

Consolidated Financial Statements of

**THE BAHAMAS NATIONAL TRUST**

December 31, 2019

# **THE BAHAMAS NATIONAL TRUST**

## **Consolidated Financial Statements**

December 31, 2019

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## 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, 2019, 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, 2019, 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 Commonwealth of 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 22, 2020  
Nassau, Bahamas

# THE BAHAMAS NATIONAL TRUST

## Consolidated Statement of Financial Position

December 31, 2019

(Expressed in Bahamian dollars)

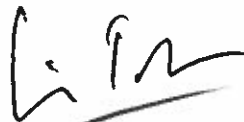
	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents (Note 4)	\$ 616,169	\$ 116	\$ 616,285	\$ 245,383
Term deposits (Note 5)	6,986	-	6,986	36,422
Accounts receivable (Note 6)	250,231	-	250,231	353,895
Other receivables	62,321	-	62,321	208,657
Interest receivable (Note 7)	40,532	-	40,532	40,532
Inventories	73,993	-	73,993	66,624
Prepayments and other assets	15,687	-	15,687	93,798
<b>Total current assets</b>	<b>1,065,919</b>	<b>116</b>	<b>1,066,035</b>	<b>1,045,311</b>
Non-current assets				
Financial assets at amortized cost (Note 7)	-	2,110,000	2,110,000	2,080,000
Financial assets at fair value through profit or loss (Note 8)	288,445	1,737,926	2,026,371	1,831,485
Capital work-in-progress (Note 9)	49,446	-	49,446	78,591
Intangible assets (Note 10)	26,615	-	26,615	34,140
Property and equipment (Note 11)	1,354,537	-	1,354,537	1,409,293
<b>Total non-current assets</b>	<b>1,719,043</b>	<b>3,847,926</b>	<b>5,566,969</b>	<b>5,433,509</b>
<b>Total assets</b>	<b>\$2,784,962</b>	<b>\$3,848,042</b>	<b>\$6,633,004</b>	<b>\$6,478,820</b>
<b>LIABILITIES</b>				
Current liabilities				
Accrued expenses and other liabilities (Note 15)	166,210	-	166,210	247,164
Deferred contributions (Note 16)	688,646	-	688,646	703,319
Lease liability - current portion (Note 17)	37,200	-	37,200	-
<b>Total current liabilities</b>	<b>892,056</b>	<b>-</b>	<b>892,056</b>	<b>950,483</b>
Lease liability - non-current (Note 17)	91,702	-	91,702	-
<b>Total liabilities</b>	<b>983,758</b>	<b>-</b>	<b>983,758</b>	<b>950,483</b>
<b>NET ASSETS</b>	<b>\$1,801,204</b>	<b>\$3,848,042</b>	<b>\$5,649,246</b>	<b>\$5,528,337</b>
<b>FUND BALANCES</b>	<b>\$1,801,204</b>	<b>\$3,848,042</b>	<b>\$5,649,246</b>	<b>\$5,528,337</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, 2019

	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
<b>INCOME</b>				
Government grants (Note 13(a))	\$1,500,000	\$ -	\$1,500,000	\$1,500,000
Contributions from non-profit organizations	990,141	-	990,141	1,384,618
Other gifts and donations	816,944	-	816,944	682,937
Park fees, moorings and tours	785,899	-	785,899	561,977
Events proceeds and other activities	483,018	-	483,018	307,394
In-kind donations	237,055	-	237,055	217,883
Insurance claim proceeds	176,096	-	176,096	-
Income from Discovery Club	104,914	-	104,914	69,472
Retail sales	103,357	-	103,357	77,644
Members' subscriptions	93,630	-	93,630	101,458
Interest	232	91,852	92,084	103,240
Net change in unrealized gain on financial assets at FVTPL	-	77,017	77,017	-
Dividends (Note 8)	-	76,861	76,861	143,835
Dive tag sales	49,574	-	49,574	39,942
Research fees	3,275	-	3,275	900
Realized gain on sale of financial assets at FVTPL	-	-	-	88,045
<b>Total income</b>	<b>5,344,135</b>	<b>245,730</b>	<b>5,589,865</b>	<b>5,279,345</b>
<b>EXPENSES</b>				
Salaries and benefits (Notes 13(c),19)	2,098,146	-	2,098,146	2,004,325
Projects supported by non-profit organizations	882,431	-	882,431	913,389
Cost of events	565,401	-	565,401	380,458
Depreciation and amortization (Notes 10,11)	425,336	-	425,336	267,110
In-kind expenses	237,055	-	237,055	217,883
Repairs and maintenance – general	171,258	-	171,258	176,676
Maintenance – vehicles and boats	139,268	-	139,268	156,504
Utilities	122,796	-	122,796	124,871
General insurance	119,217	-	119,217	102,391
Committees, conferences and travel	113,285	-	113,285	135,227
Professional fees	98,941	-	98,941	87,858
Miscellaneous	93,313	-	93,313	103,047
Advertising, publications and outreach	86,945	-	86,945	85,450
Cost of sales – retail	77,420	-	77,420	47,182
Postage and office supplies	71,728	-	71,728	69,098
Security	54,000	-	54,000	16,830
Bank charges	34,638	-	34,638	29,810
Freight and duty	23,224	-	23,224	28,311
Impairment loss on property and equipment (Note 11)	21,532	-	21,532	-
Public meetings and school education	12,020	-	12,020	5,589
Rent	11,600	-	11,600	52,800
Interest on lease liability (Note 17)	9,402	-	9,402	-
Net change in unrealized loss on financial assets at FVTPL	-	-	-	440,257
<b>Total expenses</b>	<b>5,468,956</b>	<b>-</b>	<b>5,468,956</b>	<b>5,445,066</b>
<b>Total comprehensive income/(loss)</b>	<b>\$ (124,821)</b>	<b>\$ 245,730</b>	<b>\$ 120,909</b>	<b>\$ (165,721)</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, 2019

