

Centennial Bermuda Foundation

Financial Statements

December 31, 2022

(expressed in Bermuda dollars)

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INDEPENDENT AUDITOR'S REPORT

To the Member of Centennial Bermuda Foundation

Opinion

We have audited the financial statements of Centennial Bermuda Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2022, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2022 and its financial performance and its cash flows for the year then ended in accordance with Accounting Standards for Not-For-Profit Organisations generally accepted in Bermuda and Canada ("ASNFP").

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISA"). 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 Foundation in accordance with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code") together 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNFP, 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 these financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether these 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 ISA 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 ISA, 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 Foundation'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 Foundation'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 Foundation 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.

KPMG Audit Limited

Chartered Professional Accountants
Hamilton, Bermuda
June 2, 2023

Centennial Bermuda Foundation

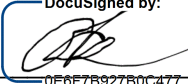
Statement of Financial Position

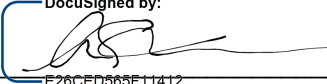
As at December 31, 2022

(expressed in Bermuda dollars)

	2022 \$	2021 \$
Assets		
Cash and cash equivalents	13,702,444	40,264,122
Dividends receivable	464,033	346,890
Other receivable	-	700
Investments, at fair value (note 3)	143,153,809	144,189,886
Collections (note 8)	-	-
	<u>157,320,286</u>	<u>184,801,598</u>
Intangible asset (note 5)	<u>150,372</u>	<u>175,787</u>
	<u>157,470,658</u>	<u>184,977,385</u>
Liabilities		
Accounts payable and accrued liabilities (note 6)	274,523	310,278
Accrued donations	<u>770,000</u>	<u>280,250</u>
	<u>1,044,523</u>	<u>590,528</u>
Net assets		
Unrestricted net assets (note 4)	<u>156,426,135</u>	<u>184,386,857</u>
	<u>157,470,658</u>	<u>184,977,385</u>

Approved by the Board of Directors on June 2, 2023

DocuSigned by:

 Allison Towison
 Director

DocuSigned by:

 Annarita Marion
 Director

The accompanying notes are an integral part of these financial statements.

Centennial Bermuda Foundation

Statement of Operations

For the year ended December 31, 2022

(expressed in Bermuda dollars)

	2022 \$	2021 \$
Revenue		
Dividends and interest income	2,009,192	1,378,640
(Loss) gain on sale of investments (note 3)	(178,939)	9,299,865
	<u>1,830,253</u>	<u>10,678,505</u>
Investment management fees (note 6)	(266,197)	(305,228)
	<u>1,564,056</u>	<u>10,373,277</u>
Donations		
Community Health and Fundamental Needs	1,405,000	1,066,500
Public Education	1,317,000	1,051,000
Scholarships	878,622	936,050
Cultural and Community Connections	574,500	754,000
Economic Participation	697,172	434,000
Community Capacity Building	5,000	227,918
Emergency Grant Funding	-	136,149
Other	105,000	106,200
	<u>4,982,294</u>	<u>4,711,817</u>
Expenses		
Employment costs (note 7)	406,101	392,600
Administrative charges (note 6)	235,000	270,000
Professional fees and other fees (note 6)	205,375	219,147
Member funding expenses (note 6)	76,100	76,100
Grant management software (note 5)	73,361	24,309
Director fees (note 7)	67,500	67,500
Committee member fees	50,000	50,000
Office administration	14,544	4,125
Other operating costs	41,866	46,434
Custody fees (note 6)	-	7,062
	<u>1,169,847</u>	<u>1,157,277</u>
(Decrease) increase in fair value of investments (note 3)	<u>(23,372,637)</u>	<u>2,387,744</u>
(Deficiency) surplus of revenue over donations and expenses for the year	<u>(27,960,722)</u>	<u>6,891,927</u>

The accompanying notes are an integral part of these financial statements.

Centennial Bermuda Foundation

Statement of Changes in Net Assets

For the year ended December 31, 2022

(expressed in Bermuda dollars)

	Unrestricted net assets 2022 \$	Unrestricted net assets 2021 \$
Net assets – Beginning of the year	184,386,857	177,494,930
(Deficiency) surplus of revenue over donations and expenses for the year	<u>(27,960,722)</u>	<u>6,891,927</u>
Net assets – End of year	<u>156,426,135</u>	<u>184,386,857</u>

The accompanying notes are an integral part of these financial statements.

