

Consolidated Financial Statements of

**THE BAHAMAS NATIONAL TRUST**

December 31, 2017

# THE BAHAMAS NATIONAL TRUST

## Consolidated Financial Statements

December 31, 2017

### CONTENTS

	<b>Page</b>
Independent Auditors' Report	1 – 3
Consolidated Statement of Financial Position	4
Consolidated Statement of Comprehensive Income/(Loss)	5
Consolidated Statement of Changes in Fund Balances	6
Consolidated Statement of Cash Flows	7
Notes to the Consolidated Financial Statements	8 – 26



# BAKER TILLY GOMEZ

CHARTERED ACCOUNTANTS

The Deanery  
28 Cumberland Street  
P.O. Box N-1991  
Nassau, Bahamas  
Tel: +1 (242) 356-4114  
Fax: +1 (242) 356-4125  
Email: [info@btgomez.com](mailto:info@btgomez.com)  
Website: [www.btgomez.com](http://www.btgomez.com)

## INDEPENDENT AUDITORS' REPORT

To the Council of  
**THE BAHAMAS NATIONAL TRUST**

### *Qualified Opinion*

We have audited the consolidated financial statements of The Bahamas National Trust ("the Trust"), which comprise the consolidated statement of financial position as at December 31, 2017, and the related consolidated statements of comprehensive income/(loss), changes in fund balances and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* paragraphs, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Trust as at December 31, 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Qualified Opinion*

In common with many non-profit organizations, the Trust derives a portion of its total income from events, contributions, gifts and donations, some of which are received in cash. The completeness of these cash receipts is not always susceptible to satisfactory audit procedures. Accordingly, our audit procedures on such income were limited to amounts recorded in the records of the Trust and we were not able to determine whether any adjustments to these amounts might have been necessary.

Real property bequeathed or donated as gifts in-kind is included in income at the time that title has passed to the Trust and it is made aware of this. Management has elected to record such income at a nominal value, which is not in accordance with IFRS. Such real property is generally received as properties to be held for long-term preservation, and as such, management does not consider these "assets" in the normal sense, and further considers that assigning fair values to such property would distort the Trust's consolidated financial position.

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Trust in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, 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 qualified opinion.

## INDEPENDENT AUDITORS' REPORT (continued)

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditors' report is information included in the Trust's Annual Report, but does not include the consolidated financial statements and our auditors' report thereon.

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

In connection with our audit of the 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 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 auditors' 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.

### *Responsibilities of Management for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Trust'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 management either intends to liquidate the Trust or to cease operations, or has no realistic alternative but to do so.

The Council is responsible for overseeing the Trust's financial reporting process.

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

## INDEPENDENT AUDITORS' REPORT (continued)

### *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements (continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### *Report on Other Legal and Regulatory Requirements*

In our opinion, the Trust's accounting records, of which we are the auditors, have been kept as required by the provisions of the Bahamas National Trust Act 1959.



CHARTERED ACCOUNTANTS

April 23, 2018  
Nassau, Bahamas

# THE BAHAMAS NATIONAL TRUST

## Consolidated Statement of Financial Position

December 31, 2017

(Expressed in Bahamian dollars)

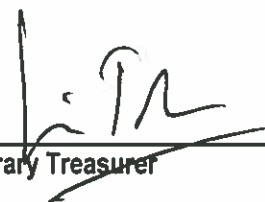
	General Fund 2017	The Heritage Fund 2017	Total Funds 2017	Total Funds 2016
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents (Note 4)	\$ 299,161	\$ 282	\$ 299,443	\$ 589,551
Term deposits (Note 5)	37,694	-	37,694	36,655
Accounts receivable (Note 6)	123,182	-	123,182	45,172
Interest receivable (Note 7)	40,593	-	40,593	52,572
Inventories	78,199	-	78,199	63,439
Prepayments and other assets	14,794	-	14,794	25,805
	593,623	282	593,905	813,194
<b>Non-current assets</b>				
Investments in government stocks (Note 7)	-	2,200,000	2,200,000	2,200,000
Available-for-sale investments (Note 8)	751,571	2,119,424	2,870,995	2,547,846
Capital work-in-progress (Note 9)	96,845	-	96,845	55,639
Intangible asset (Note 10)	37,743	-	37,743	-
Property and equipment (Note 11)	978,301	-	978,301	910,266
	1,864,460	4,319,424	6,183,884	5,713,751
<b>Total assets</b>	<b>\$2,458,083</b>	<b>\$4,319,706</b>	<b>\$6,777,789</b>	<b>\$6,526,945</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Bank overdraft (Note 15)	\$ -	\$ -	\$ -	\$ 72,381
Accrued expenses and other liabilities (Note 16)	254,598	-	254,598	166,792
Deferred contributions (Note 17)	829,133	-	829,133	817,957
	1,083,731	-	1,083,731	1,057,130
<b>Non-current liabilities</b>				
Deferred life membership subscriptions	-	-	-	364
<b>Total liabilities</b>	<b>1,083,731</b>	<b>-</b>	<b>1,083,731</b>	<b>1,057,494</b>
<b>NET ASSETS</b>	<b>\$1,374,352</b>	<b>\$4,319,706</b>	<b>\$5,694,058</b>	<b>\$5,469,451</b>
<b>FUND BALANCES</b>	<b>\$1,374,352</b>	<b>\$4,319,706</b>	<b>\$5,694,058</b>	<b>\$5,469,451</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

Approved on behalf of the Council of The Bahamas National Trust:



