

Financial Statements of

**NATIONAL ART GALLERY OF THE BAHAMAS**

June 30, 2021

# **NATIONAL ART GALLERY OF THE BAHAMAS**

## **Financial Statements**

June 30, 2021

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**NATIONAL ART GALLERY OF THE BAHAMAS**

### *Opinion*

We have audited the financial statements of National Art Gallery of The Bahamas ("NAGB"), which comprise the statement of financial position as at June 30, 2021, and the statements of comprehensive (loss)/income, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of NAGB as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

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 Financial Statements* section of our report. We are independent of NAGB 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 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 opinion.

### *Responsibilities of Management for the Financial Statements*

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

The Board of Directors is responsible for overseeing NAGB's financial reporting process.

**INDEPENDENT AUDITORS' REPORT (continued)***Auditors' 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 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 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 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 NAGB'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 NAGB'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 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 NAGB 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.

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.

**INDEPENDENT AUDITORS' REPORT (continued)**

*Report on Other Legal and Regulatory Requirements*

In our opinion, under the provisions of The National Art Gallery of The Bahamas Act, 2003 (the "Act"), the accounting records required by the Act to be kept by NAGB, of which we are the auditors, have been kept in accordance with the provisions of the Act.

A handwritten signature in black ink that reads "Baker Tilly". The signature is written in a cursive style, with "Baker" and "Tilly" connected together.

**CHARTERED ACCOUNTANTS**

October 27, 2021  
Nassau, Bahamas

# NATIONAL ART GALLERY OF THE BAHAMAS

## Statement of Financial Position

June 30, 2021

(Expressed in Bahamian dollars)

	2021	2020
<b>ASSETS</b>		
<b>Current assets</b>		
Cash on hand and at bank (Note 4)	\$ 721,638	\$ 885,708
VAT receivable (Note 5)	21,268	81,453
Prepayment	15,737	-
Inventories	24,215	24,981
<b>Total current assets</b>	<b>782,858</b>	<b>992,142</b>
Fixed assets (Note 7)	1,322,875	1,226,094
Art collections (Note 8)	584,631	574,131
<b>Total assets</b>	<b>\$2,690,364</b>	<b>\$2,792,367</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses (Note 6(c))	\$ 16,564	\$ 32,520
Deferred private grants and donations (Note 11)	437,572	439,452
<b>Total liabilities</b>	<b>454,136</b>	<b>471,972</b>
<b>Net assets</b>	<b>2,236,228</b>	<b>2,320,395</b>
<b>Total liabilities and net assets</b>	<b>\$2,690,364</b>	<b>\$2,792,367</b>

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

These financial statements were approved by the Board of Directors and authorized to be issued on October 27, 2021 and signed on its behalf by the following:



Director



Director

# NATIONAL ART GALLERY OF THE BAHAMAS

## Statement of Comprehensive (Loss)/Income

For the year ended June 30, 2021

	2021	2020
<b>INCOME</b>		
Government grant (Note 6(a))	\$1,239,996	\$1,600,000
Private grants released (Note 11)	54,880	39,472
Funding and donations	20,263	27,441
Government subsidy (Note 6(c))	18,416	6,596
Ticket and gift shop sales, net	12,693	20,296
	<u>1,346,248</u>	<u>1,693,805</u>
<b>EXPENSES</b>		
Operating and administrative expenses (Notes 6(b), 9)	1,436,669	1,457,876
<b>Net (loss)/income before other income</b>	(90,421)	235,929
<b>Other income (Note 10)</b>	6,254	22,973
<b>Net (loss)/income and total comprehensive (loss)/income</b>	<u>\$ (84,167)</u>	<u>\$ 258,902</u>