Centennial Bermuda Foundation

Statement of Cash Flows

For the year ended December 31, 2022

(expressed in Bermuda dollars)

	2022	2021
	\$	\$
Cash flows used in operating activities		
(Deficiency) surplus of revenue over donations and expenses for the year	(27,960,722)	6,891,927
Items not affecting cash:		
Change in fair value of investments	23,372,637	(2,387,744)
Loss (gain) on sale of investments	178,939	(9,299,865)
Amortisation	25,415	2,118
Changes in non-cash working capital:		
Dividends receivable	(117,143)	(298,353)
Other receivable	700	(700)
Accounts payable and accrued liabilities	(35,755)	24,742
Accrued donations	489,750	57,750
Net cash used in operating activities	<u>(4,046,179)</u>	<u>(5,010,125)</u>
Cash flows used in investing activities		
Purchase of investments	(56,933,436)	(108,185,200)
Proceeds on sale of investments	34,417,937	94,275,245
Purchase of intangible assets	-	(177,905)
Net cash used in investing activities	<u>(22,515,499)</u>	<u>(14,087,860)</u>
Decrease in cash and cash equivalents	(26,561,678)	(19,097,985)
Cash and cash equivalents - Beginning of year	<u>40,264,122</u>	<u>59,362,107</u>
Cash and cash equivalents - End of year	<u>13,702,444</u>	<u>40,264,122</u>

The accompanying notes are an integral part of these financial statements.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

1. *The Foundation*

Centennial Bermuda Foundation (the "Foundation") was incorporated in Bermuda on December 13, 2000 with The Bank of Bermuda Limited as its sole member. On February 18, 2004, The Bank of Bermuda Limited was amalgamated to become a wholly owned subsidiary of HSBC Holdings plc and in May 2010, The Bank of Bermuda Limited changed its name to HSBC Bank Bermuda Limited ("HSBC Bermuda"). HSBC Bermuda tendered its resignation as sole member of the Foundation effective February 13, 2004, at which time the directors approved the admission of Bermuda Trust Company Limited ("BTCL"), in its capacity as Trustee of the Centennial Bermuda Foundation Charitable Trust (the "Charitable Trust"), as sole member of the Foundation. BTCL was a subsidiary of HSBC Bermuda until May 1, 2016. Effective May 1, 2016, the Bank of N.T. Butterfield & Son Ltd. ("Butterfield Bank") purchased BTCL.

BTCL, as trustee of the Charitable Trust appoints the Board of Directors of the Foundation under the direction of the Committee of Protectors in accordance with the trust deed. The Committee of Protectors, the Board of Directors and the Foundation are not related to, and are independent of, HSBC Bermuda or Butterfield Bank.

As of January 1, 2023, the role of Trustee of the Charitable Trust transitioned from BTCL to Conyers Trust Company (Bermuda) Limited.

The Foundation is a company limited by guarantee whose purpose is to promote, further or advance any charitable purpose or activity in Bermuda and elsewhere in the world. The Foundation is registered as a private foundation under the Charities Act 2014 as amended.

2. *Summary of significant accounting policies*

The Foundation follows Accounting Standards for Not-For-Profit Organizations generally accepted in Bermuda and Canada as set out in Part III of the Chartered Professional Accountants of Canada Handbook - Accounting. The significant accounting policies are as follows:

(a) **Restricted fund**

The Foundation follows the restricted fund method of accounting under which it has two funds:

Unrestricted net assets - net assets can be applied to any charitable purpose. Identified in this fund are internally restricted net assets, which are net assets reserved by the Board of Directors to be used for designated charitable purposes in future years;

Restricted net assets – net assets can only be applied for specific charitable purposes due to the nature of the original gift. Currently, there are no such net assets.

(b) **Cash and cash equivalents and restricted cash**

Cash and cash equivalents comprise cash, demand deposits, money market funds and other short term investments with original maturities of three months or less.