President



Honorary Treasurer

# THE BAHAMAS NATIONAL TRUST

## Consolidated Statement of Comprehensive Income/(Loss)

For the year ended December 31, 2017

	General Fund 2017	The Heritage Fund 2017	Total Funds 2017	Total Funds 2016
<b>INCOME</b>				
Government grants (Note 13(a))	\$1,500,000	\$ -	\$1,500,000	\$1,400,000
Contributions from non-profit organizations	1,041,284	-	1,041,284	972,409
Other gifts and donations	671,443	-	671,443	363,740
Park fees, moorings and tours	423,514	-	423,514	459,833
Events proceeds and other activities	229,541	-	229,541	266,002
In-kind donations	153,121	-	153,121	39,784
Interest	7,943	82,780	90,723	113,492
Members' subscriptions	77,897	-	77,897	88,955
Income from insurance claim proceeds	62,476	-	62,476	-
Retail sales	58,777	-	58,777	59,352
Income from Discovery Club	37,706	-	37,706	72,768
Dividends (Note 8)	-	31,561	31,561	21,572
Dive tag sales	17,274	-	17,274	35,139
Research fees	600	-	600	150
<b>Total income</b>	<b>4,281,576</b>	<b>114,341</b>	<b>4,395,917</b>	<b>3,893,196</b>
<b>EXPENSES</b>				
Salaries and benefits (Notes 13(c), 19)	1,752,971	-	1,752,971	1,700,383
Projects supported by non-profit organizations	969,245	-	969,245	908,868
Depreciation and amortization (Notes 10, 11)	222,160	-	222,160	197,693
Cost of events	208,273	-	208,273	203,449
Professional fees	154,072	-	154,072	65,525
In-kind expenses	153,121	-	153,121	39,784
Utilities	145,682	-	145,682	128,144
Maintenance – vehicles and boats	133,204	-	133,204	119,624
Repairs and maintenance – general	143,695	-	143,695	148,158
Committees, conferences and travel	109,605	-	109,605	98,395
General insurance	97,072	-	97,072	104,891
Postage and office supplies	81,473	-	81,473	75,729
Advertising, publications and outreach	55,230	-	55,230	64,204
Rent	52,300	-	52,300	24,600
Miscellaneous	38,123	-	38,123	43,345
Cost of sales – retail	18,436	-	18,436	37,745
Bank charges	17,746	-	17,746	16,895
Freight and duty	14,765	-	14,765	21,732
Security	10,417	-	10,417	3,520
Public meetings and school education	5,598	-	5,598	8,488
<b>Total expenses</b>	<b>4,383,188</b>	<b>-</b>	<b>4,383,188</b>	<b>4,011,172</b>
<b>Net operating income/(loss)</b>	<b>(101,612)</b>	<b>114,341</b>	<b>12,729</b>	<b>(117,976)</b>
<b>OTHER COMPREHENSIVE INCOME</b>				
<i>Item that may be reclassified subsequently to profit or loss</i>				
Net change in fair value of available-for-sale investments (Note 8)	-	211,878	211,878	115,834
<b>Net income/(loss) and total comprehensive income/(loss)</b>	<b>\$ (101,612)</b>	<b>\$ 326,219</b>	<b>\$ 224,607</b>	<b>\$ (2,142)</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

# THE BAHAMAS NATIONAL TRUST

## Consolidated Statement of Changes in Fund Balances

For the year ended December 31, 2017

	General Fund	The Heritage Fund	Total Funds
<b>FUND BALANCES AS AT DECEMBER 31, 2015</b>	\$1,632,585	\$3,839,008	\$5,471,593
Total comprehensive (loss)/income:			
Net (loss)/income	(251,435)	133,459	(117,976)
Other comprehensive income	-	115,834	115,834
Total comprehensive (loss)/income	(251,435)	249,293	(2,142)
Inter-fund transfer	11,952	(11,952)	-
<b>FUND BALANCES AS AT DECEMBER 31, 2016</b>	1,393,102	4,076,349	5,469,451
Total comprehensive income/(loss):			
Net income/(loss)	(101,612)	114,341	12,729
Other comprehensive income	-	211,878	211,878
Total comprehensive income/(loss)	(101,612)	326,219	224,607
Inter-fund transfer	82,862	(82,862)	-
<b>FUND BALANCES AS AT DECEMBER 31, 2017</b>	\$1,374,352	\$4,319,706	\$5,694,058

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.



# THE BAHAMAS NATIONAL TRUST

## Consolidated Statement of Cash Flows

For the year ended December 31, 2017

	General Fund 2017	The Heritage Fund 2017	Total Funds 2017	Total Funds 2016
<b>CASH PROVIDED/(USED IN):</b>				
<b>Cash flows from operating activities</b>				
Net operating income/(loss)	\$ (101,612)	\$ 114,341	\$ 12,729	\$ (117,976)
Adjustments to reconcile net operating income/(loss) to cash (used in) operating activities:				
Depreciation and amortization	222,160	-	222,160	197,693
Amortization of deferred income	(303,255)	-	(303,255)	(127,421)
Gratuity provision	29,604	-	29,604	15,070
Amortization of life membership subscriptions	(364)	-	(364)	(3,640)
Interest income	(7,943)	(82,780)	(90,723)	(113,492)
Dividends	-	(31,561)	(31,561)	(21,572)
<b>Cash (used in) operating activities before changes in operating assets and liabilities</b>	<b>(161,410)</b>	<b>-</b>	<b>(161,410)</b>	<b>(171,338)</b>
Decrease (increase) in operating assets:				
Inventories	(14,760)	-	(14,760)	(320)
Accounts receivable	(78,010)	-	(78,010)	175,871
Prepayments and other assets	11,011	-	11,011	(14,914)
(Decrease) increase in operating liabilities:				
Accrued expenses and other liabilities	58,202	-	58,202	41,692
Deferred contributions	234,722	-	234,722	239,457
Inter-fund transfer	82,862	(82,862)	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>132,617</b>	<b>(82,862)</b>	<b>49,755</b>	<b>270,448</b>
<b>Cash flows from investing activities</b>				
Interest received	19,921	82,780	102,701	109,320
Purchase of available-for-sale investments	-	-	-	(100,000)
Net decrease in term deposits	(1,039)	-	(1,039)	(1,038)
Increase in capital work-in progress	(100,652)	-	(100,652)	(55,639)
Acquisition of property and equipment	(268,492)	-	(268,492)	(100,494)
<b>Net cash (used in)/provided by investing activities</b>	<b>(350,262)</b>	<b>82,780</b>	<b>(267,482)</b>	<b>(147,851)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(217,645)</b>	<b>(82)</b>	<b>(217,727)</b>	<b>122,597</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>516,806</b>	<b>364</b>	<b>517,170</b>	<b>394,573</b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b>\$ 299,161</b>	<b>\$ 282</b>	<b>\$ 299,443</b>	<b>\$ 517,170</b>
<b>Represented by:</b>				
Cash on hand	\$ 21,344	\$ -	\$ 21,344	\$ 24,102
Cash at banks	277,817	282	278,099	565,449
Bank overdraft	-	-	-	(72,381)
	<b>\$ 299,161</b>	<b>\$ 282</b>	<b>\$ 299,443</b>	<b>\$ 517,170</b>

### Non-cash transactions:

Dividends of \$36,561 (2016 - \$21,572) on available-for-sale investments were reinvested in the applicable investment.