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

# NATIONAL ART GALLERY OF THE BAHAMAS

## Statement of Changes in Net Assets

For the year ended June 30, 2021

	<b>Net Assets</b>
<b>Balance as at June 30, 2019</b>	\$2,061,493
Total comprehensive income	258,902
<b>Balance as at June 30, 2020</b>	2,320,395
Total comprehensive loss	(84,167)
<b>Balance as at June 30, 2021</b>	<b>\$2,236,228</b>

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



# NATIONAL ART GALLERY OF THE BAHAMAS

## Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
<b>CASH PROVIDED BY/(USED IN):</b>		
<b>Cash flows from operating activities:</b>		
Net (loss)/ income	\$ (84,167)	\$ 258,902
Adjustments to reconcile net (loss)/income to net cash (used in)/provided by operating activities:		
Depreciation	84,500	68,472
Provision for vat receivable	81,453	-
Interest income	(251)	(250)
Art collection donation	(3,000)	-
Restricted funds released	(25,700)	(14,300)
Deferred private grants released	(23,622)	(25,172)
<b>Cash provided by operations before changes in operating assets and liabilities</b>	<b>29,213</b>	<b>287,652</b>
<b>Decrease/(increase) in operating assets</b>		
Grants and subsidy receivable	-	29,706
VAT receivable	(21,268)	(45,308)
Prepayment	(15,737)	-
Inventories	766	14,075
<b>(Increase)/decrease in operating liabilities</b>		
Accounts payable and accrued expenses	(15,956)	(22,088)
Interest received	251	250
Deferred private grants	25,700	70,575
<b>Net cash provided by operating activities</b>	<b>2,969</b>	<b>334,862</b>
<b>Cash flows from investing activities:</b>		
Additions to fixed assets	(181,281)	(184,419)
Additions to art collections	(7,500)	-
<b>Net cash used in investing activities</b>	<b>(188,781)</b>	<b>(184,419)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(185,812)</b>	<b>150,443</b>
Cash and cash equivalents, beginning of year	860,008	709,565
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 674,196</b>	<b>\$ 860,008</b>
<b>Represented by:</b>		
Cash on hand and at bank (Note 4)	\$ 721,638	\$ 885,708
Less: Amounts relating to restricted funds	(47,442)	(25,700)
	<b>\$ 674,196</b>	<b>\$ 860,008</b>
<b>Supplemental disclosure of non-cash information:</b>		
Artwork collection donation received	\$ 3,000	\$ -
Artwork collection	\$ 3,000	\$ -

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

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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### 1. GENERAL

National Art Gallery of The Bahamas, ("NAGB"), was established under the National Art Gallery of The Bahamas Act, 2003 of the Commonwealth of The Bahamas on July 11, 2003 as a non-profit, quasi-governmental corporation to provide for the acquisition, preservation and maintenance of collections of Bahamian works of art. Additionally, NAGB is mandated to provide for public education to foster and encourage public interest in these works of art.

NAGB's place of business is located at West Hill Street, P.O. Box N-711, Nassau, Bahamas.

These financial statements were authorized to be issued by the Board of Directors on October 27, 2021.

### 2. ADOPTION OF STANDARDS AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of these 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 financial statements as they are not yet effective:

- |                                                         |   |                                                                                                                                                                                                                |
|---------------------------------------------------------|---|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| IFRS 3 (amendments)                                     | - | Business Combinations - amendments to update a reference to the Conceptual Framework - effective from January 1, 2022                                                                                          |
| IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (amendments) | - | Interest Rate Benchmark Reform - Phase 2 – amendments that address issues that might affect financial reporting when an existing interest rate benchmark is actually replaced – effective from January 1, 2021 |
| IFRS 9 (amendment)                                      | - | Financial Instruments - amendment to clarify which fees an entity includes when it applies the 10% test in assessing whether to derecognize a financial liability - effective from January 1, 2022             |
| IFRS 16 (amendment)                                     | - | Leases - amendment to Illustrative Example 13 accompanying IFRS 16 that clarifies the treatment of lease incentives - effective January 1, 2022                                                                |
| IFRS 17                                                 | - | Insurance Contracts - effective from January 1, 2023                                                                                                                                                           |
| IAS 1 (amendments)                                      | - | Presentation of Financial Statements - amendments in the classification of liabilities as current or non-current - effective from January 1, 2023                                                              |
| IAS 8 (amendments)                                      | - | Replace the definition of a change in accounting estimates with a definition of accounting estimates - effective from January 1, 2023                                                                          |
| IAS 12 (amendments)                                     | - | Deferred Tax, related Assets and Liabilities arising from Single Transaction - effective from January 1, 2023                                                                                                  |