(c) **Investments**

Investments in marketable securities are carried at fair value. Securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. Realised and unrealised gains and losses are calculated on the difference between cost and sale proceeds or fair value, respectively, at the date of measurement. Realised and unrealised gains and losses are recorded in the statement of operations. All transaction costs on the purchase or sale of investments have been included in the cost or netted from the proceeds of sale of the investments and transactions are recorded at the trade date.

(d) **Intangible asset**

The Foundation's intangible asset, comprising its Grant Management Software, is measured at cost less accumulated amortisation, and is amortised on a straight-line basis over an estimated useful life of seven years.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

(e) **Donations made**

Donations made by the Foundation are recorded as an expense when the Foundation has made an unconditional commitment to make a donation. In the case of conditional donations, they are recognised as an expense when the conditions attached to the donation have been satisfied by the potential recipient. Generally, this results in donations being expensed when paid.

(f) **Investment income**

Investment income is recognised on an accrual basis and is reflected in the statement of operations.

(g) **Foreign currency translation**

Assets and liabilities in foreign currencies are translated to Bermuda dollars at rates of exchange in effect at the statement of financial position date. Income and expense items in foreign currencies are translated at the rate of exchange prevailing on the transaction date. Exchange adjustments are charged or credited to the statement of operations.

(h) **Fair value of financial instruments**

The Foundation's financial instruments consist of cash and cash equivalents, dividends receivable, other receivables, investments, accounts payable and accrued liabilities and accrued donations. The investment portfolio is inherently exposed to market, interest, currency and credit risks arising from fluctuating market conditions.

Fair values of equity and bond investments and dividends receivable have been determined based on quoted market prices in an active market and declared dividend payments respectively. Fair values of investments in mutual funds have been determined based on the net asset values reported by the funds' administrators.

The Foundation is exposed to certain risks relating to its ongoing business operations. The primary risks managed by using financial instruments are credit risk, liquidity and market risks.

Credit risk is the risk of the potential inability of counterparties to perform under the terms of contracts. The Foundation's exposure to credit risk at any point in time is limited to amounts recorded as assets in the statement of financial position. Credit risk is reduced by dealing with reputable counterparties, which are high credit quality institutions. The Foundation manages liquidity risk by holding cash and cash equivalents and investments in highly liquid securities which are readily convertible to cash and by continually monitoring actual and projected cash flows.

Market risk arises mainly from uncertainty about future values of financial instruments held specifically from price, currency and interest rate movements. Market risk represents the potential gains or losses the Foundation might suffer through holding market positions in the face of market movements. The Foundation manages market risks by investing in a portfolio of marketable securities diversified by nature, industry and geography and by limiting withdrawals from the portfolio in any one year as described in Note 4.

(i) **Related party transactions**

Transactions with related parties are recorded at their exchange amount. The Foundation discloses its transactions with related parties. Related parties include the Foundation's directors, certain senior officers, the Charitable Trust and entities which the Foundation controls or over which it exercises significant influence. These transactions are either separately disclosed in the statement of financial position and the statement of operations or in Notes 6 and 7. The Foundation makes donations to a large number of not-for-profit entities, including some where directors of the Foundation are also directors or officers of the not-for-profit entities. Except as disclosed in Notes 6 and 7, in the opinion of the directors, the Foundation does not have significant influence over, or control of, any of these entities and therefore, these entities are not related parties. Donations to entities disclosed in Note 7, if any, are included, along with all other donations, as an expense in the statement of operations.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

(j) **Use of estimates**

The preparation of financial statements in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ significantly from those estimates.

3. Investments

	2022	2022	2021	2021
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Investments	150,488,881	143,153,809	128,117,673	144,189,886

The realised gain (loss) on investments and change in fair value of investments can be further analysed as follows:

	Arising prior	Arising in the	Total realised
	to beginning	period	and unrealised
	of period		in the period
	\$	\$	\$
2022			
Realised gain (loss)	460,375	(639,314)	(178,939)
Change in unrealised gain (loss)	(460,375)	(22,912,262)	(23,372,637)
	-	(23,551,576)	(23,551,576)
2021			
Realised gain	1,256,495	8,043,370	9,299,865
Change in unrealised (loss) gain	(1,256,495)	3,644,239	2,387,744
	-	11,687,609	11,687,609

The Foundation is exposed to market risk arising from the effect of economic conditions and changes in interest rates, currency exchange rates and credit risks on the investments.