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 1. GENERAL INFORMATION

The Bahamas National Trust (the "Trust") was incorporated as a Trust for Places of Historic Interest or Natural Beauty under the provisions of the Bahamas National Trust Act, 1959, as amended ("the Act"). It exists for the purposes of promoting the permanent preservation, for the benefit and enjoyment of the Commonwealth of The Bahamas, of lands and tenements (including buildings) and submarine areas of beauty or natural or historic interest and, as regards lands and submarine areas, for the preservation (so far as practicable) of their natural aspect, features, and animal, plant and marine life.

The consolidated financial statements include the financial statements of the Trust and its wholly-owned subsidiary, Bahamas National Park Safaris Ltd. ("BNPS"), a company incorporated under the Companies Act 1992, of the Commonwealth of The Bahamas on April 21, 2017.

The affairs of the Trust are administered by a Council and an Executive Committee, the composition, powers and proceedings of which are governed by the provisions of the Act.

The principal administrative office of the Trust is located at Bay Street Business Centre, East Bay Street, Nassau, The Bahamas.

The consolidated financial statements were authorized to be issued by the Council of The Bahamas National Trust on April 23, 2018.

### 2. ADOPTION OF NEW STANDARDS AND AMENDMENTS TO THE STANDARDS

At the date of these consolidated financial statements, the following standards and amendments to the existing standards issued by the International Accounting Standards Board (the "IASB") have not been applied in these consolidated financial statements, as they are not yet effective:

IFRS 9	-	Financial Instruments – effective from January 1, 2018
IFRS 15	-	Revenue from Contracts with Customers – effective from January 1, 2018
IFRS 16	-	Leases – effective from January 1, 2019
IFRS 2 (amendments)	-	Share-based Payment – amendments for clarifications on classification and measurement of share-based payment transactions – effective from January 1, 2018

The Council is in the process of determining the effects, if any, on the consolidated financial statements of the adoption of such standards and amendments to the standards.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of compliance

The Trust's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The significant accounting policies set out below have been consistently applied to all years presented, unless stated otherwise.

#### b. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for available-for-sale investments, which are stated at fair value. The consolidated financial statements are expressed in Bahamian dollars, which is the functional and reporting currency of the Trust.

#### c. Basis of consolidation

The consolidated financial statements comprise the financial statements of the Trust and its wholly-owned subsidiary, Bahamas National Park Safaris Ltd., as at December 31, 2017. Control is achieved when the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The wholly-owned subsidiary is fully consolidated from the date of its incorporation.

All intercompany transactions, balances and unrealized gains or losses on transactions are eliminated on consolidation.

The financial statements of the wholly-owned subsidiary are prepared for the same reporting date as the Trust using consistent accounting policies.

#### d. Use of estimates and judgments

The preparation of the consolidated financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments, in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements, are described in the following notes:

- Note 3 - Financial assets and financial liabilities
- Note 10 - Intangible assets
- Note 11 - Property and equipment
- Note 20 - Fair value of financial instruments
- Note 21 - Financial risk management

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### e. Financial assets

The Trust classifies its financial assets into the following categories: available-for-sale investments and loans and receivables. The classification depends on the nature and purpose of the financial assets. Management determines the classification at the time of initial recognition.

##### (i) Available-for-sale investments

Available-for-sale investments are non-derivative financial assets that are designated as available for sale or are not classified in any of the other categories of financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognized in other comprehensive income/(loss). The Trust's investments in mutual funds are classified as available-for-sale investments.

##### (ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, except those that the Trust intends to sell in the short-term, or that are designated as at fair value through profit or loss or available-for-sale. Loans and receivables are initially measured at fair value and subsequently measured at amortized cost, less provision for impairment losses, if any. Balances included in this classification are cash and cash equivalents, term deposits, interest receivable, accounts receivable and investments in government stocks.

#### f. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks. Bank overdraft is included in the cash and cash equivalents for the statement of cash flows purpose.

#### g. Term deposits

Term deposits represent deposits with original maturities of over three months.

#### h. Inventories

Inventories which are comprised of books, shirts and other souvenirs for sale are carried at the lower of cost and net realizable value.

#### i. Investments in mutual funds

Investments in mutual funds are classified as available-for-sale investments and are initially measured at fair value. After initial measurement, the Trust continues to measure these investments at fair value. Investments in mutual funds are stated at their published net asset value, which approximates fair value at the reporting date. Gains and losses arising from changes in the fair value of these investments are recognized in other comprehensive income.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### j. Investments held in Fidelity account

Investments held in Fidelity account represent the investment portfolio bequeathed to the Trust by the late Gregory John Pentek. These investments are classified as available-for-sale investments and were valued at fair value at the time the assets were legally transferred to the Trust. Subsequent changes in fair value are recognized in other comprehensive income.

#### k. Fair value hierarchy

The Trust measures fair values using the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from the prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized in its entirety is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Trust. The Trust considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

#### l. Impairment of financial assets

The carrying amounts of the Trust's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. A financial asset is impaired if its carrying amount exceeds its estimated recoverable amount. Impairment losses on assets carried at amortized cost are measured as the difference between the carrying amount of the asset and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Impairment losses are recognized in the consolidated statement of comprehensive income/(loss). An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognized.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### m. Financial liabilities

The Trust classifies its financial liabilities as other financial liabilities:

- Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Balances included in this classification are accrued expenses and other liabilities.

