

Bermuda Zoological Society

**Financial Statements and
Independent Auditors' Report**

March 31, 2009

INDEPENDENT AUDITORS' REPORT

To the Members of
Bermuda Zoological Society

We have audited the statement of financial position of the Bermuda Zoological Society (the "Society") as at March 31, 2009 and the statements of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the members of the Executive Committee. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraphs, we conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many non-profit organizations, the Society derives revenue from donations and fund raising projects, 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 Society and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures, assets and fund balances.

As disclosed in Note 4, the Society does not record capital assets but rather expenses them in the year of purchase. In this respect the financial statements are not prepared in accordance with accounting principles generally accepted in Bermuda and Canada. If the Society had begun to capitalize their capital assets in the year ended March 31, 2004, in which they were required to do so, retained earnings and capital assets would increase by \$168,703 (2008 - \$55,846) and net revenues over expenditures for the year would be increased by \$112,857 (2008 - \$(13,962)).

The financial statements of the Society have been prepared on a cash basis. In this regard, the financial statements are not in accordance with accounting principles generally accepted in Bermuda and Canada.

In our opinion, except that the financial statements have been prepared on a cash basis and the Society has failed to record capital assets and related depreciation, and except for adjustments, if any, which we might have determined to be necessary to revenues, all as explained in the paragraphs above, these financial statements present fairly the financial position of the Society as at March 31, 2009 and the results of its operations and changes in fund balances for the year then ended in accordance with accounting principles generally accepted in Bermuda and Canada.



June 24, 2009

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF OPERATIONS
year ended March 31, 2009
(expressed in Bermuda dollars)

	<u>General Fund</u>	
	2009	2008
REVENUES		
Gift shop and wholesale, net	\$ (15,062)	\$ 9,654
Investment income	68,401	185,680
Membership dues, net	424,876	377,928
Non-designated donations - General Fund (Note 6)	80,844	163,336
	<u>559,059</u>	<u>736,598</u>
EXPENDITURES		
Bank charges	8,503	4,737
Executive	2,394	10,307
Membership development and office	528,530	454,376
Professional fees (Note 6)	15,530	15,450
Staff training	10,163	1,293
	<u>565,120</u>	<u>486,163</u>
(DEFICIENCY)/EXCESS OF REVENUES OVER EXPENDITURES	\$ (6,061)	\$ 250,435

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
year ended March 31, 2009
(expressed in Bermuda dollars)