Equilibria Capital Limited act as the Outsourced Chief Investment Officer (OCIO) and manage the Foundation's investment portfolio. As OCIO, Equilibria assists the Foundation in setting overall investment policy and then manages the Foundation's investments within the parameters set by the policy. In managing the Foundation's investments, Equilibria will, where it believes they can add value in excess of their fees, employ other investment managers to oversee portions of the investment portfolio who, themselves, may sub-delegate investment management to other investment managers.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

The Foundation invests in “Alternative Assets” through a bespoke investment vehicle called the EQC Strategic Allocation Fund. The EQC Strategic Allocation Fund, as of December 31, 2022, had outstanding, undrawn commitments to underlying investment vehicles with delayed capital call structures in the amount of \$22,707,069 (2021 - \$21,080,453), related to the Foundation’s proportion of the Fund. The cash and cash equivalents and liquid assets of the fund amounted to \$9,282,611 (2021: \$10,013,004), resulting in a net unfunded commitment to the Fund of \$13,424,458 (2021: \$11,067,449).

Schedule of investments:

	No. of shares	Cost	Fair value	No. of shares	Cost	Fair value
	2022	2022	2022	2021	2021	2021
		\$	\$		\$	\$
Equities						
iShares Core MSCI Emerging Mkts ETF	223,700	10,243,484	10,446,790	191,000	8,654,349	11,433,260
iShares JPM EM LCL GOV BND	25,000	1,006,545	1,094,750	-	-	-
iShares Core MSCI World ETF	79,300	5,873,970	5,803,967	-	-	-
iShares MSCI Japan ETF	14,600	785,962	794,824	14,600	785,962	977,616
iShares MSCI Pac ex-Japan ETF	17,650	691,086	754,538	17,650	691,086	843,317
SPDR S&P 500 ETF Trust	9,400	1,944,715	3,594,842	9,400	1,944,714	4,464,624
Vanguard FTSE Europe ETF	-	-	-	50,300	2,880,033	3,432,472
		<u>20,545,762</u>	<u>22,489,711</u>		<u>14,956,144</u>	<u>21,151,289</u>
UBS - Developed Market Equities						
Polen - USD		7,666,728	6,042,650		7,901,288	9,832,991
Bristol - USD		5,406,496	5,432,861		6,245,324	8,042,426
Aristotle - USD		5,289,347	5,338,792		9,113,266	11,195,694
Kanye - USD		5,223,668	4,895,351		7,802,361	9,819,432
Capital - USD		7,642,714	7,101,343		7,968,380	8,968,360
Aristotle Intl - USD		8,303,106	7,891,238		8,320,994	9,775,013
Macquarie - USD		3,708,436	3,464,374		3,703,065	4,247,037
Fuller Thaler – USD		3,000,019	2,809,265		-	-
NB Large Cap V		4,836,613	5,157,024		-	-
		<u>51,077,127</u>	<u>48,132,898</u>		<u>51,054,678</u>	<u>61,880,953</u>
		<u>71,622,889</u>	<u>70,622,609</u>		<u>66,010,822</u>	<u>83,032,242</u>
Fixed Income						
WELL BLENDED OPP E/M DB-SUH	1,235,082.124	12,650,000	9,853,362	1,235,082	12,650,000	11,765,392
US Treasury bill – March 2024		9,926,953	9,703,125		-	-
Credit Suisse – Developed Market Bonds		37,566,390	33,188,570		34,734,202	34,058,882
		<u>60,143,343</u>	<u>52,745,057</u>		<u>47,384,202</u>	<u>45,824,274</u>

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

Alternative Investments

EQC Strategic Allocation Fund	183,845	18,722,649	19,786,143	145,406	14,722,649	15,333,370
		18,722,649	19,786,143		14,722,649	15,333,370
		150,488,881	143,153,809		128,117,673	144,189,886

4. Capital disclosures and unrestricted net assets, including internally restricted net assets

The Foundation's objective when managing capital, which changed during 2014, is to maintain, in the long run, the inflation adjusted value of its net assets on the day its shares in the Bank of Bermuda Limited were sold as a result of the amalgamation of the Bank of Bermuda Limited to become a wholly-owned subsidiary of HSBC Bermuda (Note 1).