#### n. Recognition of financial assets and financial liabilities

The Trust recognizes financial assets and financial liabilities on the day it becomes a party to the contractual provisions of the instruments.

#### o. De-recognition of financial assets and financial liabilities

The Trust derecognizes financial assets when the contractual rights to receive cash flows from the assets expire, or have been transferred and the Trust has transferred substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

#### p. Property and equipment

Property and equipment are stated at historical cost less accumulated depreciation and impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Trust, and the cost of the item can be measured reliably. Repairs and maintenance are charged to the statement of comprehensive income/(loss) during the period in which they are incurred.

Depreciation is provided, principally on a straight-line basis, with reference to the following estimated useful lives of the assets:

Buildings	-	20 years
Leasehold improvements	-	7 - 10 years
Furniture, fixtures and equipment	-	5 - 7 years
Motor vehicles and boats	-	4 years

Land is not depreciated. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the statement of comprehensive income/(loss).

#### q. Leasehold properties

Leasehold properties comprise land and marine park holdings designated as conservation areas under the Act and are not assigned a value. The properties are held under 99-year leases granted by the Government of the Commonwealth of The Bahamas that require nominal annual rental payments.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

r. Capital work-in-progress

Assets under construction or development are recognized as capital work-in-progress until such time they are ready for intended use. Capital work-in-progress are stated at cost, less impairment losses, if any.

Capital work-in-progress is not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and when available for the intended use.

s. Intangible assets

Intangible assets are carried at cost less accumulated amortization and impairment losses.

Amortization is recognized on a straight-line basis over the estimated useful lives of the assets of five (5) years in the consolidated statement of comprehensive income/(loss). The estimated useful life and amortization method are reviewed at the end of each reporting period and impairment losses or reversals of such losses are recognized in the consolidated statement of comprehensive income/(loss).

t. Foreign currency transactions and balances

The financial statements are presented in Bahamian dollars, which is the Trust's functional and presentation currency. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Exchange differences arising on foreign currency transactions are included in the statement of comprehensive income/(loss).

u. Related parties

A related party represents an entity or an individual that has the ability to control, directly or indirectly, through one or more intermediaries, or exercises significant influence over the other party in making financial and operating decisions. Such relationships also exist between and/or among entities which are under common control with the reporting entity and its key management personnel. In considering each possible related party relationship, attention is directed to the substance of the relationships, and not merely to the legal form.

v. Income and expenses recognition

Subscriptions, gifts and donations, income from exhibition proceeds and other activities and government grants are included in income of the General Fund when received except for life membership subscriptions and non-expendable capital contributions. Life membership subscriptions are deferred and taken to income evenly over a period of up to ten years. Non-expendable capital contributions relating to The Heritage Fund are credited directly to the restricted fund balance account of that endowment fund.

The Trust applies the deferral method of accounting for restricted contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### v. Income and expenses recognition (continued)

Real property bequeathed or donated as gifts in-kind are included in income at the time that title has passed to the Trust and it is made aware of this. Management has elected to record such income at a nominal value, which is not in accordance with IFRS. Such real property is generally received as properties to be held for preservation, and as such, management does not consider these to be "assets" in the normal sense, and further considers that assigning fair values to such property would distort the consolidated statement of financial position.

Other assets bequeathed or donated as gifts in-kind are included in income on the date acquired at fair value as determined by management using relevant market data, or when considered necessary, professional appraisals.

All other income and expenses are generally recorded on an accrual basis.

#### w. Pension costs

The Trust has a defined contribution pension plan for its employees. The plan is funded by payments from employees and the Trust. The employees contribute a minimum of 5% of their monthly salaries and the Trust contributes a maximum of 5% of employees' salaries. The Trust's contributions are reflected in the consolidated statement of comprehensive income/(loss) in the year in which they are due. Colina Financial Advisors Ltd. ("CFAL") administers the Plan.

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

	General Fund 2017	The Heritage Fund 2017	Total Funds 2017	Total Funds 2016
<b>Cash on hand</b>	\$ 21,344	\$ -	\$ 21,344	\$ 24,102
<b>Cash at banks</b>				
RBC Royal Bank (Bahamas) Limited	117,941	282	118,223	377,492
Commonwealth Bank Limited	144,624	-	144,624	179,106
Bank of Bahamas Limited	15,252	-	15,252	8,705
CIBC First Caribbean International Bank (Bahamas) Ltd.	-	-	-	146
	277,817	282	278,099	565,449
	\$299,161	\$282	\$299,443	\$589,551



# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

### 5. TERM DEPOSITS

Term deposits are comprised of:

	General Fund 2017	The Heritage Fund 2017	Total Funds 2017	Total Funds 2016
RBC FINCO	\$ 6,979	\$ -	\$ 6,979	\$ 6,955
Commonwealth Bank Limited	30,715	-	30,715	29,700
	\$37,694	\$ -	\$37,694	\$36,655

Term deposits earn interest at rates of 0.2% and 1.25% (2016 - 0.2% and 2.00%) per annum and mature on January 20, 2019 and November 26, 2019, respectively.