	General Fund	The Heritage Fund	Total Funds
<b>FUND BALANCES AS AT DECEMBER 31, 2017</b>	\$1,374,352	\$4,319,706	\$5,694,058
Total comprehensive loss for the year	(53,463)	(112,258)	(165,721)
Inter-fund transfer	543,186	(543,186)	-
<b>FUND BALANCES AS AT DECEMBER 31, 2018</b>	<b>\$1,864,075</b>	<b>\$3,664,262</b>	<b>\$5,528,337</b>
Total comprehensive (loss)/income for the year	(124,821)	245,730	120,909
Inter-fund transfer	61,950	(61,950)	-
<b>FUND BALANCES AS AT DECEMBER 31, 2019</b>	<b>\$1,801,204</b>	<b>\$3,848,042</b>	<b>\$5,649,246</b>

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, 2019

	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
<b>CASH PROVIDED BY/(USED IN):</b>				
<b>Cash flows from operating activities</b>				
Net operating income/(loss)	\$ (124,821)	\$ 245,730	\$ 120,909	\$ (165,721)
Adjustments to reconcile net operating income/(loss) to cash provided by/(used in) operating activities:				
Depreciation and amortization	425,336	-	425,336	267,110
Impairment loss	21,532	-	21,532	
Amortization of deferred income	(792,073)	-	(792,073)	(1,251,773)
Gratuity provision	(7,000)	-	(7,000)	(7,000)
Net change in unrealized loss/(gain) on financial assets at FVTPL	(41,008)	(77,017)	(118,025)	440,257
Interest on lease liability	9,402	-	9,402	-
Interest income	(232)	(91,852)	(92,084)	(103,239)
Dividends	-	(76,861)	(76,861)	(143,835)
<b>Cash used in operating activities before changes in operating assets and liabilities</b>	<b>(508,864)</b>	<b>-</b>	<b>(508,864)</b>	<b>(964,201)</b>
(Increase)/decrease in operating assets:				
Inventories	(7,369)	-	(7,369)	11,575
Accounts receivable	103,664	-	103,664	(235,954)
Other receivables	146,336	-	146,336	(203,355)
Prepayments and other assets	78,111	-	78,111	(79,004)
(Decrease)/increase in operating liabilities:				
Accrued expenses and other liabilities	(73,954)	-	(73,954)	(433)
Deferred contributions	777,400	-	777,400	1,125,959
Inter-fund transfer	61,950	(61,950)	-	-
<b>Net cash provided by/(used in) operating activities</b>	<b>577,274</b>	<b>(61,950)</b>	<b>515,324</b>	<b>(345,413)</b>
<b>Cash flows from investing activities</b>				
Interest received	232	91,852	92,084	103,239
Purchase of financial assets at amortized cost	-	(30,000)	(30,000)	-
Sale of financial assets at amortized cost	-	-	-	120,000
Sale of financial assets at FVTPL	-	-	-	743,087
Net decrease in term deposits	29,436	-	29,436	1,272
Addition to capital work-in-progress	(7,235)	-	(7,235)	(24,620)
Acquisitions of property and equipment and intangible assets	(191,507)	-	(191,507)	(651,625)
<b>Net cash (used in)/provided by investing activities</b>	<b>(169,074)</b>	<b>61,852</b>	<b>(107,222)</b>	<b>291,353</b>
<b>Cash flows from financing activities</b>				
Lease payment	(37,200)	-	(37,200)	-
<b>Net cash used in financing activities</b>	<b>(37,200)</b>	<b>-</b>	<b>(37,200)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>371,000</b>	<b>(98)</b>	<b>370,902</b>	<b>(54,060)</b>

