

THE MUSTIQUE CHARITABLE FOUNDATION
(a not-for-profit organization)

FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

The Mustique Charitable Foundation
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December 31, 2020 and 2019

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Directors
The Mustique Charitable Foundation

We have reviewed the accompanying financial statements of The Mustique Charitable Foundation (a not-for-profit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of company management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Lear & Pannepacker, LLP

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April 6, 2021

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The Mustique Charitable Foundation
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Assets		
Cash	\$ 840,103	\$ 510,711
Contributions receivable	8,565	63,500
Prepaid expenses	--	3,200
Total assets	\$ 848,668	\$ 577,411
 Liabilities and net assets		
Liabilities		
Accrued expenses	\$ 125	\$ 75
Net assets		
Net assets without donor restrictions	848,543	577,336
Total liabilities and net assets	\$ 848,668	\$ 577,411

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Statements of Activities
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue, gains and other support		
Contributions	\$ 383,416	\$ 356,518
Donated services	9,600	9,600
Interest Income	<u>77</u>	<u>61</u>
Total revenue, gains and other support	<u>393,093</u>	<u>366,179</u>
Expenses		
Program expenses:		
Grants to supported organizations	104,773	325,268
Administrative expenses:		
Accounting expenses	13,200	17,475
Miscellaneous expenses	1,967	4,582
Legal expenses	125	1,000
Fundraising expenses:		
Special event	--	23,390
Other fundraising expenses	<u>1,821</u>	<u>8,195</u>
Total expenses	<u>121,886</u>	<u>379,910</u>
Change in net assets without donor restrictions	271,207	(13,731)
Net assets without donor restrictions – beginning of year	<u>577,336</u>	<u>591,067</u>
Net assets without donor restrictions – end of year	<u>\$ 848,543</u>	<u>\$ 577,336</u>

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Statements of Cash Flows
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 271,207	\$(13,731)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Changes in operating assets and liabilities:		
Decrease (increase) in contributions receivable	54,935	(13,161)
Decrease (increase) in prepaid expenses	3,200	(3,200)
Increase in accrued expenses	<u>50</u>	<u>75</u>
Net cash provided by (used in) operating activities	<u>329,392</u>	<u>(30,017)</u>
Net change in cash	329,392	(30,017)
Cash at beginning of year	<u>510,711</u>	<u>540,728</u>
Cash at end of year	<u>\$ 840,103</u>	<u>\$ 510,711</u>

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 – Summary of significant accounting policies

Significant accounting policies followed by The Mustique Charitable Foundation in the preparation of the accompanying financial statements are summarized below:

General

The Mustique Charitable Foundation ("Organization") is a not-for-profit Organization formed to help those who are in need in St. Vincent and the Grenadines.

Basis of presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. The Organization uses the following classifications to distinguish among restrictions:

Net assets without donor restrictions

Net assets without donor restrictions include all net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Contributions with donor-imposed restrictions that are met during the same year as the contribution is received are included in net assets without donor restrictions.

Net assets with donor restrictions

Net assets with donor restrictions include donor-restricted contributions which are required to be held in perpetuity, with all or part of the income earned to be used for general or specific purposes. Other contributions are subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or the passage of time. When a restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions.

The Organization had no net assets with donor restrictions at December 31, 2020 and 2019.

Cash

For the purpose of determining cash flows, the Organization considers all highly liquid investments with maturities of three months or less to be cash equivalents. There were no cash equivalents at December 31, 2020 and 2019.

Contributions receivable

Contributions are reported at fair value at the date the Organization is notified of receipt of the contribution. These receivables are reviewed periodically to ensure that assets are not overstated due to lack of collectability. The Organization considers all amounts reported to be fully collectible as of the statement of financial position date. At December 31, 2020 and 2019, all contributions receivable were due within one year.

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note 1 – Summary of significant accounting policies (continued)

Revenue recognition

Contribution income consists of donations from individuals and foundations. Support is recognized as without restrictions unless specifically restricted by the donor.

The Organization receives donations of marketable securities and maintains a policy to sell these securities at the earliest possible opportunity. Accordingly, there is no gain or loss recorded on the sale of these securities.

Donated facilities, materials and services

Donated services are recognized as contributions in accordance with accounting standards generally accepted in the United States, if the services create or enhance new financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide a variety of services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Income taxes

The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law. The Organization is classified as a publicly supported organization which is not a private foundation as defined by Section 509(a) of the Code.

In accordance with ASC Topic 740 “Accounting for Uncertainty in Income Taxes”, the Organization has evaluated its tax positions. A tax position is recognized as a benefit only if it is “more likely than not” that the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that has a likelihood of being realized on examination of more than fifty percent. For tax positions not meeting the “more likely than not” test, no tax benefit is recorded. Under the “more likely than not” threshold guidelines, the Organization believes no significant uncertain tax positions exist, either individually or in the aggregate, that would give rise to the non-recognition of an existing tax benefit. In addition, the Organization had no material unrecognized tax benefits or accrued interest and penalties.

The Organization’s policy is to recognize interest related to unrecognized tax benefits in interest expense and penalties in income tax expense.

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note 2 – Adoption of new accounting pronouncements

During the year ended December 31, 2020, the Organization adopted the provisions of ASU 2018-08, not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made issued by the Financial Accounting Standards Board. The ASU clarifies and improves guidance for contributions received and contributions made, and provides guidance to organizations on how to account for certain exchange transactions. Management has analyzed the provisions of ASU 2018-08 and has concluded that no changes are necessary to conform with the new standard.

During the year ended December 31, 2020, the Organization adopted the provisions of the Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), Revenue from Contracts with Customers (Topic 606). Management has analyzed the provisions of Topic 606 and has concluded that no changes are necessary to conform with the new standard.

Note 3 – Donated services

The Organization receives donated accounting services from The Mustique Company. The Organization recognized a total of \$9,600 in donated services for each of the years ended December 31, 2020 and 2019.

Note 4 – Grants to supported organizations

Grants to related organizations is net of unspent funds returned to the Organization by entities that had received grants in prior years. This was due, in large part, to projects being cancelled due to COVID-19. In 2020, the Organization made grants totaling \$169,017 and received unused prior year funds of \$64,244, resulting in net grants of \$104,773 in the accompanying financial statements.

Note 5 – Concentration of credit risk

The Organization maintains cash balances with two financial institutions. At various times during the year, these balances may exceed the \$250,000 insured by the Federal Deposit Insurance Corporation. Management monitors the soundness of its financial institutions and has not experienced any losses in such accounts.

Note 6 – Liquidity and availability of financial assets

The Organization is substantially supported by contributions. As part of the Organization's liquidity management, it has a policy to maintain its financial assets in interest-bearing bank accounts to be available as its general expenditures, liabilities, and other obligations come due.

The Organization schedules vendor payments to maximize the time they have access to the cash. The following reflects the Organization's financial assets to be used for general expenditures within one year of December 31, 2020:

Cash	\$ 840,103
Contributions receivable	<u>8,565</u>
Total financial assets	<u>\$ 848,668</u>

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2020 and 2019

Note 7 – COVID-19

In March 2020, the World Health Organization (WHO) declared COVID-19 a global pandemic. This pandemic event has resulted in significant business disruption and uncertainty in both global and U.S. markets. While management believes the Organization is in an appropriate position to weather the potential short-term effects of these world-wide events, the direct and long-term impact to the Organization and its financial statements is undetermined at this time.

Note 8 – Subsequent events

The Organization evaluated subsequent events through April 6, 2021, which is the date the financial statements were issued, and has not noted any events requiring disclosure.