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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### 2. ADOPTION OF STANDARDS AND AMENDMENTS TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IAS 16 (amendments) - Property, Plant and Equipment - amendments to prohibit deducting from the cost of any proceeds from sale of items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management - effective from January 1, 2022.
- IAS 37 (amendments) - Provisions, Contingent Liabilities and Contingent Assets - amendments to specify costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous - effective from January 1, 2022

The Directors are in the process of determining the impact of the adoption of such standard and amendments to the existing standards on the financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### (a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The accounting policies set out below have been applied consistently to all years presented, unless otherwise stated.

#### (b) Basis of measurement

These financial statements have been prepared on the historical cost basis.

#### (c) Functional and reporting currency

The financial statements are expressed in Bahamian dollars, which is NAGB's functional and reporting currency.

#### (d) Use of estimates and judgments

The preparation of 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 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 estimate is 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 financial statements are included in the following notes:

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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

#### (d) Use of estimates and judgments (continued)

- Note 10 - Deferred private grants
- Note 11 - Fair value of financial instruments
- Note 12 - Risk analysis

#### (e) Financial assets – classification and subsequent measurement

On initial recognition, NAGB classifies its financial assets at amortized cost. The classification depends on NAGB's business model and the asset's contractual cash flow characteristics. Management determines the classification at the time of initial recognition.

- Financial assets at amortized cost

A financial asset is measured at amortized cost using the effective interest method less any allowance for impairment, if it is held in a business model whose objective is to hold the assets to collect the contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest and not designated as at fair value through profit or loss ("FVTPL"). Balances included in this classification are cash on hand and at bank, VAT receivable and receivable from a related party.

#### (f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, petty cash and cash at bank less amounts relating to restricted funds.

#### (g) Inventories

Inventories include books, catalogues, t-shirts and post cards. Inventories is stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated selling expenses. Cost is determined using the average cost method.

#### (h) Art collections

Works of art comprise art collections, which when purchased are recorded at cost, and when donated are recorded at the estimated market value at the date of the donation, as determined by NAGB's chief curator.

#### (i) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or are recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to NAGB and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive (loss)/income as incurred.

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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

#### (i) Fixed assets (continued)

Depreciation is provided on a straight-line basis over the estimated useful lives of the assets as follows:

Building and building improvements	-	20 years
Office equipment	-	3 to 5 years
Furniture and fixtures	-	5 years

Land and construction in progress are not depreciated. Building improvements represent architect fees and construction costs incurred during the restoration of NAGB's buildings.

The useful lives of NAGB's fixed assets and the depreciation methods are reviewed at each reporting date to ensure that they are consistent with the expected pattern of economic benefits from those assets. When an asset is retired or disposed of, or is permanently withdrawn from use and no future economic benefit is expected, the cost and accumulated depreciation and impairment losses, if any, are removed from the accounts and any resulting gain or loss arising from the retirement or disposal is recognized in the statement of comprehensive (loss)/income.

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be fully recoverable. If there is an indication that the carrying values exceed the estimated recoverable amount, the assets are written down to their estimated recoverable amount.

The recoverable amount of fixed assets is the greater of the net selling price and the value in use. In assessing the value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in the statement of comprehensive (loss)/ income. Management does not believe that any such changes in circumstances have occurred which would require NAGB's fixed assets to be adjusted for impairment losses.