(continued)

**THE BAHAMAS NATIONAL TRUST**  
 Consolidated Statement of Cash Flows (continued)

For the year ended December 31, 2019

	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
<b>Cash and cash equivalents at beginning of year</b>	245,169	214	245,383	299,443
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 616,169	\$ 116	\$ 616,285	\$ 245,383
<b>Represented by:</b>				
Cash on hand	\$ 14,318	\$ -	\$ 14,318	\$ 10,901
Cash at banks	601,851	116	601,967	234,482
	\$ 616,169	\$ 116	\$ 616,285	\$ 245,383

**Non-cash transactions:**

Dividends of \$76,861 (2018 - \$143,835) on financial assets at fair value through profit or loss were reinvested in the applicable investment.

As a result of the application of IFRS 16, the total current and non-current lease liability recognized in the statement of financial position amounted to \$37,200 and \$91,702, respectively.

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

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 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 Trust incorporated under the Companies Act 1992, of the Commonwealth of The Bahamas on April 21, 2017.

The Trust maintains the following funds:

- General Fund

The Trust, by all or any recognized means, raises funds for the furtherance of the Trust's purposes and apply the same in accordance with the provisions of the BNT Act.

- 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.

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 22, 2020.

### 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 3 (amendments)	-	Definition of a Business - effective from January 1, 2020
IFRS 7, IFRS 9 & IAS39 (amendments)	-	Disclosure of Interest Rate Benchmark Reform - effective from January 1, 2020
IFRS 17	-	Insurance Contracts - effective from January 1, 2021
IAS 1 & IAS 8 (amendments)	-	Definition of Material - the amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS standards - effective from January 1, 2020

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, 2019

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### 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 otherwise stated.

#### b. Basis of preparation

These consolidated financial statements have been prepared on the historical cost basis except for financial assets at fair value through profit or loss, 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, 2019. 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 inter-company 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(i) - Fair value estimation - investments
- Note 3(k) - Impairment of financial assets
- 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, 2019

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

#### e. Classification of financial assets

The Trust classifies its financial assets into the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost. The classification depends on the Trust's business model and the instrument's contractual cash flow characteristics.

##### (i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss is the classification for instruments that are held for trading or managed and whose performance are evaluated on a fair value basis and are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs directly attributable to the assets are recorded as an expense. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Unrealized gains and losses arising from changes in the fair value of these financial assets are recognized in the consolidated statement of comprehensive income/(loss). Balances included in this classification are investments in mutual funds and investments held in Fidelity account.

##### (ii) Financial assets at amortized cost

Financial assets at amortized cost applies to instruments for which an entity has a business model to hold the financial asset to collect the contractual cash flows, which are solely payments of principal and interest. Subsequent to initial recognition, financial assets at amortized cost are re-measured at amortized cost. Balances included in this classification are cash and cash equivalents, term deposits, accounts receivable, interest receivable, other receivables and investments in government stocks.

#### f. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks.

#### 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. Fair value estimation - investments

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 financial assets at fair value through profit or loss and are valued at the fair value of the investments in mutual funds less any broker charges at end of the year. At the time of transfer to the Trust, the investment portfolio was initially recognized at fair value. Subsequent changes in fair value are recognized in net change in unrealized gain/(loss) on financial assets at FVTPL in the statement of comprehensive income/(loss).

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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

#### i. Fair value estimation - investments (continued)

##### Mutual funds

Investments in mutual funds are classified as financial assets at fair value through profit or loss 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 net change in fair value of financial assets at FVTPL in comprehensive income/(loss).

#### j. 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.

#### k. Impairment of financial assets

The Trust recognizes loss allowances for expected credit losses ("ECLs") on financial assets measured at amortized cost. The Trust measures loss allowances at an amount equal to lifetime ECLs, except for the following which are measured at 12-month ECLs:

- financial assets that are determined to have low credit risk at the reporting date; and
- other financial assets for which credit risk has not increased significantly since initial recognition.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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

#### k. Impairment of financial assets (continued)

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Trust considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Trust's historical experience and informed credit assessments and including forward-looking information.

Lifetime ECLs are the ECLs that result from default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Trust is exposed to credit risk.

At each reporting date, the Trust assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default; or
- it is probable that the borrower will enter bankruptcy or other financial reorganization.

The Trust does not have a history of significant write-offs on its receivables, however, the Trust considered that some over 90 days outstanding receivables may not be collectible. There were no instances of write-offs of outstanding receivable balances that will lead to the possibility of losses. The Trust used the simplified approach in determining the reasonable assessment of its ECLs. The Trust calculated the ECL percentage by dividing the total expected non-collectible outstanding receivable of over 90 days to the total outstanding receivables of over 90 days.