### 6. ACCOUNTS RECEIVABLE

Accounts receivable are as follows:

	2017			Total
	Current	> 31 days	> 61 days	
Contributions and income receivable	\$13,253	\$101,660	\$ 3,028	\$117,941
Other	3,143	-	-	3,143
Travel advances to employees	2,098	-	-	2,098
	\$18,494	\$101,660	\$ 3,028	\$123,182

	2016			Total
	Current	> 31 days	> 61 days	
Contributions and income receivable	\$20,371	\$ 625	\$ 21,585	\$ 42,581
Travel advances to employees	2,291	-	-	2,291
Other	300	-	-	300
	\$22,962	\$ 625	\$ 21,585	\$ 45,172

### 7. INVESTMENTS IN GOVERNMENT STOCKS

Investments in government stocks are as follows:

	Interest rate	Maturity date	2017		2016	
			Quantity	Amortized cost	Quantity	Amortized cost
Bahamas Government Registered Stock	Prime + 0.281%	28/11/2018	120,000	\$ 120,000	120,000	\$ 120,000
Bahamas Government Registered Stock	Prime + 0.156%	18/01/2021	1,900,000	1,900,000	1,900,000	1,900,000
Bahamas Government Registered Stock	Prime + 0.293%	25/09/2027	180,000	180,000	180,000	180,000
				\$2,200,000		\$2,200,000

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

### 7. INVESTMENTS IN GOVERNMENT STOCKS (continued)

Interest on Bahamas Government Registered Stocks (BGRS) is receivable semi-annually in June and December. As at December 31, 2017, interest receivable from BGRS amounted to \$40,593 (2016 - \$52,572). Additionally, BGRS with a carrying value of \$300,000 (2016 - \$300,000) is held by RBC Royal Bank (Bahamas) Limited as collateral for the overdraft facility (See Note 15).

### 8. AVAILABLE-FOR-SALE INVESTMENTS

Available-for-sale investments are as follows:

	2017			2016		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>The Heritage Fund</b>						
<u>Investments in mutual funds</u>						
Templeton Global Bond Fund - Class A	42,431	\$ 466,525	\$ 504,504	31,909	\$ 454,890	\$ 497,722
Templeton Growth Fund - Class A	59,241	1,105,366	1,614,920	57,922	1,085,439	1,378,263
		1,571,891	2,119,424		1,540,329	1,875,985
<b>General Fund</b>						
Investments held in Fidelity account		721,084	751,571		671,861	671,861
		\$2,292,975	\$2,870,995		\$2,212,190	\$2,547,846

The Trust has elected to automatically reinvest the dividends from investments in Templeton Global Bond Fund - Class A and Templeton Growth Fund - Class A. During 2017, reinvested net dividends amounted to \$11,635 (2016 - \$7,868) and \$19,926 (2016 - \$13,704) in Templeton Global Bond Fund - Class A and Templeton Growth Fund - Class A, respectively.

When investment income of The Heritage Fund is required to meet the operational needs of the General Fund, shares of the Templeton funds may be sold for this purpose.

Included in the fund balance of The Heritage Fund is the net change in fair value of available-for-sale investments arising from the re-measurement of these investments to fair value. The movement in the fair value reserve is as follows:

Balance at December 31, 2015	\$219,822
Net change in fair value	115,834
Balance at December 31, 2016	335,656
Net change in fair value	211,878
Balance at December 31, 2017	\$547,534

Investments held in Fidelity account represent the assets bequeathed for the Exuma Cays Land and Sea Park amounting to \$645,942, as disclosed in Note 17, and other general funds of \$105,629. Bahamas National Trust Fund Inc., an entity registered in the United States of America, is the custodian of these assets under a custody agreement with the Trust.

# THE BAHAMAS NATIONAL TRUST

Notes to the Consolidated Financial Statements

December 31, 2017

## 9. CAPITAL WORK-IN-PROGRESS

Capital work-in-progress is comprised of:

2017				
	Balance, beginning of year	Additions during the year	Transfers to fixed assets/ intangible assets	Balance, end of year
Retreat capital improvements	\$ -	\$ 47,124	\$ -	\$47,124
Reverse Osmosis System - Exuma	-	33,980	-	33,980
Utility Building - Exuma	-	15,741	-	15,741
Satellite system upgrade - Exuma	17,417	691	(18,108)	-
E-Tapestry software	9,832	3,116	(12,948)	-
Website development	28,390	-	(28,390)	-
	<b>\$55,639</b>	<b>\$100,652</b>	<b>\$(59,446)</b>	<b>\$96,845</b>

2016				
	Balance, beginning of year	Additions during the year	Transfers to fixed assets	Balance, end of year
Satellite system upgrade - Exuma	\$ -	\$17,417	\$ -	\$17,417
E-Tapestry software	-	9,832	-	9,832
Website development	-	28,390	-	28,390
	<b>\$ -</b>	<b>\$55,639</b>	<b>\$ -</b>	<b>\$55,639</b>

## 10. INTANGIBLE ASSETS

Intangible assets are comprised of:

	Computer software	Website development	Total
<b>Cost</b>			
Balance at December 31, 2016	\$ -	\$ -	-
Transfers from capital work-in-progress	12,948	28,390	41,338
Balance at December 31, 2017	12,948	28,390	41,338
<b>Accumulated amortization</b>			
Balance at December 31, 2016	-	-	-
Charge for the year	1,678	1,917	3,595
Balance at December 31, 2017	1,678	1,917	3,595
<b>Net book value as at December 31, 2017</b>	<b>\$11,270</b>	<b>\$26,473</b>	<b>\$37,743</b>
<b>Net book value as at December 31, 2016</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# THE BAHAMAS NATIONAL TRUST

Notes to the Consolidated Financial Statements

December 31, 2017

## 11. PROPERTY AND EQUIPMENT

Property and equipment are comprised of:

	Land and Buildings	Leasehold Improvements	Furniture, Fixtures and Equipment	Motor Vehicles and Boats	Total
<b>Cost</b>					
Balance at December 31, 2015	\$2,242,982	\$469,169	\$582,325	\$493,716	\$3,788,192
Additions	-	-	55,192	45,302	100,494
Balance at December 31, 2016	2,242,982	469,169	637,517	539,018	3,888,686
Transfers from capital work-in-progress (Note 9)	-	-	18,108	-	18,108
Additions	-	47,668	116,724	104,100	268,492
Balance at December 31, 2017	2,242,982	516,837	772,349	643,118	4,175,286
<b>Accumulated depreciation</b>					
Balance at December 31, 2015	1,613,038	320,023	480,041	367,625	2,780,727
Charge for the year	90,603	21,757	37,298	48,035	197,693
Balance at December 31, 2016	1,703,641	341,780	517,339	415,660	2,978,420
Charge for the year	89,096	24,638	47,918	56,913	218,565
Balance at December 31, 2017	1,792,737	366,418	565,257	472,573	3,196,985
<b>Net book value as at</b>					
December 31, 2017	\$ 450,245	\$150,419	\$207,092	\$170,545	\$ 978,301
<b>Net book value as at</b>					
December 31, 2016	\$ 539,341	\$127,389	\$120,178	\$123,358	\$ 910,266

