

BERMUDA END-TO-END

Financial Statements and
Independent Auditor's Report

For the year ended July 31, 2019

Independent Auditor's Report

To the Board of Trustees of
Bermuda End-To-End

Qualified Opinion

We have audited the financial statements of Bermuda End-To-End (the "Organization"), which comprise the statement of financial position as at July 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at July 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to recorded donations, the excess of revenues over expenses, and cash flows from operations for the year ended July 31, 2019, current assets as at July 31, 2019, and net assets as at July 31, 2019. Our audit opinion on the financial statements for the year ended July 31, 2019 was modified accordingly because of the possible effects of this scope limitation.

We conducted our audit in accordance with generally accepted auditing standards in Canada and Bermuda. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bermuda, 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 audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting standards for not-for-profit organizations in Bermuda and Canada, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's Report (Cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 generally accepted auditing standards in Canada and Bermuda 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 financial statements.

As part of an audit in accordance with generally accepted auditing standards in Canada and Bermuda, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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.
- 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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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.

Other Matters

The financial statements of Bermuda End-To-End for the year ended July 31, 2018, were audited by another auditor who expressed a qualified opinion on those statements on July 15, 2019 for the reasons described in the Basis for Qualified Opinion Section.

Deloitte Ltd.

February 19, 2021

**BERMUDA END-TO-END
FINANCIAL POSITION**
as at July 31, 2019
(expressed in Bermuda dollars)

	2019	2018
ASSETS		
Current Assets		
Cash	\$ 59,829	\$ 46,281
Cash pledges receivable	1,431	3,655
Prepaid expenses	5,000	922
	<hr/>	<hr/>
Total Assets	\$ 66,260	\$ 50,858
	<hr/> <hr/>	<hr/> <hr/>
Liabilities		
Accounts payable and accrued expenses	\$ 4,452	\$ 17,790
	<hr/>	<hr/>
Net assets		
Unrestricted net assets	61,808	33,068
	<hr/>	<hr/>
Total net assets and liabilities	\$ 66,260	\$ 50,858
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See accompanying notes to the financial statements

_____ Trustee

_____ Trustee

**BERMUDA END-TO-END
STATEMENT OF REVENUE**
For the year ended July 31, 2019
(expressed in Bermuda dollars)

	2019	2018
Revenues		
Donations – unrestricted:		
Cash pledges	\$ 174,986	\$ 150,491
Sponsorship and corporate donors	205,350	191,100
Donations-in-kind (Note 3)	8,000	13,000
	388,336	354,591
Expenses		
Donations made	186,500	154,500
Operating expenses	165,096	198,429
In-Kind expenses (Note 3)	8,000	13,000
	359,596	365,929
Total operating expenses	359,596	365,929
Surplus of revenue over expenses/(excess of expenses over revenue)	28,740	(11,338)
Net assets – beginning of year	33,068	44,406
Net assets – end of year	\$ 61,808	\$ 33,068

See accompanying notes to the financial statements

**BERMUDA END-TO-END
STATEMENT OF CASH FLOWS**
For the year ended July 31, 2019
(expressed in Bermuda dollars)

	2019	2018
Cash flows from Operating Activities		
Surplus of revenue over expenses/ (excess of expenses over revenues)	\$ 28,740	\$ (11,338)
Adjustments for:		
Cash pledges receivable	2,224	(3,655)
Prepaid expenses	(4,078)	598
Accounts payable and accrued expenses	(13,338)	4,994
	13,548	(9,401)
Increase/(Decrease) in cash and cash equivalents		
Cash and cash equivalents – beginning of year	46,281	55,682
	\$ 59,829	\$ 46,281
and cash equivalents – end of year	\$ 59,829	\$ 46,281

See accompanying notes to the financial statements

BERMUDA END-TO-END
NOTES TO THE FINANCIAL STATEMENTS

For the year ended July 31, 2019
(expressed in Bermuda dollars)

1. Purpose of the organization

Bermuda End-To-End (“the Organization”) is a charitable trust and exists to raise funds for registered charities in Bermuda through an annual non-competitive event in which individuals use various methods to travel from one end of the Island of Bermuda to the other. The participants obtain individual and company pledges. The Bermuda End-to-End organization is a registered charity under the Charities Act 1978.

2. Significant accounting policies

These financial statements have been prepared in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada (“ASNPO”). The preparation of financial statements in accordance with ASNPO requires management to make certain estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements. Estimates also affect the reported amounts of income and expenses for the reporting period. Actual results could differ from those estimates.

The following is a summary of the significant accounting policies adopted by the Organization:

(a) Cash

Cash includes cash on hand and cash in the bank.

(b) Revenue recognition

Bermuda End-to-End follows the deferral method of accounting for contributions. Restricted contributions are deferred and then recognised as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Pledged donations are not recognized until collected. Restricted pledges are recognized as revenue in the year in which the related expenses are incurred while unrestricted pledges are recognized as revenue in the year received.