#### l. Leases

##### Policy applicable from January 1, 2019

At the inception of the contract, the Trust assesses whether the contract is, or contains, a lease. A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for periods in exchange for consideration.

A right-of-use asset represents the right to use an underlying asset for the lease term and a lease liability represents the obligation to make lease payments arising from the lease.

The Trust recognizes a lease contract as a right-of-use asset and a corresponding lease liability at the commencement date. Interest cost is charged to the statement of comprehensive income/(loss) over the lease term.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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

#### I. Leases (continued)

##### Policy applicable from January 1, 2019 (continued)

##### (i) Right-of-use asset

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date.

The right-of-use asset is subsequently carried at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is provided on a straight-line basis from the commencement date to the earlier of the end of the useful lifetime of the right-of-use asset or the end of the lease term.

##### (ii) Lease liability

The lease liability is initially measured at the present value of lease payments to be made over the lease term, discounted using the Trust's incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. The lease payments comprise fixed payments. The Trust determines the lease term as the non-cancellable term of the lease, together with any periods covered by any option to extend or terminate the lease.

After the commencement date, the amount of the lease liability is increased to reflect the addition of the interest and reduced for lease payments made. The carrying amount of the lease liability is re-measured if there is a change in lease payments or the lease term. When the lease liability is re-measured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or recorded in the statement of comprehensive income/(loss) if the carrying amount of the right-to-use asset is reduced to zero.

##### Policy applicable before January 1, 2019

Prior to January 1, 2019, leases of property and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to the statement of comprehensive income/(loss) on a straight-line basis over the period of the lease and classified as rental expenses.

##### Impact of adoption of IFRS 16, Leases

Upon adoption of IFRS 16 on January 1, 2019, the Trust applied a single recognition and measurement approach for leases as lessee, except for short-term leases and leases of low-value items. The Trust adopted IFRS 16 using the modified retrospective method of adoption with the date of initial application of January 1, 2019 and, accordingly, the comparative information is not restated. The Trust elected to use the transition requirements and practical expedients allowing the standard to be applied only to contracts that were previously identified as leases applying IAS 17 and IFRIC 4 at the date of initial application.



# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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

#### m. Financial liabilities

The Trust classifies its financial liabilities as financial liabilities at amortized cost.

##### *Financial liabilities at amortized cost*

Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs, and 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 consolidated 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, 2019

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### 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 they are available for use and thereupon the total cost is transferred to the relevant asset. Capital work-in-progress is stated at cost, less impairment losses, if any.

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 the 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. Impairment of non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment. If such indication exists, the non-financial asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of the non-financial asset exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income/(loss). An impairment loss is reversed only to the extent that the non-financial asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation/amortization, if no impairment loss had been recognized.

u. 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 consolidated statement of comprehensive income/(loss).

v. 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 relationship, and not merely to the legal form.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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

#### w. 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. 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.

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.

#### x. 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.

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

### 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are comprised of:

	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
<b>Cash on hand</b>	\$ 14,318	\$ -	\$ 14,318	\$ 10,901
<b>Cash at banks</b>				
RBC Royal Bank (Bahamas) Limited	447,872	116	447,988	120,266
Commonwealth Bank Limited	99,652	-	99,652	90,763
Bank of The Bahamas Limited	54,327	-	54,327	23,453
	601,851	116	601,967	234,482
	\$616,169	\$116	\$616,285	\$245,383

As at December 31, 2019, the Trust has corporate credit card and overdraft facilities with RBC Royal Bank (Bahamas) Limited for \$43,500 (2018 - \$43,500) and \$225,000 (2018 - \$225,000), respectively, which are secured by BGRS with a carrying value of \$300,000 (2018 - \$300,000) (See Note 7).

### 5. TERM DEPOSITS

Term deposits are comprised of:

	General Fund 2019	The Heritage Fund 2019	Total Funds 2019	Total Funds 2018
RBC FINCO	\$6,986	\$ -	\$6,986	\$ 6,979
Commonwealth Bank Limited	-	-	-	29,443
	\$6,986	\$ -	\$6,986	\$36,422

Term deposits earn interest at rates of 0.05% (2018 - 0.2% and 1.25%) per annum and mature on January 20, 2021 (2018: January 20, 2021 and November 26, 2019).

