

Bermuda Zoological Society

**Financial Statements and
Independent Auditors' Report**

March 31, 2010

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, 2010, 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 3, 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. During the year ended March 31, 2010, the society expensed capital asset purchases of \$245,180 (2009: \$131,979). 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 \$386,090 (2009 - \$168,703) and net revenues over expenditures for the year would be increased by \$217,387 (2009 - \$112,857).

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, 2010 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.

Deloitte + Touche

June 8, 2010

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF FINANCIAL POSITION
as at March 31, 2010
(expressed in Bermuda dollars)

	2010			2009
	General Fund	Restricted Funds	Total	
ASSETS				
Cash and investments				
Cash float	\$ 7,800	\$ -	\$ 7,800	\$ 7,800
Current accounts	916,681	-	916,681	756,405
Term deposits	3,013,622	-	3,013,622	3,206,008
Investments classified as available for sale (Note 4)	1,106,388	-	1,106,388	961,589
Inventory	132,098	-	132,098	157,757
Land	-	670,500	670,500	670,500
Due from General Fund	(4,718,555)	4,718,555	-	-
	<u>\$ 458,034</u>	<u>\$ 5,389,055</u>	<u>\$ 5,847,089</u>	<u>\$ 5,760,059</u>
FUND BALANCES				
Externally restricted (Note 2)	\$ -	\$ 670,500	\$ 670,500	\$ 670,500
Internally restricted (Note 2)	-	4,718,555	4,718,555	4,480,413
Unrestricted	425,887	-	425,887	518,484
Unrestricted holdings gains on investments classified as available for sale (Note 7)	32,147	-	32,147	90,662
	<u>\$ 458,034</u>	<u>\$ 5,389,055</u>	<u>\$ 5,847,089</u>	<u>\$ 5,760,059</u>

See accompanying notes to the financial statements

SIGNED ON BEHALF OF THE SOCIETY:

.....Executive Member

.....Executive Member

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF OPERATIONS
year ended March 31, 2010
(expressed in Bermuda dollars)

	General Fund	
	2010	2009
REVENUES		
Gift shop and wholesale, net	\$ (33,463)	\$ (15,062)
Investment income	14,555	68,401
Membership dues	415,666	424,876
Non-designated donations - General Fund (Note 5)	80,262	80,844
	477,020	559,059
EXPENDITURES		
Bank charges	5,359	8,503
Executive	2,426	2,394
Membership development and office	545,597	528,530
Professional fees (Note 5)	16,235	15,530
Staff training	-	10,163
	569,617	565,120
DEFICIENCY OF REVENUES OVER EXPENDITURES	\$ (92,597)	\$ (6,061)

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
year ended March 31, 2010
(expressed in Bermuda dollars)

	2010				
	Fund Balances, Beginning of year	Revenues	Expenditures	Inter-fund Transfers	Fund Balances, End of year
RESTRICTED FUNDS					
Animal Research Fund	\$ 25,944	\$ 985	\$ 194	\$ -	\$ 26,735
BAMZ Fund	-	15,000	5,264	46,604	56,340
Boat Fund	138,940	66,925	140,276	-	65,589
Cave Project Fund	2,029	-	-	-	2,029
Capital Campaign Fund	2,579,998	728,853	-	(528,166)	2,780,685
Concession Fund	43,281	12,210	7,751	(45,000)	2,740
Conservation Research Fund	115,986	448,154	466,581	-	97,559
Curator's Discretionary Fund	7,074	-	16,253	9,179	-
Development Fund	535,783	-	-	(35,783)	500,000
Education Fund	171,001	304,463	453,161	-	22,303
Education Equipment Fund	17,490	-	-	-	17,490
Employee Health Benefit Fund	100,000	-	31,909	60,000	128,091
Eric Clee Environment Fund	122,078	-	24,932	-	97,146
Exhibit Fund	189,225	-	129,431	-	59,794
Facility Rental Fund	26,608	19,750	3,890	(35,000)	7,468
Friends of Bermuda Aquarium Fund	-	23,750	455	-	23,295
Food and Agricultural Fund	-	10,000	2,468	-	7,532
Front Entrance Renewal Fund	112,039	-	-	100,000	212,039
Hospital Equipment Fund	240,144	-	68,807	-	171,337
Landscapes Fund	8,849	-	-	-	8,849
Lecture Fund	31,127	3,642	5,684	-	29,085
Life Support Fund	2,288	-	-	-	2,288
Marine Operations Fund	1,908	-	-	-	1,908
Marine Species Recovery Fund	20,480	82,313	80,556	-	22,237
Moorings Fund	65,695	9,500	18,891	-	56,304
Museum Fund	(428,166)	-	-	428,166	-
Non Such Fund	154	2,900	2,954	-	100
North Rock Divers Fund	2,166	-	-	-	2,166
Publication Fund	40,639	8,575	-	-	49,214
Reef Fund	23,904	685	7,113	-	17,476
Steinhoff Conservation Scholarship Fund	198,096	-	11,870	-	186,226
Seahorse Project Fund	6,162	-	-	-	6,162
Technology & Equipment Fund	34,613	-	3,107	-	31,506
Volunteer Fund	35,971	34,018	75,467	-	(5,478)
Youth Fund	8,907	23,750	317	-	32,340
	4,480,413	1,795,473	1,557,331	-	4,718,555
GENERAL FUND	518,484	477,020	569,617	-	425,887
EXTERNALLY RESTRICTED	670,500	-	-	-	670,500
UNREALIZED GAIN (LOSS) ON INVESTMENT	90,662	(58,515)	-	-	32,147
TOTAL	\$ 5,760,059	\$ 2,213,978	\$ 2,126,948	\$ -	\$ 5,847,089