The Foundation seeks to achieve this objective by investing its assets in a well-diversified portfolio of exchange traded funds, mutual funds, equities and fixed income securities so as to achieve a long term real rate of return as set by the Board from time to time. In 2014, this was set at 4.5%. At the same time, the Foundation follows a policy of ensuring that its donations and expenses drawn from the unrestricted funds are less than the expected long term real rate of return, while maintaining the stability of the amounts available to support local not-for-profit entities, by setting a targeted draw rate based on the quarterly average of the previous six years' net assets less net assets externally restricted for endowment.

In 2014, the Foundation's net assets were less than the inflation adjusted value of its net assets on the day its shares in the Bank of Bermuda were sold. At that time, the Foundation internally restricted its then net assets as Net Assets Internally Restricted for Endowment and has a policy of increasing this amount annually at a rate set by the Board of Directors to adjust for inflation and increase the real value of the Net Assets internally Restricted for Endowment to the targeted level over time.

The Foundation anticipates that fluctuations in the market value of its investments in any one year can mean that net assets will also fluctuate and, indeed, in certain cases can fall below the level of Net Assets Internally Restricted for Endowment as disclosed below. Also, from time to time, the Board considers whether there should be a transfer from unrestricted net assets to Net Assets Restricted for Future Funding or Net Assets Internally Restricted for Endowment when there has been a period of sustained positive investment returns and the Board does not anticipate using the funds for operating purposes in the near to medium term.

The Board reviews its expected long term real rate of return, its targeted draw rate, the amount to be transferred annually to Net Assets Internally Restricted for Endowment and the levels of its unrestricted and restricted net assets at least every three years, or more often as circumstances require, and makes adjustments accordingly.

Effective December 31, 2020, the Board approved the transfer of \$14,071,938 from unrestricted net assets to Net Assets Restricted for Future Funding. For 2021 and 2022, the expected long term real rate of return was 4.5%, the targeted draw rate was 3.4% and the amount transferred annually to Net Assets Internally Restricted for Endowment was the current Bermuda inflation rate plus 1%. For 2023 and subsequent years these amounts have been set at 4.5%, 4.0% and inflation plus 0.5%, respectively.

Also, effective December 31, 2022, the Board reviewed the overall investment environment. In view of the significant upward shift in interest rates during the year and the impact on the pricing of the equity and fixed income markets, the Board approved the offset of the accumulated balance of Unrestricted Net Assets and Net Assets Restricted for Future Funding against Net Assets Internally Restricted for Endowment.

The Foundation is not subject to any externally imposed requirements on capital. The Foundation also minimizes its exposure to financial leverage and variable financial obligations by holding cash and cash equivalents to maintain sufficient liquidity to enable it to meet its obligations as they become due.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

The movement in internally restricted and unrestricted net assets during the period comprises:

	Internally restricted for endowment \$	Net assets restricted for future funding \$	Other unrestricted net assets (deficit) \$	Total unrestricted net assets \$
2022				
Balance – Beginning of period	169,056,988	14,071,938	1,257,931	184,386,857
Revenue earned	-	-	1,564,056	1,564,056
Donations paid	-	-	(4,982,294)	(4,982,294)
Expenses paid	-	-	(1,169,847)	(1,169,847)
Change in fair value of investments	-	-	(23,372,637)	(23,372,637)
Appropriation of unrestricted net assets	8,765,744	-	(8,765,744)	-
Offset to net assets restricted for endowment	(21,396,597)	(14,071,938)	35,468,535	-
Balance – End of period	156,426,135	-	-	156,426,135

	Internally restricted for endowment \$	Net assets restricted for future funding \$	Other unrestricted net assets (deficit) \$	Total unrestricted net assets \$
2021				
Balance – Beginning of period	163,422,992	14,071,938	-	177,494,930
Revenue earned	-	-	10,373,277	10,373,277
Donations paid	-	-	(4,711,817)	(4,711,817)
Expenses paid	-	-	(1,157,277)	(1,157,277)
Change in fair value of investments	-	-	2,387,744	2,387,744
Appropriation of unrestricted net assets	5,633,996	-	(5,633,996)	-
Balance – End of period	169,056,988	14,071,938	1,257,931	184,386,857