# THE BAHAMAS NATIONAL TRUST

Notes to the Consolidated Financial Statements

December 31, 2019

## 6. ACCOUNTS RECEIVABLE

Accounts receivable are as follows:

	2019	2018
Contributions and income receivable	\$100,231	\$103,895
Shark tank receivable	150,000	250,000
	<b>\$250,231</b>	<b>\$353,895</b>

The ageing of contributions and income receivable is as follows:

	2019			Total
	Current	> 31 days	> 61 days	
Contributions and income receivable	\$2,770	\$30,730	\$66,731	\$100,231

	2018			Total
	Current	> 31 days	> 61 days	
Contributions and income receivable	\$6,656	\$46,147	\$51,092	\$103,895

Shark tank receivable was originally a \$250,000 donation awarded to the Trust as winner of the Discovery Channel's "Shark Tank Meets Shark Week" competition in July 2018. The prize was \$50,000 in cash. Mr. Daymond John matched that amount and an anonymous donor pledged an additional \$150,000 for a total of \$250,000. During the year, \$100,000 was received and the remaining balance is to be settled when the Trust has fulfilled certain obligations.

## 7. FINANCIAL ASSETS AT AMORTIZED COST

Financial assets at amortized cost are as follows:

	Interest rate	Maturity date	2019		2018	
			Quantity	Amortized cost	Quantity	Amortized cost
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
Bahamas Government Registered Stock	4.68%	18/09/2029	30,000	30,000	-	-
				<b>\$2,110,000</b>		<b>\$2,080,000</b>

Interest on Bahamas Government Registered Stocks (BGRS) is receivable semi-annually, in June and December. As at December 31, 2019, interest receivable from BGRS amounts to \$40,532 (2018 - \$40,532).

# THE BAHAMAS NATIONAL TRUST

Notes to the Consolidated Financial Statements

December 31, 2019

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are as follows:

	2019			2018		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>The Heritage Fund</b>						
<u>Mutual funds</u>						
Templeton Global Bond Fund - Class A						
	41,970	\$ 462,597	\$ 449,919	40,270	\$ 443,763	\$ 455,058
Templeton Growth Fund - Class A						
	57,067	1,091,035	1,288,007	54,460	1,033,008	1,128,990
		1,553,632	1,737,926		1,476,771	1,584,048
<b>General Fund</b>						
Fidelity account						
		274,361	288,445		265,985	247,437
		\$1,827,993	\$2,026,371		\$1,742,756	\$1,831,485

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 2019, reinvested net dividends amounted to \$18,834 (2018 - \$20,337) and \$58,027 (2018 - \$123,498) 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.

Investments held in the Fidelity account represent assets bequeathed for the Exuma Cays Land and Sea Park amounting to \$289,050, as disclosed in Note 16, less unrealized loss of \$605. 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.

## 9. CAPITAL WORK-IN-PROGRESS

Capital work-in-progress is comprised of:

	2019			
	Balance, beginning of year	Additions during the year	Transfers to fixed assets	Balance, end of year
Reverse Osmosis System - Exuma	\$33,980	\$ -	\$(33,980)	\$ -
Utility Building - Exuma	44,611	7,235	(2,400)	49,446
	\$78,591	\$7,235	\$(36,380)	\$49,446

# THE BAHAMAS NATIONAL TRUST

Notes to the Consolidated Financial Statements

December 31, 2019

## 9. CAPITAL WORK-IN-PROGRESS (continued)

	2018				
	Balance, beginning of year	Additions during the year	Transfers to fixed assets	Derecognized during the year	Balance, end of year
Retreat capital improvements	\$47,124	\$ -	\$(42,874)	\$(4,250)	\$ -
Reverse Osmosis System - Exuma	33,980	-	-	-	33,980
Utility Building - Exuma	15,741	28,870	-	-	44,611
	<b>\$96,845</b>	<b>\$28,870</b>	<b>\$(42,874)</b>	<b>\$(4,250)</b>	<b>\$78,591</b>

## 10. INTANGIBLE ASSETS

Intangible assets are comprised of:

	Computer software	Website development	Total
<b>Cost</b>			
Balance at December 31, 2017	\$12,948	\$28,390	\$41,338
Addition during the year	-	5,287	5,287
Balance at December 31, 2018	12,948	33,677	46,625
Addition during the year	-	1,800	1,800
Balance at December 31, 2019	12,948	35,477	48,425
<b>Accumulated amortization</b>			
Balance at December 31, 2017	1,678	1,917	3,595
Charge for the year	2,589	6,301	8,890
Balance at December 31, 2018	4,267	8,218	12,485
Charge for the year	2,589	6,736	9,325
Balance at December 31, 2019	6,856	14,954	21,810
<b>Net book value as at December 31, 2019</b>	<b>\$ 6,092</b>	<b>\$20,523</b>	<b>\$26,615</b>
<b>Net book value as at December 31, 2018</b>	<b>\$ 8,681</b>	<b>\$25,459</b>	<b>\$34,140</b>