#### (j) Financial liabilities

Financial liabilities are classified as other financial liabilities:

- Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently re-measured at amortized cost using the effective interest method, with interest expense being recognized on an effective yield basis. The effective interest rate is the ratio that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period. Accounts payable and accrued expenses are included in this category.

#### (k) Recognition of financial assets and liabilities

NAGB recognizes financial assets and liabilities on the day it becomes a party to the contractual provisions of the instruments.

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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

(l) Derecognition of financial assets and liabilities

NAGB derecognizes financial assets when the contractual rights to receive cash flows from the assets expire or have been transferred and NAGB has transferred substantially all the risks and rewards of ownership of the asset, or NAGB has transferred control of the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

(m) Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(n) Related parties

Related parties may be individuals or corporate entities. Related parties include all ministries and departments of the Government of The Bahamas (the "Government"), Government corporations, subsidiaries and agencies, as well as key management personnel and the Board of Directors of NAGB.

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence.

(o) Net assets

Net assets represent the unrestricted, accumulated funds of NAGB.

(p) Deferred private grants

Deferred private grants represent funds received by NAGB from private donors for specific purposes as established by the donors. Deferred private grants related to income are recognized in the statement of comprehensive (loss)/income on a systematic basis over the periods in which NAGB recognizes, as expenses, the related costs for which the private grants are intended to compensate. Deferred private grants related to depreciable assets are recognized in the statement of comprehensive (loss)/income over the periods and in the proportions in which depreciation expense on those assets is recognized. The amounts in the statement of comprehensive (loss)/income are included in deferred private grants released.

(q) Revenue and expenses recognition

Revenue and expenses are recognized on the following basis:

(i) Government grant

Government grants represent amounts received from the Government of The Bahamas ("the Government") to underwrite the operating expenses of NAGB. Government grants are recognized in the statement of comprehensive (loss)/income in the period which they are received or when there is reasonable assurance that they will be received from the Government.

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

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

#### (q) Revenue and expenses recognition (continued)

##### (ii) Government subsidy

Government subsidy is recognized where there is reasonable assurance that the subsidy will be received or an obligation is paid by the Government on behalf of NAGB. Government subsidy represents electricity bills paid by the Government on behalf of NAGB.

##### (iii) Funding and other donations

Income from funding and other donations is recognized when received.

##### (iv) Ticket and gift shop sales

Revenue from ticket sales is recognized when tickets are issued. Revenue from shop sales is recognized at the point of sale, net of cost of sales.

##### (v) Facility rentals

Revenue from facility rentals is recognized upon utilization of the facility.

##### (vi) Special tours

Revenue from special tours is recognized upon completion of the tour.

##### (vii) Expenses

Expenses are recognized on the accrual basis.

#### (r) Foreign currency translations

Foreign currency transactions are translated into Bahamian dollars, using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in currencies other than the Bahamian dollar are retranslated into Bahamian dollars at the reporting date, at the applicable exchange rates prevailing at that date. Non-monetary assets and liabilities are translated at historic rates. Exchange gains and losses are included in the statement of comprehensive (loss)/income.

#### (s) Taxes

No income, corporation or capital gains taxes are levied on entities in The Bahamas and accordingly, no provision for such taxes is included in these financial statements.

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

### 4. CASH ON HAND AND AT BANK

As at June 30, 2021, cash on hand and at bank consists of the following:

	2021	2020
<b>Cash on hand</b>	\$ 1,272	\$ -
<b>Cash at bank</b>		
FirstCaribbean International Bank:		
Savings account	460,517	504,450
Current account	259,849	381,258
	<b>\$721,638</b>	<b>\$885,708</b>

The savings account earns interest at a rate of 0.05% (2020 - 0.05%) per annum.

### 5. VAT RECEIVABLE

As at June 30, 2021, VAT receivable is as follows.