(c) Donated services and materials

The success of the Organization depends in large part on the continued donation of time and various services by the executive members and other individuals. No valuation of these activities is reflected in the financial statements since the amounts would not be susceptible to objective measurement or reasonable estimation with the exception of audit services amounting to \$8,000 (2018 - \$13,000) which have been provided to the Organization and are included in donations and fundraising.

(d) Financial instruments

The Organization’s financial instruments consist of cash, receivables and accounts payable and accrued expenses. Unless otherwise noted, it is management’s opinion that the Organization is not exposed to significant market, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

BERMUDA END-TO-END
NOTES TO THE FINANCIAL STATEMENTS

For the year ended July 31, 2019
(expressed in Bermuda dollars)

2. Significant accounting policies (cont'd)

(e) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles in Bermuda and Canada requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and the reported amount of revenues and expenses during the reported period. Actual results could differ significantly from those estimates.

3. Donations-in-Kind

The Organization received audit fees amounting to \$8,000 (2018 - \$13,000) as donations in-kind and has recognised the matching expense on the statement of operations and changes in net assets.

4. Related party transactions

During the year, the Organization purchased t-shirts and other promotional items from a related company by virtue of common directorship. Total goods purchased were \$34,403 (2018 - \$54,465) and were recognized at their nominal value and included in operating expenses. For the year ended July 31, 2019, the amount due to related parties was \$Nil (2018 – \$Nil).

5. Accounts payable

For the year ended July 31, 2019, the amount due in respect of government remittances (exclusive of taxes) was \$Nil (2018 – \$Nil).

6. Capital management

The Organization defines capital, for its own purposes, as the unrestricted cumulative net excess of revenue over expenditure as represented by its unrestricted net assets. During 2019, the Organization's objective when managing capital, which was unchanged from 2018, was to hold sufficient excess capital to enable it to withstand negative unexpected financial events and continue as a going concern. The Organization seeks to achieve this objective by minimizing its exposure to financial leverage and by holding cash to maintain sufficient liquidity to enable it to meet its obligations as they become due. As at July 31, 2019, the Organization's unrestricted net assets amounted to \$61,808 (2018 - \$33,068). The Organization is not subject to any externally imposed requirements on capital.

7. Financial instruments

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations as at July 31, 2019.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities but management considers the risk as minimal. The Organization's sponsorship and corporate donations exceed its operating expenses and the amount and timing of donations made are subject to the discretion of the executive members.

BERMUDA END-TO-END
NOTES TO THE FINANCIAL STATEMENTS

For the year ended July 31, 2019
(expressed in Bermuda dollars)

7. *Financial instruments (cont'd)*

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk relates to its cash balances with the bank. The Organization mitigates credit risk by dealing with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

Interest rate and currency risk

The Organization is not exposed to significant interest rate or foreign currency risk.

8. *Economic dependence*

For the year ended July 31, 2019, the Organization received \$150,000 (2018 - \$150,000) in donations from XL Catlin which was greater than 10% of total revenues.

9. *Subsequent events*

Subsequent to July 31, 2019, many countries including Bermuda experienced an outbreak of the COVID-19 virus and on March 11, 2020, the World Health Organization officially declared the outbreak of COVID-19 a global pandemic. The organization is closely monitoring the evolution of this pandemic, including how it may affect the economy and the general population. COVID-19 has caused disruption to businesses and economic activity. Given the inherent uncertainties, it is not practicable at this time to fully determine the impact of COVID-19 on future financial and operational performance of the Organization.

An initial assessment of the financial statement items that have potential to be impacted are noted to be total revenues from cash pledges which reduced significantly for the 2020 event when compared to 2019. The Organization is monitoring developments relating to COVID-19 and is coordinating its operational response based on existing on guidance from global health organizations, relevant governments, and general pandemic response best practices.

Based on its latest cash position and its lack of commitments, the Organization has the ability to continue in operation for the foreseeable future, and therefore continues to adopt the going concern basis in preparing its financial statements. Accordingly, these financial statements do not reflect any adjustments to the carrying value or classification of the Organization's assets and liabilities that would be necessary if the going concern assumption was not appropriate.

BERMUDA END-TO-END
NOTES TO THE FINANCIAL STATEMENTS
For the year ended July 31, 2019
(expressed in Bermuda dollars)

SCHEDULE OF DONATIONS MADE
(Unaudited)

	2019	2018
Age Concern	\$ 45,000	\$ -
Bermuda Diabetes Association	-	30,000
Bermuda High School	5,000	-
Bermuda School of Music	-	30,000
Bermuda Sloop Foundation	-	30,000
The Family Centre	-	30,000
Friends of Hospice	45,000	-
P.A.L.S.	-	30,000
Raleigh International	45,000	-
Warwick Academy	-	3,000
Windreach	45,000	-
St. John's Ambulance	1,500	1,500
	<u>\$ 186,500</u>	<u>\$ 154,500</u>