See accompanying notes to the financial statements

BERMUDA ZOOLOGICAL SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
year ended March 31, 2010
(expressed in Bermuda dollars)

	2009				
	Fund Balances, Beginning of year	Revenues	Expenditures	Inter-fund Transfers	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 Fund	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 Discretionary 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 Fund	-	-	-	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 Fund	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 Fund	27,970	2,000	6,066	-	23,904
Research Fund	(1,150)	-	-	1,150	-
Steinhoff Conservation Scholarship Fund	110,000	90,000	1,904	-	198,096
Seahorse Project Fund	6,162	-	-	-	6,162
Technology Equipment Fund	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>\$ 4,480,413</u>
GENERAL FUND	524,545	559,059	565,120	-	518,484
EXTERNALLY RESTRICTED	670,500	-	-	-	670,500
UNREALIZED GAINS (LOSS) ON INVESTMENT	370,652	(279,990)	-	-	90,662
TOTAL	<u>\$ 5,191,796</u>	<u>\$ 2,549,842</u>	<u>\$ 1,981,579</u>	<u>\$ -</u>	<u>\$ 5,760,059</u>

See accompanying notes to the financial statements

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

(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. 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 Funds

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.

3. 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:

Revenue Recognition

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. Annual memberships expire on March 31st each year.

**BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2010

(expressed in Bermuda dollars)

3. ACCOUNTING POLICIES (cont'd)

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.

Capital assets

Capital assets are expensed in the year of purchase. During the year, capital asset purchases have been included as expenses in the Statement of Changes in Fund Balances as follows:

	2010	2009
Boat Fund	\$ -	\$ 95,172
Conservation Research Fund	24,126	-
Education Equipment Fund	1,826	-
Exhibit Fund	127,128	16,632
General Fund	575	-
Hospital Equipment Fund	68,649	9,725
Mooring Fund	16,300	10,450
Non Such Fund	2,954	-
Technology Equipment Fund	3,047	-
Volunteer Fund	575	-

Financial instruments

Financial assets 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 accounts and term deposits - Held for trading
- Investments - Available for sale

**BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS**

March 31, 2010

(expressed in Bermuda dollars)

3. ACCOUNTING POLICIES (cont'd)

Financial instruments (cont'd)

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, gains and losses realized on disposal and unrealized gains and losses are included in the statement of operations.

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.

4. INVESTMENTS

	2010	2009
Money market funds	\$ 904,641	\$ 751,327
Listed shares (Cost: \$169,600 (2009 - \$119,600))	201,747	210,262
	<u>\$ 1,106,388</u>	<u>\$ 961,589</u>

5. DONATIONS

Audit fees for the year ended March 31, 2010 are recorded at their fair value of \$17,000 (2009: \$15,530). The actual amount charged for the audit is \$3,400 (2009: \$3,200) with the difference of \$13,600 (2009: \$12,330) being recorded as a non-designated donation to the general fund.

6. 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 (2009:\$Nil) raised through the Capital Campaign were transferred to the Trust.

7. ACCUMULATED OTHER COMPREHENSIVE INCOME

	2010	2009
Balance, beginning of year	\$ 90,662	\$ 370,652
Unrealized loss on available for-sale-investments	(58,515)	(279,990)
	<u>\$ 32,147</u>	<u>\$ 90,662</u>

BERMUDA ZOOLOGICAL SOCIETY
NOTES TO THE FINANCIAL STATEMENTS

March 31, 2010

(expressed in Bermuda dollars)

8. 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.

9. 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.

10. COMMITMENTS

During the year-ended March 31, 2010, the Society entered into a contract for the design and building of the Madagascar Exhibit. The total sum of the contract was \$529,265. As at March 31, 2010, \$46,360 of costs related to this contract have been paid out of the Exhibit Fund.