	2009					
	Fund Balances, Beginning of year	Revenues	Expenditures	Inter-fund Transfers	Year-end Adjustments	Fund Balances, End of year
RESTRICTED FUNDS						
Animal Research Fund	\$ 25,729	\$ 215	\$ -	\$ -	\$ -	\$ 25,944
Audio Systems Development Fund	92,848	-	-	(92,848)	-	-
BAMZ Fund	7,188	15,000	(7,297)	(29,485)	-	-
Biodiversity Fund	(15,210)	143,389	187,278	59,099	-	-
Boat	130,792	142,535	234,387	100,000	-	138,940
Cave Project Fund	2,029	-	-	-	-	2,029
Capital Campaign Fund	1,685,475	994,523	-	(100,000)	-	2,579,998
Concession Fund	38,344	11,615	6,678	-	-	43,281
Conservation Research Fund	-	135,000	-	(19,014)	-	115,986
Curator's Fund	(8,874)	-	13,537	29,485	-	7,074
Development Fund	535,783	-	-	-	-	535,783
Education Fund	231,213	369,999	480,211	50,000	-	171,001
Education Equipment Fund	17,490	-	-	-	-	17,490
Employee Health benefit	-	-	-	100,000	-	100,000
Eric Clee Environment Fund	155,253	100	33,275	-	-	122,078
Exhibit Fund	211,279	-	22,054	-	-	189,225
Facility Rental Fund	56,271	46,275	7,197	(68,741)	-	26,608
Friends of Bermuda Aquarium Fund	312	185	497	-	-	-
Frog Foundation Fund	18,373	196,303	194,439	(20,237)	-	-
Front Entrance Renewal Fund	112,039	-	-	-	-	112,039
Hospital Equipment Fund	250,000	-	9,856	-	-	240,144
Landscapes Fund	8,849	-	-	-	-	8,849
Lecture Fund	33,501	2,349	4,723	-	-	31,127
Life Support System Fund	2,288	-	-	-	-	2,288
Marine Operations Fund	2,956	-	1,048	-	-	1,908
Marine Species Recovery	23,757	-	3,277	-	-	20,480
Moorings Fund	69,762	6,383	10,450	-	-	65,695
Museum Fund	(428,166)	-	-	-	-	(428,166)
Non Such Fund	17,009	200	17,055	-	-	154
North Rock Divers Fund	1,969	197	-	-	-	2,166
Publication Fund	38,950	25,700	24,011	-	-	40,639
Reef Fun	27,970	2,000	6,066	-	-	23,904
Research Fund	(1,150)	-	-	1,150	-	-
Steinhoff Conservation Scholarship	110,000	90,000	1,904	-	-	198,096
Seahorse Project Fund	6,162	-	-	-	-	6,162
Technology Equipment	40,229	-	17,206	11,590	-	34,613
Turtle Fund	41,094	13,523	33,618	(20,999)	-	-
Volunteer Fund	62,620	59,326	85,975	-	-	35,971
Youth Fund	21,965	15,956	29,014	-	-	8,907
	<u>\$ 3,626,099</u>	<u>\$ 2,270,773</u>	<u>\$ 1,416,459</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,480,413</u>
GENERAL FUND	524,545	559,059	565,120	-	-	518,484
EXTERNALLY RESTRICTED	670,500	-	-	-	-	670,500
UNREALIZED GAINS (LOSSES) ON INVESTMENT	370,652	-	-	-	(279,990)	90,662
TOTAL	<u>\$ 5,191,796</u>	<u>\$ 2,829,832</u>	<u>\$ 1,981,579</u>	<u>\$ -</u>	<u>\$ (279,990)</u>	<u>\$ 5,760,059</u>

See accompanying notes to the financial statements

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
year ended March 31, 2008
(expressed in Bermuda dollars)

2008

	Fund Balances, Beginning of year	Revenues	Expenditures	Inter-fund Transfers	Year-end Adjustments	Fund Balances, End of year
RESTRICTED FUNDS						
Animal Research Fund	\$ 33,530	\$ 300	\$ 8,101	\$ -	\$ -	\$ 25,729
Audio Systems Development Fund	100,000	-	7,152	-	-	92,848
BAMZ Fund	23,585	14,923	31,320	-	-	7,188
Biodiversity Fund	65,164	243,997	324,371	-	-	(15,210)
Boat	74,339	-	457,873	514,326	-	130,792
Cave Project Fund	2,029	-	-	-	-	2,029
Capital Campaign Fund	2,190,035	486,710	541,270	(450,000)	-	1,685,475
Concession Fund	33,258	14,220	9,134	-	-	38,344
Curator's Fund	(8,874)	-	-	-	-	(8,874)
Development Fund	535,783	-	-	-	-	535,783
Education Fund	235,861	229,789	464,437	230,000	-	231,213
Education Equipment Fund	23,935	-	6,445	-	-	17,490
Eric Clee Environment Fund	175,406	-	20,153	-	-	155,253
Exhibit Fund	215,488	-	4,209	-	-	211,279
Facility Rental Fund	81,826	44,305	5,860	(64,000)	-	56,271
Friends of Bermuda Aquarium Fund	903	205	796	-	-	312
Frog Foundation Fund	28,286	164,600	174,513	-	-	18,373
Front Entrance Renewal Fund	148,638	-	36,599	-	-	112,039
Hospital Equipment Fund	250,000	-	-	-	-	250,000
Landscapes Fund	8,849	-	-	-	-	8,849
Lecture Fund	33,722	270	491	-	-	33,501
Life Support System Fund	2,288	-	-	-	-	2,288
Marine Operations Fund	3,134	-	178	-	-	2,956
Marine Species Recovery	30,273	-	6,516	-	-	23,757
Moorings Fund	66,079	10,238	6,555	-	-	69,762
Museum Fund	(528,166)	-	-	100,000	-	(428,166)
Non Such Fund	2,501	14,812	304	-	-	17,009
North Rock Divers Fund	1,829	140	-	-	-	1,969
Publication Fund	45,173	7,858	14,081	-	-	38,950
Reef Fun	36,022	120	8,172	-	-	27,970
Research Fund	-	-	1,150	-	-	(1,150)
Seahorse Project Fund	6,162	-	-	-	-	6,162
Scholarship Fund	25,000	-	-	85,000	-	110,000
Technology Equipment	60,904	-	20,675	-	-	40,229
Turtle Fund	60,264	25,981	45,151	-	-	41,094
Volunteer Fund	66,787	40,348	84,515	40,000	-	62,620
Youth Fund	(3,379)	25,594	250	-	-	21,965
	<u>4,126,634</u>	<u>1,324,410</u>	<u>2,280,271</u>	<u>455,326</u>	<u>-</u>	<u>3,626,099</u>
GENERAL FUND	729,436	733,598	486,163	(455,326)	-	524,545
EXTERNALLY RESTRICTED	670,500	-	-	-	-	670,500
UNREALIZED GAINS ON INVESTMENT	-	-	-	-	370,652	370,652
TOTAL	<u>\$ 5,526,570</u>	<u>\$ 2,061,008</u>	<u>\$ 2,766,434</u>	<u>\$ -</u>	<u>\$ 370,652</u>	<u>\$ 5,191,796</u>