	2021	2020
VAT receivable	\$102,721	\$81,453
Less: provision for VAT receivable	(81,453)	-
	<b>\$ 21,268</b>	<b>\$81,453</b>

During the year, the Board fully provided for the uncollected VAT receivable as of June 30, 2020.

### 6. RELATED PARTY BALANCES AND TRANSACTIONS

Related parties include:

- Government grants received during the year amounted to \$1,239,996 (2020 - \$1,600,000).
- Operating and administrative expenses include electricity expenses from BPL, telephone expenses from BTC and water and sewerage expenses from Water and Sewerage Corporation. These entities are related parties by virtue of being owned, either wholly or in part, by the Government.
- As a quasi-governmental entity, NAGB is under the oversight of the Ministry of Youth, Sports & Culture (MoYSC). From time to time, the Government, through the MoYSC, settles a portion of NAGB's outstanding payables with BPL. In 2021, NAGB recognized the net balance with BPL, paid by the Government on its behalf, as a government subsidy of \$18,416 (2020 - \$6,596) in the statement of comprehensive (loss)/income.
- The Board of Directors, key management personnel and the Friends of the Arts in The Bahamas Foundation ("the FAB Foundation"). The FAB Foundation and NAGB are related by virtue of common directors.



# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

### 6. RELATED PARTY BALANCES AND TRANSACTIONS (continued)

As at June 30, 2021, related party transactions and balances for the year were as follows:

	Notes	2021	2020
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	6(c)	\$ 4,250	\$ 19,340
<b>REVENUE</b>			
Government grant	6(a)	\$1,239,996	\$1,600,000
Government subsidy	6(c)	18,416	6,596
		\$1,258,412	\$1,606,596
<b>EXPENSES</b>			
Salaries and related expenses			
Key management personnel	6(d), 9	\$ 70,833	\$ 87,000
Directors' honorarium	6(d), 9	44,725	49,250
Electricity	6(c), 9	40,724	64,601
Telephone	6(b), 9	10,500	16,854
Water and sewerage	6(b), 9	7,715	6,205
		\$174,497	\$223,910

### 7. FIXED ASSETS

As at June 30, 2021, fixed assets consist of the following:

	Land	Building	Building Improvements	Construction In Progress	Office Equipment	Furniture and Fixtures	Total
<b>Cost</b>							
Balance at June 30, 2019	\$384,000	\$419,750	\$ 779,258	\$ 49,637	\$127,787	\$75,831	\$1,836,263
Additions	-	-	146,110	8,960	27,949	1,400	184,419
Balance at June 30, 2020	384,000	419,750	925,368	58,597	155,736	77,231	2,020,682
Additions	-	-	88,175	73,555	18,841	710	181,281
Transfer	-	-	8,960	(8,960)	-	-	-
Balance at June 30, 2021	384,000	419,750	1,022,503	123,192	174,577	77,941	2,201,963
<b>Accumulated depreciation</b>							
Balance at June 30, 2019	-	293,221	249,211	-	118,195	65,489	726,116
Charge for the year	-	20,988	42,432	-	4,680	372	68,472
Balance at June 30, 2020	-	314,209	291,643	-	122,875	65,861	794,588
Charge for the year	-	20,988	49,230	-	12,099	2,183	84,500
Balance at June 30, 2021	-	335,197	340,873	-	134,974	68,044	879,088
<b>Net book value at</b>							
June 30, 2021	\$384,000	\$ 84,553	\$ 681,630	\$123,192	\$ 39,603	\$ 9,897	\$1,322,875
<b>Net book value at</b>							
June 30, 2020	\$384,000	\$105,541	\$ 633,725	\$ 58,597	\$ 32,861	\$11,370	\$1,226,094

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

### 8. ART COLLECTIONS

The Board of Directors resolved to obtain a valuation of the art collections as at June 30, 2021 and engaged Mr. Jay Koment, an art dealer of New Providence Art & Antiques, to perform an appraisal. Based on Mr. Koment's appraisal report, the art collections were valued at \$1,768,308 using the market approach.