The Foundation provides scholarships to individuals to pursue post-secondary educational opportunities. These scholarships generally require that the individuals maintain certain minimum academic standards. As at December 31, 2022, the Foundation has \$968,000 (2021 - \$975,000) in scholarships it intends to pay out over the next three years if such minimum requirements are met. In accordance with the Foundation's accounting policy, these amounts are expensed in the statement of operations as they are paid.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

5. Intangible asset

	Cost \$	Accumulated amortisation \$	2022 Net \$	2021 Net \$
Grant Management Software	177,905	27,533	150,372	175,787
	177,905	27,533	150,372	175,787

Amortisation expense for the year amounted to \$25,415 (2021 - \$2,118) and is included within grant management software expense in the statement of operations.

6. Significant and other relationships

i) Significant relationships

Effective May 1, 2016, and ending on July 7, 2021, the Foundation appointed a subsidiary of Butterfield Bank as its custodian. Included in expenses in 2021 was \$7,062 for custody fees relating to this subsidiary, of which no amounts were outstanding as at December 31, 2021.

The Foundation has expensed \$266,197 (2021 - \$305,228) for the year for management of its investments and \$62,282 (2021 - \$75,800) of this amount is included in accounts payable and accrued liabilities as at December 31, 2022.

BTCL provided secretarial and other corporate administrative services to the Foundation. Included in expenses for the year is \$235,000 (2021 - \$270,000) for these services. BTCL also acted as Trustee of the Charitable Trust. During the year, the Foundation contributed \$76,100 (2021 - \$76,100) to the Charitable Trust to enable it to cover its expenses, which amount is included as member funding expenses in the statement of operations.

ii) Other relationships

The Foundation paid \$1,490 (2021 - \$27,006) to a law firm where the spouse of a director of the Foundation is a director of the law firm. This amount is included in professional fees and other fees in the statement of operations.

7. Related party transactions

The Foundation paid \$5,000 (2021: \$nil) to a Company under the control of a director of the Foundation in respect of services related to the disposal of certain artworks. This amount is included in professional fees and other fees in the statement of operations.

The directors of the Foundation receive a fee. These fees are disclosed in the statement of operations. All costs relating to the Managing Director and the Programme Director are classified as Employment costs in the statement of operations. There are no other related party transactions which are not fully disclosed in the statement of financial position or statement of operations.

Centennial Bermuda Foundation

Notes to Financial Statements

December 31, 2022

8. *Coin, art and artefacts collection*

HSBC Bermuda gifted collections of coins, artwork and artefacts to the Foundation in February 2004. The Foundation has recorded these assets at nil value in the statement of financial position. The carrying value of these assets at the time of the gift was \$406,500. The collection of coins, artwork and artefacts are periodically valued, for insurance purposes, by independent specialists. The last valuation for artwork was done in November 2017 and valued the collection at \$1,120,950. The coins were last valued in February 2021 at \$4,371,217, having previously been valued in December 2018 at \$3,434,885. These values do not represent the fair value of the collections as at the statement of financial position date in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada and as such the fair value could be significantly different. These items will be maintained as collections, and displayed for public viewing. At the current time, portions of the collections are on loan to the Bermuda National Trust, the National Museum of Bermuda, the St. George's Foundation, the Bermuda Zoological Society, Butterfield Bank and the Washington Mall.

Four bronze sculptures were sold in December 2009 for \$29,500. In December 2021 the Foundation sold certain artworks for \$30,000.

9. *Events subsequent to the Statement of Financial Position date*

In March 2023, Credit Suisse Group AG ("Credit Suisse"), who acts as custodian and discretionary investment manager for certain of the investments held by the Foundation, experienced significant financial difficulties and was subsequently acquired by UBS Group AG ("UBS"). To date the Foundation has experienced no financial impact or disruption to the services provided by Credit Suisse, and management note that the Foundation has an existing relationship with UBS through its current provision of custodian and discretionary investment management services for other investments held.