within the Queen's Warehouse. The theatre area is rented to a Church and the kitchen space is rented out to a vendor who specializes in Bermuda cuisine. Rental income is a component of non-restricted income.

14. HERITAGE AND EDUCATION

As described in *Note 1*, part of the Foundation's core mission is to work collaboratively with others to impact lives through education and opportunity. During the reporting period, the Foundation provided employment opportunity for an Intern who is a graduate in heritage related studies. In addition, the Foundation worked with others to preserve certain heritage sites so that they can be showcased as part of our planned educational tours. Due to the covid-19 pandemic, no tours were carried out during the reporting period. Moving forward, tours will be conducted once it is safe to do so and all aspects of executing such tours are covid-compliant. Heritage and education expenses are disclosed in the statement of operations.

15. COMPARATIVES

Certain comparative figures have been reclassified to conform to the current period's presentation.

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

September 30, 2020

*(expressed in Bermuda dollars)*

UNAUDITED

16. COVID-19

The world-wide COVID-19 pandemic has had a significant adverse effect on the Foundation's core income which includes membership dues, as well as non-restricted income which is comprised of donations, grants, net rental income, the sale of goods within the Queen's Warehouse and miscellaneous receipts. Notwithstanding the effects of the pandemic, the Foundation has been able to economize and control spending to retain enough cash to remain as a going concern. Management is confident that the Foundation will be able to navigate its way through the remainder of the pandemic and return once again to financial growth. The pandemic has not affected the mandate of the Foundation as already outlined in *Notes 1 and 14*.

17. SUBSEQUENT EVENTS

Subsequent to September 30, 2020 the Foundation initiated plans to vacate the Queen's Warehouse after December 31, 2020. This move will enable the Foundation to better focus on its mandate and core activities which are outlined in *Note 1*. Exhibits of noteworthy value will be placed on loan to the most appropriate not-for-profit organization in Bermuda. Management will monitor on a continual basis all loaned exhibits to ensure they are being cared for and used in accordance with agreed upon terms.