Subsequent to reviewing the results of the appraisal, the Board of Directors concluded that NAGB will continue to measure its art collections based on cost. At June 30, 2021, the cost of the art collections was \$584,631 (2020 - \$574,131).

### 9. OPERATING AND ADMINISTRATIVE EXPENSES

Operating and administrative expenses for the year were as follows:

	2021	2020
Salaries and related expenses (Note 5(d))	\$ 771,180	\$ 705,626
Legal and professional fees	120,632	97,639
Depreciation (Note 6)	84,500	68,472
Provision for vat receivable	81,453	-
Repairs and maintenance	58,076	73,075
Directors' honorarium (Note 5(d))	44,725	49,250
Electricity (Note 5(b))	40,724	64,601
Office supplies	35,832	58,206
Exhibitions	31,378	43,864
Hurricane relief project (Note 10(b))	31,185	14,300
Insurance	20,298	18,237
Promotion and advertising	17,213	22,746
Security	14,251	24,256
Storage	14,110	10,458
Telephone (Note 5(b))	10,500	16,854
Cable	9,321	8,551
Janitorial and cleaning	9,150	20,263
Printing and office expenses	8,395	19,461
Water and sewerage (Note 5(b))	7,715	6,205
Workshop	6,990	23,573
Bank charges	5,533	7,548
Miscellaneous	4,976	3,225
Meals and refreshments	2,931	24,213
Courier and freight	3,354	26,292
Travel	2,247	31,412
Inventory write-off	-	14,041
Art supplies	-	5,508
	<b>\$1,436,669</b>	<b>\$1,457,876</b>

# NATIONAL ART GALLERY OF THE BAHAMAS

Notes to Financial Statements

June 30, 2021

## 10. OTHER INCOME

Other income for the year was as follows:

	2021	2020
Facility rentals and special tours	\$3,879	\$20,462
Other	2,124	2,261
Interest income	251	250
	<b>\$6,254</b>	<b>\$22,973</b>

## 11. DEFERRED PRIVATE GRANTS AND DONATIONS

- (a) From August 1, 2017 to June 30, 2019, NAGB received a total of \$472,444 from FAB Foundation. FAB Foundation received funding from private grants and from the Albeck Family to ultimately assist NAGB with the construction of "Fiona's Theatre" on NAGB's grounds. On December 12, 2017, the Fiona's Theatre was opened.
- (b) In the aftermath of Hurricane Dorian, NAGB, in partnership with mental wellness professionals, launched an initiative entitled "We Gatchu". The program was in support of hurricane relief and recovery efforts for which NAGB received a \$40,000 donation in 2020 from Templeton World Charity Foundation.
- (c) During the year, the former Executive Director requested and received a \$50,000 grant for the Art Seeking and Understanding Workshop in Edinburgh, Scotland. The grant was received from Templeton Religion Trust to support the workshop.
- (d) The Central Bank of The Bahamas provided a \$3,000 donation specifically for the Summer Camp 2021.

The movement in the deferred private grant related to depreciable assets for the year ended June 30, 2021 was as follows:

	2021	2020
<b>Fiona's Theatre</b>		
Balance at beginning of year	\$413,752	\$438,924
Grant released to income	(23,622)	(25,172)
Balance at end of year	<b>\$390,130</b>	<b>\$413,752</b>

The movements in deferred private grants related to income for the year were as follows:

	Templeton World Charity Foundation	Templeton Religious Trust	The Central Bank of The Bahamas	Total 2021	Total 2020
Balance at beginning of year	\$25,700	\$ -	\$ -	\$ 25,700	\$ -
Funds received during the year	-	50,000	3,000	53,000	40,000
Grants released to income	(25,700)	(4,658)	(900)	(31,258)	(14,300)
Balance at end of year	\$ -	\$45,342	\$2,100	\$ 47,442	\$ 25,700

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

### 12. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management estimates that the carrying value of the financial assets and liabilities disclosed in the statement of financial position approximate their fair values at the reporting date for one or both of the following reasons:

- (i) Short-term maturities;
- (ii) Interest rate approximates market rate;
- (iii) Carrying values approximate fair value.