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

### 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, 2017	\$2,242,982	\$516,837	\$ 772,349	\$ 643,118	\$4,175,286
Transfers from capital work in-progress (Note 9)	38,624	-	4,250	-	42,874
Additions	42,599	16,071	187,932	399,736	646,338
Balance at December 31, 2018	2,324,205	532,908	964,531	1,042,854	4,864,498
Transfers from capital work in-progress (Note 9)	-	-	36,380	-	36,380
Additions	-	18,012	82,143	89,552	189,707
Right-of-use asset	156,700	-	-	-	156,700
Balance at December 31, 2019	2,480,905	550,920	1,083,054	1,132,406	5,247,285
<b>Accumulated depreciation</b>					
Balance at December 31, 2017	1,792,737	366,418	565,257	472,573	3,196,985
Charge for the year	88,271	30,313	70,474	69,162	258,220
Balance at December 31, 2018	1,881,008	396,731	635,731	541,735	3,455,205
Charge for the year	120,921	28,151	109,046	157,893	416,011
Impairment loss	17,631	2,681	1,220	-	21,532
Balance at December 31, 2019	2,019,560	427,563	745,997	699,628	3,892,748
<b>Net book value as at December 31, 2019</b>	<b>\$ 461,345</b>	<b>\$123,357</b>	<b>\$ 337,057</b>	<b>\$ 432,778</b>	<b>\$1,354,537</b>
<b>Net book value as at December 31, 2018</b>	<b>\$ 443,197</b>	<b>\$136,177</b>	<b>\$ 328,800</b>	<b>\$ 501,119</b>	<b>\$1,409,293</b>

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.

#### Right of use asset

The Trust operates from leased premises, with lease terms renewable every five (5) years. The current lease term was effective August 1, 2016. During the transition to IFRS 16 as at January 1, 2019, management estimates that based on the lease term and renewal options the lease will expire on December 31, 2023. As at January 1, 2019, the lease is included in property and equipment on the statement of financial position as a right-of-use asset.



# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

### 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.

### 13. RELATED PARTY BALANCES AND TRANSACTIONS

Transactions with related parties during the year were as follows:

- Grants from the Government of the Commonwealth of The Bahamas of \$1,500,000 (2018 - \$1,500,000).
- Administration of the charitable activities, without compensation, of The Bahamas National Trust (Canada) Foundation under an agency agreement.
- Executive and senior management emoluments of \$483,580 (2018 - \$469,954).

# THE BAHAMAS NATIONAL TRUST

## Notes to the Consolidated Financial Statements

December 31, 2019

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### 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

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 at least 75% of the Council's members.

### 15. ACCRUED EXPENSES AND OTHER LIABILITIES

Accrued expenses and other liabilities are as follows:

	2019	2018
Accrued expenses	\$112,500	\$ 98,114
Accounts payable	38,210	122,050
Professional fees payable	8,500	20,000
Gratuity payable	7,000	7,000
	<u>\$166,210</u>	<u>\$247,164</u>

### 16. DEFERRED CONTRIBUTIONS

Deferred contributions as at December 31, 2019 are as follows:

Projects	Note	2019	2018
Exuma Cays Land and Sea Park	(a)	\$289,050	\$294,970
Leon Levy Project	(b)	200,984	122,066
Shark tank	(c)	100,000	100,000
Community Based Conch Management Project	(d)	72,163	143,000
Other projects		23,646	24,307
Grand Bahama National Parks	(e)	2,803	18,976
		<u>\$688,646</u>	<u>\$703,319</u>

# THE BAHAMAS NATIONAL TRUST

## Notes to Financial Statements

December 31, 2019

### 16. DEFERRED CONTRIBUTIONS (continued)

- 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 provides 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) Shark tank represents the portion of the donation awarded to the Trust as winner of the Discovery Channel's "Shark Tank Meets Shark Week" competition in July 2018.
- d) Under an agreement between the Government of The Bahamas and the Inter-American Development Bank (IDB), the Trust has received financing from the Japan Special Fund for Poverty Reduction (JPO). The Trust intends to apply part of the proceeds of the grant to payments under the Community Based Conch Management pilot project in the Family Islands for the services of a consultant who will work with the project manager, project stakeholders, and other consultants to develop a management plan for the East Grand Bahama National Park. The grant is intended to increase the socioeconomic benefits derived from conch fishery in the designated areas of Grand Bahama.
- e) Grand Bahama National Parks represents the partnership program with Freeport Harbor Trust 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 Trust Limited agreed to provide \$60,000 per year over a three-year period for a total of \$180,000. The funds are being 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.