The Trust owns in excess of 69 acres of freehold properties, which were bequeathed or donated and for which a nominal value was recorded at the time of donation or bequest. These properties are located on New Providence, Long Island, Eleuthera, Abaco, Crooked Island, Exuma and Andros in The Bahamas.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

### 12. LEASEHOLD PROPERTIES

The Trust holds the following leasehold properties under 99-year leases granted by the Government of the Commonwealth of The Bahamas:

Description	Location	Size	Commencement Date	Annual Rental
Inagua National Park (incl. Union Creek)	Great Inagua	183,780 acres	May 1, 1963	£ 1
Exuma Cays Land and Sea Park	Exuma	112,640 acres	January 1, 1964	£ 1
Peterson Cay National Park	Grand Bahama	1 acre	April 1, 1968	\$ 1
Pelican Cays Land and Sea Park	Abaco	2,100 acres	May 1, 1968	\$ 3
Conception Island National Park	North of Rum Cay	2,000 acres	October 1, 1971	\$ 3
Lucayan National Park	Grand Bahama	40 acres	March 1, 1982	\$ 1
Black Sound Reserve	Abaco	1 acre	January 1, 1986	\$ 3
The Rand Nature Centre	Grand Bahama	100 acres	February 26, 1992	\$ 10
Abaco National Park	Abaco	20,500 acres	April 21, 1994	\$ 1
Wetlands, Ponds and Seabed between Wide Opening and North Bight	Western Andros	185,032 acres	April 1, 2002	\$ 1
Lakes, Ponds and Blue Holes between Stafford Creek and Fresh Creek	Andros	33,235 acres	April 1, 2002	\$ 1
Little Inagua National Park	Inagua	31,360 acres	April 1, 2002	\$ 1
Seabed, Marsh and Mangroves near and on Moriah Harbour Cay	Exuma	13,440 acres	April 1, 2002	\$ 1
Seabed between Stafford Creek and Staniard Creek – Barrier Reef	Andros	4,490 acres	April 1, 2002	\$ 1
Seabed near Walker's Cay	Abaco	3,840 acres	April 1, 2002	\$ 1
Seabed between Fresh Creek and Lightbourn Point	Andros	3,172 acres	April 1, 2002	\$ 1
Broadleaf Forest and Lowlands	Andros	2,979 acres	April 1, 2002	\$ 1
Harold, Wilson and Bonefish Ponds	New Providence	1,530 acres	April 1, 2002	\$ 1
Pasture and O'Brien Cays	Exuma	161 acres	April 1, 2002	\$ 1
Primeval Forest, South Ocean	New Providence	3 acres	April 1, 2002	\$ 1
Westside National Park	Andros	1,288,167 Acres	January 1, 2010	\$ 1
Conception Island National Park	North of Rum Cay	25,173 Acres	January 1, 2010	\$ 1
Fowl Cays National Park	Abaco	1,346 Acres	January 1, 2010	\$ 1

The protected areas in the national park holdings managed by the Trust total approximately 1.9 million acres.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2017

---

### 13. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties during the year were as follows:

- a. Grants from the Government of the Commonwealth of The Bahamas of \$1,500,000 (2016 - \$1,400,000).
- b. Administration of the charitable activities, without compensation, of The Bahamas National Trust (Canada) Foundation under an agency agreement.
- c. Executive and senior management emoluments of \$462,524 (2016 - \$457,424).

### 14. FUND BALANCES

#### General Fund

No dividends, bonus or other profit is permitted to be paid to any entity or person out of the income or property of the Trust. Dividends from BNPS are permitted to be paid to the Trust for its general purpose at the discretion of the Council.

Members of the Trust are not liable to contribute towards the payment of the debts and liabilities of the Trust beyond the amount of their annual subscriptions.

#### The Heritage Fund

The Heritage Fund was established by the Trust as an endowment fund in 1984 with the restriction that contributions thereto would be held indefinitely as capital and invested in income-producing investments. In the normal course of business, the General Fund is only entitled to receive and expend the income realized from investments of the Heritage Fund. Any capital transfer from the Heritage Fund to the General Fund requires the approval of 75% or more of the Council's members.

### 15. BANK CREDIT FACILITIES

As at December 31, 2017, the Trust has corporate credit card and overdraft facilities with RBC Royal Bank (Bahamas) Limited for \$43,500 (2016 - \$43,500) and \$225,000 (2016 - \$225,000), respectively, which are secured by BGRS with a carrying value of \$300,000 (2016 - \$300,000) (See Note 7). The Bank overdraft as at December 31, 2017 is \$Nil (2016 - \$72,381).

### 16. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities are as follows:

	2017	2016
Accounts payable	\$145,104	\$ 62,823
Accrued expenses	59,890	63,663
Gratuity payable	29,604	15,070
Audit fee payable	20,000	25,236
	<u>\$254,598</u>	<u>\$166,792</u>

# THE BAHAMAS NATIONAL TRUST

## Notes to Financial Statements

December 31, 2017

---

### 17. DEFERRED CONTRIBUTIONS

Deferred contributions as at December 31, 2017 are as follows:

Projects	2017	2016
Exuma Cays Land and Sea Park	\$645,942	\$817,957
Leon Levy Project	25,759	-
Grand Bahama National Parks	60,000	-
Other Project	37,432	-
Bahamas National Parks Safaris	60,000	-
	<b>\$829,133</b>	<b>\$817,957</b>