See accompanying notes to the financial statements

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009

(expressed in Bermuda dollars)

1. DESCRIPTION OF BUSINESS

The Bermuda Zoological Society (the "Society") is a non-profit support organization set up primarily to provide assistance in maintaining the Bermuda Aquarium and Zoo located at Flatts Village. The Society's aim is to inspire appreciation and care for Bermuda's island environment through education, conservation, animal care and family fun. The Society also operates a gift shop located at the Aquarium.

2. CHANGES IN ACCOUNTING POLICIES

Adoption of accounting policies

On April 1, 2008 the Society adopted Section 1535, Capital Disclosures, of the Canadian Institute of Chartered Accountants Handbook (the "Handbook"). The adoption of these new standards has not resulted in any change in how the Society accounts for its transactions, but has resulted in the addition of a new note to the financial statements which is presented in Note 10.

On this same date, the Society also adopted the new recommendations set out in Section 3031, Inventories, of the Handbook. According to this standard, inventories should be measured at the lower of cost and net realizable value. Inventories that have been written down should be reversed to their net realizable value in the event of a subsequent increase in their value. The adoption of the standard on April 1, 2008 had no impact on the Society's financial statements.

Future accounting policy

In December 2006, the CICA issued Section 3862, financial Instruments – Disclosures; Section 3863, Financial Instruments – Presentation. These Sections will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Society will adopt the new standards for its fiscal year beginning on April 1, 2009. Section 3862 on financial instruments disclosures, requires the disclosure of information about: a) the significance of financial instruments for the entity's financial position and performance and b) the nature and extent of risks arising from financial instruments to which the entity is exposed during the period and at the balance sheet date, and how the entity manages those risks. Section 3863 on the presentation of financial statements has no further impact to the Society's financial statement presentation requirement.

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009
(expressed in Bermuda dollars)

3. RESTRICTED FUND METHOD

Fund accounting

The Society follows the restricted fund method of accounting.

General Fund

The General Fund accounts for all transactions resulting from the operations of the Society. This fund records transactions that do not fall under the focus of the Restricted Funds as defined below.

Restricted Fund

Restricted contributions and funds internally restricted for specific projects are recorded in the restricted fund. Externally restricted funds represent a donation of land located at Trunk Island.

4. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with accounting principles generally accepted in Bermuda and Canada except that they are prepared on a cash basis instead of on the accrual basis, the Society has failed to record capital assets and related depreciation, and a statement of cash flows has not been included as it would not provide any additional useful information. The Society has adopted the following significant accounting policies:

Recognition of contributions

The Society follows the restricted fund method in which externally restricted contributions (grants and donations) are recognized upon receipt in the fund corresponding to the purpose for which they were contributed. Unrestricted contributions are recognized in the general fund.