### 17. LEASE LIABILITY

Lease liability as at December 31, 2019 is as follows:

	2019
Balance at December 31, 2018	\$ -
Recognized on adoption of IFRS 16	156,700
Interest on lease	9,402
Lease payment during the year	<u>(37,200)</u>
Balance at December 31, 2019	<u>\$128,902</u>
Within one year	\$ 37,200
Over one year	<u>91,702</u>
	<u>\$128,902</u>

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2019

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

	2019						Total 2019
	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	-	-	-	-	990,141	-	990,141
Other gifts and donations	61,703	7,354	-	401	737,486	10,000	816,944
Park fees, moorings and tours	633,945	82,533	-	46,556	22,865	-	785,899
Events proceeds and other activities	70,826	26,591	-	-	385,601	-	483,018
In-kind donations	-	-	-	-	237,055	-	237,055
Interest	7	-	-	-	225	-	232
Members' subscriptions	20,832	6,847	-	2,253	63,698	-	93,630
Retail sales	55,299	13,355	-	23,073	11,630	-	103,357
Income from Discovery Club	-	-	-	-	104,914	-	104,914
Dive tag sales	49,574	-	-	-	-	-	49,574
Research fees	3,275	-	-	-	-	-	3,275
Insurance claim proceed	-	-	-	-	176,096	-	176,096
<b>Total income</b>	<b>895,461</b>	<b>136,680</b>	<b>-</b>	<b>72,283</b>	<b>4,229,711</b>	<b>10,000</b>	<b>5,344,135</b>
<b>EXPENSES</b>							
Salaries and benefits	176,701	228,650	49,082	-	1,626,747	16,966	2,098,146
Projects supported by non-profit organizations	-	-	-	566,886	315,545	-	882,431
Cost of events	25,541	1,789	-	-	538,071	-	565,401
Depreciation and amortization	180,223	65,079	12,778	56,850	101,553	8,853	425,336
In-kind expenses	-	-	-	-	237,055	-	237,055
Repairs and maintenance – general	30,315	24,786	-	-	116,157	-	171,258
Maintenance of vehicles and boats	70,497	9,200	5,648	-	53,923	-	139,268
Committees, conferences and travel	17,047	9,810	118	400	84,874	1,036	113,285
Utilities	1,256	25,115	5,320	-	91,105	-	122,796
General insurance	42,708	28,211	5,305	-	40,703	2,634	119,561
Miscellaneous	5,807	8,388	-	-	78,879	239	93,313
Professional fees	8,433	4,910	-	-	85,254	-	98,597
Advertising, publications and outreach	11,581	477	500	-	74,387	-	86,945
Postage and office supplies	2,583	21,266	-	-	47,879	-	71,728
Rent	-	-	-	-	11,600	-	11,600
Cost of sales – retail	43,113	8,397	-	18,372	7,538	-	77,420
Bank charges	-	2,971	-	714	30,953	-	34,638
Impairment on property and equipment	-	21,532	-	-	-	-	21,532
Freight and duty	12,135	1,048	80	-	9,961	-	23,224
Security	-	757	-	-	53,243	-	54,000
Public meetings and school education	-	-	-	-	12,020	-	12,020
Interest on lease liability	-	-	-	-	9,402	-	9,402
<b>Total expenses</b>	<b>627,940</b>	<b>462,386</b>	<b>78,831</b>	<b>643,222</b>	<b>3,626,849</b>	<b>29,728</b>	<b>5,468,956</b>
<b>NET INCOME/(LOSS) BEFORE THE HERITAGE FUND INCOME</b>	<b>\$ 267,521</b>	<b>\$(325,706)</b>	<b>\$( 78,831)</b>	<b>\$(570,939)</b>	<b>\$ 602,862</b>	<b>\$(19,728)</b>	<b>\$(124,821)</b>