- a) Exuma Cays Land and Sea Park represents the bequest of the late Gregory John Pentek to the Trust, as his residual beneficiary, for the benefit of Exuma Cays Land and Sea Park development (ECLSP).
- b) Leon Levy Project ("the Project") represents the project managed by the Trust under the conservation management agreement entered into on November 30, 2007, between the Trust and The Leon Levy Foundation ("the Foundation"). The overall objective of the Project is to create a beautiful educational and actively used Native Plant Botanical Garden. Specific components or aspects of the Project may include a focus on native trees, special attention on traditional bush medicine, and a demonstration pineapple farm. The Foundation will provide the Trust with the funding requirements of the Project on a regular basis, based on the budget and work plan for the specified period.
- c) Grand Bahama National Parks represents the partnership program with Freeport Harbor Company Limited for program and park management in Grand Bahama. The purpose of this project is to make improvements for the national parks on Grand Bahama Island and support for a Marine Protected Area in West Grand Bahama. As per the partnership agreement, Freeport Harbor Company Limited agreed to provide \$60,000 per year over a three-year period for a total of \$180,000. The funds will be used for educational programs, establishing coral nurseries at local marine parks, park improvements for the Rand Nature Center and Lucayan National Park properties and to cover expenses for surveys and community meetings to establish a Marine Park in West Grand Bahama.
- d) Bahamas National Parks Safaris represents the contribution received from the Leon Levy Foundation to be applied to capital expenditure of BNPS.

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2017

### 18. NET (LOSS) INCOME BY REGION/SEGMENT BEFORE THE HERITAGE FUND INCOME

	2017						Total 2017
	Exuma	Grand Bahama	Inagua	Eleuthera	Nassau and others	BNPS	
<b>INCOME</b>							
Government grants	\$ -	\$ -	\$ -	\$ -	\$1,500,000	\$ -	\$1,500,000
Contributions from non-profit organizations	-	-	-	-	1,041,284	-	1,041,284
Other gifts and donations	8,797	9,834	-	934	651,878	-	671,443
Park fees, moorings and tours	257,304	114,767	-	37,000	14,443	-	423,514
Events proceeds and other activities	-	5,049	-	-	224,492	-	229,541
In-kind donations	-	-	-	-	153,121	-	153,121
Members' subscriptions	17,105	5,755	-	4,630	50,407	-	77,897
Income from insurance claim proceeds	-	-	-	-	62,476	-	62,476
Retail sales	22,874	11,077	-	17,849	6,977	-	58,777
Income from Discovery Club	-	-	-	-	37,706	-	37,706
Dive tag sales	17,274	-	-	-	-	-	17,274
Interest	24	-	-	-	7,919	-	7,943
Research fees	-	-	-	-	600	-	600
<b>Total income</b>	<b>323,378</b>	<b>146,482</b>	<b>-</b>	<b>60,413</b>	<b>3,751,303</b>	<b>-</b>	<b>4,281,576</b>
<b>EXPENSES</b>							
Salaries and benefits	90,424	191,357	69,197	-	1,401,993	-	1,752,971
Projects supported by non-profit organizations	-	-	-	480,993	460,280	27,972	969,245
Depreciation and amortization	89,336	54,630	9,483	16,106	52,605	-	222,160
Cost of events	-	1,931	-	-	206,342	-	208,273
Professional fees	597	100	-	-	153,375	-	154,072
In-kind expenses	-	-	-	-	153,121	-	153,121
Utilities	19,148	33,696	3,395	-	89,443	-	145,682
Maintenance of vehicles and boats	61,614	6,644	15,300	-	49,646	-	133,204
Repairs and maintenance - general	8,090	9,217	251	800	125,337	-	143,695
Committees, conferences and travel	11,002	4,672	817	833	92,281	-	109,605
General insurance	45,365	23,509	2,887	-	25,311	-	97,072
Postage and office supplies	842	18,707	-	-	61,835	89	81,473
Advertising, publications and outreach	1,516	1,069	-	-	49,984	2,661	55,230
Rent	-	-	-	-	52,300	-	52,300
Miscellaneous	1,868	599	-	-	35,074	582	38,123
Cost of sales - retail	-	7,938	-	10,498	-	-	18,436
Bank charges	-	2,152	-	134	15,460	-	17,746
Freight and duty	7,412	1,549	6	-	5,798	-	14,765
Security	-	2,537	-	-	7,880	-	10,417
Public meetings and school education	-	569	-	-	5,029	-	5,598
<b>Total expenses</b>	<b>337,214</b>	<b>360,876</b>	<b>101,336</b>	<b>509,364</b>	<b>3,043,094</b>	<b>31,304</b>	<b>4,383,188</b>
<b>NET (LOSS) INCOME BEFORE THE HERITAGE FUND INCOME</b>	<b>\$ (13,836)</b>	<b>\$(214,394)</b>	<b>\$(101,336)</b>	<b>\$(448,951)</b>	<b>\$ 708,209</b>	<b>\$(31,304)</b>	<b>\$(101,612)</b>



# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2017

### 18. NET (LOSS) INCOME BY REGION/SEGMENT BEFORE THE HERITAGE FUND INCOME (continued)

	2016					
	Exuma	Grand Bahama	Inagua	Eleuthera	Nassau and others	Total 2016
<b>INCOME</b>						
Government grants	\$ -	\$ -	\$ -	\$ -	\$1,400,000	\$1,400,000
Contributions from non-profit organizations	-	-	-	-	972,409	972,409
Park fees, moorings and tours	252,832	160,236	-	36,587	10,178	459,833
Other gifts and donations	12,903	10,438	-	899	379,284	403,524
Events proceeds and other activities	-	14,320	-	-	251,682	266,002
Members' subscriptions	15,990	5,930	-	916	66,119	88,955
Income from Discovery Club	-	-	-	-	72,768	72,768
Retail sales	24,755	4,456	-	-	30,141	59,352
Dive tag sales	35,139	-	-	-	-	35,139
Interest	-	-	-	-	1,605	1,605
Research fees	-	-	-	150	-	150
<b>Total income</b>	<b>341,619</b>	<b>195,380</b>	<b>-</b>	<b>38,552</b>	<b>3,184,186</b>	<b>3,759,737</b>
<b>EXPENSES</b>						
Salaries and benefits	163,503	179,844	70,138	-	1,286,898	1,700,383
Projects supported by non-profit organizations	-	-	-	540,136	368,732	908,868
Cost of events	-	1,014	-	-	202,435	203,449
Depreciation	76,552	53,159	9,116	-	58,866	197,693
Maintenance of vehicles and boats	20,454	4,783	12,432	-	110,489	148,158
Repairs and maintenance – general	12,642	29,322	2,776	-	83,404	128,144
Utilities	43,369	6,309	21,433	-	48,513	119,624
General insurance	43,124	23,270	2,792	-	35,705	104,891
Committees, conferences and travel	11,659	7,866	993	-	77,877	98,395
Postage and office supplies	2,787	22,074	-	-	50,868	75,729
Professional fees	445	-	-	-	65,080	65,525
Advertising, publications and outreach	120	229	-	-	63,855	64,204
Miscellaneous	2,037	3,967	-	-	37,341	43,345
In-kind expenses	-	-	-	-	39,784	39,784
Cost of sales - retail	12,022	5,052	-	6,854	13,817	37,745
Rent	-	-	-	-	24,600	24,600
Freight and duty	10,836	1,124	1,081	-	8,691	21,732
Bank charges	-	1,530	-	-	15,365	16,895
Public meetings and school education	-	-	-	-	8,488	8,488
Security	-	1,125	-	-	2,395	3,520
<b>Total expenses</b>	<b>399,550</b>	<b>340,668</b>	<b>120,761</b>	<b>546,990</b>	<b>2,603,203</b>	<b>4,011,172</b>
<b>NET (LOSS) INCOME BEFORE THE HERITAGE FUND INCOME</b>	<b>\$(57,931)</b>	<b>\$(145,288)</b>	<b>\$(120,761)</b>	<b>\$(508,438)</b>	<b>\$ 580,983</b>	<b>\$(251,435)</b>

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2017

### 19. PENSION COSTS

Pension costs of \$36,457 (2016 - \$29,457), included in salaries and benefits, represent the Trust's contribution to the defined contribution pension plan for the year.

### 20. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management estimates that the carrying values of the financial assets and liabilities disclosed in the statement of financial position approximate fair values at the reporting date due to one or more of the following reasons: (i) short-term maturities, (ii) interest rates approximate market rates and (iii) carrying values approximate fair values.

#### Fair value hierarchy

The table below analyses the class of financial instruments measured at fair value by the level in the fair value hierarchy within which the fair value measurement is categorized at the reporting date:

	2017			Total
	Level 1	Level 2	Level 3	
Available-for-sale investments	\$2,870,995	\$ -	\$ -	\$2,870,995

	2016			Total
	Level 1	Level 2	Level 3	
Available-for-sale investments	\$2,547,846	\$ -	\$ -	\$2,547,846

### 21. FINANCIAL RISK MANAGEMENT

The Trust engages in transactions that expose it to market risk, credit risk and liquidity risk. The Trust's financial performance is affected by its capacity to understand and effectively manage these risks.

#### a. Market risk

Market risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risks: currency, interest rate and other price.

##### (i) Currency risk

Currency risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. At the reporting date, the Fund has minimum exposure to currency risk.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Trust's term deposits and investments in government stocks are interest-bearing and as a result the Trust is exposed to interest rate risk on these financial instruments to the extent of changes in prevailing interest rates.

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2017

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### a. Market risk (continued)

##### (ii) Interest rate risk (continued)

Management's best estimates of the effect on net income for the year due to reasonably possible increases in interest rates, with all other variables held constant, are indicated in the table below. The actual results may differ from the sensitivity analysis below and the difference could be material. Equivalent decreases in interest rates by the percentages shown below would result in equivalent but opposite effects to the amounts shown below.

	2017		2016	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Term deposits	1.0%	\$ 377	1.0%	\$ 356
Investments in government stocks	0.5%	\$11,000	0.5%	\$11,000

##### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices and other market factors. The Trust is exposed to other price risk through its available-for-sale investments.

Management's best estimate of the effect on net income for the year due to a reasonably possible increase in prices, with all other variables held constant, is indicated in the table below. The actual trading results may differ from the sensitivity analysis below and the difference could be material. An equivalent decrease in prices by the percentage shown below would result in an equivalent but opposite effect to the amount shown below.

	2017		2016	
	Change in prices	Effect on net income	Change in prices	Effect on net income
Available-for-sale investments	5%	\$143,550	5%	\$127,392

#### b. Credit risk

Credit risk is the possibility that a counterparty to a financial instrument will default on its contractual obligation or commitment that it has entered into with the Trust and cause the Trust to incur a financial loss. The Trust has not experienced significant credit losses notwithstanding its significant exposure to risk in relation to its cash and cash equivalents, term deposits, investments in government stocks, interest receivable and accounts receivable. The Trust manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposure in relation to such limits.

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2017

---

### 21. FINANCIAL RISK MANAGEMENT (continued)

#### b. Credit risk (continued)

The Trust's maximum credit risk exposure at the reporting date is represented by the carrying amounts of the financial assets in the statement of financial position.

#### c. Liquidity risk and capital management

The Trust manages liquidity risk by developing other sources of revenues in the parks, maintaining adequate members and donors, launching capital fundraising activities, obtaining government grants, and monitoring budgets and project forecasts. The capital structure of the Trust is represented by its fund balances. The Trust manages its capital to ensure that the Trust will be able to continue as a going concern. Ultimate responsibility for the management of capital rests with the Council of the Trust. The Trust is not subject to externally imposed capital requirements.

### 22. SUBSEQUENT EVENT

The Government of the Commonwealth of The Bahamas allocated \$1,500,000 of its 2017/2018 fiscal budget (2016 - \$1,400,000 of its 2016/2017 fiscal budget) to be contributed to the Trust.

See Independent Auditors' Report on pages 1 to 3.