Revenue from the shop is recognized at the time of sale.

Membership revenue is recognized when received.

Donated services

The Society records donated services at their fair value when fair value can be reasonably estimated, and the services are normally purchased and would be paid for if not donated.

Inventory

Gift shop inventory is carried at the lower of cost and net realizable value.

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2009

(expressed in Bermuda dollars)

4. ACCOUNTING POLICIES (cont'd)

Capital assets

Capital assets are expensed in the year of purchase. During the year, capital assets purchased and expensed of \$95,172 (2008 - \$Nil) are included in the Boat Fund, \$9,725 (2008 - \$ Nil) in the Hospital Equipment Fund, \$16,632 (2008 - \$Nil) in the Exhibit Fund and \$10,450 (2008 - \$Nil) in the Mooring Fund in the Statement of Changes in Funds Balances.

Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. Their classification depends on the purpose, for which the financial instruments were acquired or issued, their characteristics and the Society's designation of such instruments. Settlement date accounting is used:

(a) Classification

Cash, current deposits and term deposits - Held for trading

Investments - Available for sale

(b) Held for trading

Held for trading financial assets are financial assets typically acquired for resale prior to maturity or that are designated as held for trading. They are measured at fair value at the balance sheet date. Fair value fluctuations including interest earned, interest accrued, gains and losses realized on disposal and unrealized gains and losses are included in other revenues.

Financial liabilities designated as held for trading are those non-derivative financial liabilities that the Society elects to designate on initial recognition as instruments that it will measure at fair value through other interest expense. These are accounted for in the same manner as held for trading assets. The Society had not designated any non-derivative financial liabilities as held for trading.

(c) Available for sale financial assets are those non-derivative financial assets that are designated as available for sale, or that are not classified as loans and receivables, held-to-maturity and held-for-trading investments. Available for sale financial assets are carried at fair value with unrealized gains and losses included in fund balances until realized when the cumulative gain or loss is transferred to other income.

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
 March 31, 2009
(expressed in Bermuda dollars)

5. INVESTMENTS

	2009	2008
Money market fund	\$ 751,327	\$ 742,914
Listed shares (Cost: \$119,600 (2008 - \$119,600))	210,262	490,251
	<u>\$ 961,589</u>	<u>\$ 1,233,165</u>

6. DONATIONS

Audit fees for the year ended March 31, 2009 are recorded at their fair value of \$15,530 (2008: \$15,450). The actual amount charged for the audit is \$3,200 (2008: \$3,090) with the difference of \$12,330 (2008: \$12,360) being recorded as a non-designated donation to the general fund. All amounts are recorded in the year paid.

7. RELATED PARTIES

In 1996, the Society set up an Education Endowment Trust (the "Trust"). The Trust was established to provide funding for the Society's educational programs. The Trust has its own Trustees and the Society does not control the Trust. During the year, \$Nil (2008:\$500,000) raised through the Capital Campaign were transferred to the Trust.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2009	2008
Balance, beginning of year	\$ 370,652	\$ -
Unrealized gain (loss) on available for-sale-investments	(279,99 0)	370,652
BALANCE, END OF YEAR	<u>\$ 90,662</u>	<u>\$ 370,652</u>

9. FINANCIAL INSTRUMENTS

Liquidity risk

The Society is dependent on donations, membership dues, and government grants to maintain operational cash flows. The Society forecasts anticipated cash flow deficiencies and requests the necessary funding from donors to manage this liquidity risk.

Market risk

The Society is exposed to the risk that donations may decrease due to changes in market factors and market declines which will likely have a negative effect on the Society's ability to generate donation revenues. The Society is also exposed to additional losses from its investment portfolio.

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2009
(expressed in Bermuda dollars)

10. CAPITAL DISCLOSURES

The Society manages an externally restricted donation of land located on Trunk Island in the amount of \$670,500. The Society has complied with all externally imposed capital requirements during the year. Certain other fund balances are internally restricted by the Society.

11. COMPARATIVE FIGURES

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