### 13. RISK ANALYSIS

NAGB has exposure to the following risks in its use of financial instruments:

#### a. Credit risk

Credit risk is the possibility that one party to a financial instrument fails to discharge an obligation and causes the other party to incur a financial loss. NAGB is exposed to credit risk in the event that counterparties are unable or unwilling to meet commitments they entered into with NAGB.

NAGB has significant exposure to credit risk in relation to cash at bank and VAT receivable. Management does not consider that these balances are impaired, except for the VAT receivable where a full provision was made for the total prior year's VAT receivable balance. NAGB historically has had very few credit losses and this trend is expected for the foreseeable future.

As at June 30, 2021, the maximum exposure to credit risk for NAGB equals the carrying value of its financial assets in the statement of financial position as set out below:

	2021	2020
<b>Financial assets</b>		
Cash at bank	\$720,366	\$885,708
VAT receivable	21,268	81,453
	<b>\$741,634</b>	<b>\$967,161</b>

#### b. Liquidity risk

Liquidity risk is the possibility that NAGB will encounter difficulty in meeting its financial obligations as they fall due. NAGB manages liquidity risk by ensuring, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to NAGB's reputation.

The following table details NAGB's expected contractual maturities for its financial liabilities as at June 30, 2021 and indicates the undiscounted cash flows of such financial liabilities based on the earliest date on which NAGB can be required to pay. The table includes only principal cash flows.

# NATIONAL ART GALLERY OF THE BAHAMAS

## Notes to Financial Statements

June 30, 2021

### 13. RISK ANALYSIS (continued)

#### b. Liquidity risk (continued)

	2021		Total
	1 – 30 days	Over 30 days	
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	\$16,564	\$ -	\$16,564

  

	2020		Total
	1 – 30 days	Over 30 days	
<b>Financial liabilities</b>			
Accounts payable and accrued expenses	\$32,520	\$ -	\$32,520

#### c. Market risk

Market risk is the possibility that the fair value or future cash flows of NAGB's financial instruments could vary due to changes in market variables such as interest rates, exchange rates and price, and will result in losses being realized by NAGB. The objective of market risk management is to manage and control market risk exposures within parameters, while optimizing return on risk. Market risk comprises the following risks:

##### (i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The majority of NAGB's transactions and balances are denominated in Bahamian dollars. Accordingly, NAGB has no significant exposure to currency risk.

##### (ii) Interest rate risk

Interest rate risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. NAGB is subject to interest rate risk related to its savings account. NAGB has no significant exposure to interest rate risk.

##### (iii) Other price risk

NAGB is not exposed to other price risk as it does not hold equity securities.

### 14. CAPITAL MANAGEMENT

NAGB manages its capital to ensure that the entity will be able to continue as a going concern through the optimization of its net assets. There were no changes in NAGB's approach to capital management during the year. NAGB is not subject to externally imposed capital requirements.

# NATIONAL ART GALLERY OF THE BAHAMAS

Notes to Financial Statements

June 30, 2021

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## 15. COVID-19 IMPACT ON OPERATIONS

Since COVID-19 was declared a global pandemic by the World Health Organization in March 2020, the virus has continued to spread around the world creating uncertainties for businesses and the wider communities. However, NAGB's Board of Directors and management currently consider that there is no significant impact on NAGB's ability to continue as a going concern and there has been no adjusting event as a result of the pandemic.

See Independent Auditors' Report on pages 1 to 3.