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

December 31, 2019

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

	2018						Total 2018
	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	-	-	-	-	1,384,618	-	1,384,618
Other gifts and donations	31,822	7,056	-	421	643,638	-	682,937
Park fees, moorings and tours	378,548	125,012	300	46,166	11,951	-	561,977
Events proceeds and other activities	-	23,630	-	-	283,764	-	307,394
In-kind donations	36,000	11,205	-	-	170,678	-	217,883
Interest	-	-	-	-	7,121	-	7,121
Members' subscriptions	22,980	8,644	-	2,095	67,739	-	101,458
Retail sales	34,358	17,122	-	20,679	5,485	-	77,644
Income from Discovery Club	-	-	-	-	69,472	-	69,472
Dive tag sales	39,942	-	-	-	-	-	39,942
Research fees	900	-	-	-	-	-	900
<b>Total income</b>	<b>544,550</b>	<b>192,669</b>	<b>300</b>	<b>69,361</b>	<b>4,144,466</b>	<b>-</b>	<b>4,951,346</b>
<b>EXPENSES</b>							
Salaries and benefits	207,779	178,563	73,201	-	1,514,841	29,941	2,004,325
Projects supported by non-profit organizations	-	-	-	536,255	377,134	-	913,389
Cost of events	-	646	-	-	379,812	-	380,458
Depreciation and amortization	102,552	59,948	9,483	33,049	62,078	-	267,110
In-kind expenses	36,000	11,205	-	-	170,678	-	217,883
Repairs and maintenance – general	36,148	17,300	30	160	123,038	-	176,676
Maintenance of vehicles and boats	60,494	10,825	25,505	82	59,598	-	156,504
Committees, conferences and travel	28,772	12,393	308	410	93,344	-	135,227
Utilities	9,600	31,536	2,754	-	80,981	-	124,871
General insurance	46,611	23,209	2,887	-	29,684	-	102,391
Miscellaneous	7,648	3,287	-	93	92,019	-	103,047
Professional fees	1,550	-	595	-	85,713	-	87,858
Advertising, publications and outreach	13,473	1,401	-	6,968	63,608	-	85,450
Postage and office supplies	8,817	22,372	-	-	37,909	-	69,098
Rent	-	-	-	-	52,800	-	52,800
Cost of sales – retail	20,615	10,273	-	12,407	3,887	-	47,182
Bank charges	60	2,195	-	1,155	26,400	-	29,810
Freight and duty	17,424	1,494	526	-	8,867	-	28,311
Security	-	1,003	-	-	15,827	-	16,830
Public meetings and school education	-	396	-	-	5,193	-	5,589
<b>Total expenses</b>	<b>597,543</b>	<b>388,046</b>	<b>115,289</b>	<b>590,579</b>	<b>3,283,411</b>	<b>29,941</b>	<b>5,004,809</b>
<b>NET (LOSS)/INCOME BEFORE THE HERITAGE FUND INCOME</b>	<b>\$ (52,993)</b>	<b>\$(195,377)</b>	<b>\$(114,989)</b>	<b>\$(521,218)</b>	<b>\$ 861,055</b>	<b>\$(29,941)</b>	<b>\$ (53,463)</b>

### 19. PENSION COSTS

Pension costs of \$35,529 (2018 - \$39,007), included in salaries and benefits, represent the Trust's contribution to the defined contribution pension plan for the year.

# THE BAHAMAS NATIONAL TRUST

## Notes to Consolidated Financial Statements

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### 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:

	2019			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	\$2,026,371	\$ -	\$ -	\$2,026,371

	2018			Total
	Level 1	Level 2	Level 3	
Financial assets at FVTPL	\$1,831,485	\$ -	\$ -	\$1,831,485

### 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 Trust's financial instruments are primarily denominated in Bahamian dollars, except for a United States dollar denominated financial assets at FVTPL. As the parity between the United States and the Bahamian dollar is unlikely to change in the short-term, the Trust's exposure to any movement in the exchange rate is not considered significant.

##### (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

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### 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.

	2019		2018	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Term deposits	1.0%	\$ 70	1.0%	\$ 364
Investments in government stocks	0.5%	\$10,550	0.5%	\$10,400

##### (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 financial assets at FVTPL.

Management's best estimate of the effect on net income for the year due to a reasonably possible increase in price, 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 price by the percentage shown below would result in an equivalent but opposite effect to the amount shown below.

	2019		2018	
	Change in price	Effect on net income	Change in price	Effect on net income
Financial assets at FVTPL	5%	\$101,318	5%	\$91,574

#### 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, other receivables 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, 2019

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### 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 EVENTS

- a. The Government of the Commonwealth of The Bahamas allocated \$1,500,000 of its 2019/2020 fiscal budget (2018 - \$1,500,000 of its 2018/2019 fiscal budget) to be contributed to the Trust.
- b. The investment in Templeton Growth Fund - Class A is valued at a market price of \$22.57 per share as at the reporting date (See Note 8). As at April 22, 2020, the date that the financial statements were authorized for issue, the market price of Templeton Growth Fund - Class A was \$18.15 per share, representing a decline of 19.58% in the price of the shares, or a decrease of \$252,241 in the net assets of the Trust since the reporting date.
- c. On March 11, 2020, the World Health Organization declared the COVID-19 disease caused by the novel coronavirus, which originated in China, a pandemic. Many governments around the world responded by introducing emergency orders whereby businesses, other than those deemed to be essential services, were shut down and the general population made to stay at home. The impact was to bring the economy in the respective country to a virtual standstill. After some three months, restrictions are being slowly eased but where social distancing and the wearing of masks are becoming the new normal against the backdrop of the threat of a second wave of the virus and fears of an economic downturn. These conditions create significant uncertainty as to the continuing impact on the industry within which the Trust operates and by extension their impact on the Trust. The financial impact and its duration cannot be reasonably estimated at this time.

See Independent Auditors' Report on pages 1 to 3.