

THE MUSTIQUE CHARITABLE FOUNDATION

FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

The Mustique Charitable Foundation
Table of Contents
December 31, 2022 and 2021

	<u>Page</u>
Independent Accountant's Review Report	1
Financial Statements	
Statements of Financial Position	2
Statements of Activities	3
Statements of Cash Flows	4
Notes to Financial Statements	5 - 8

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the 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, 2022 and 2021 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 control 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.

We are required to be independent of The Mustique Charitable Foundation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

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.

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March 18, 2023

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The Mustique Charitable Foundation
Statements of Financial Position
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 1,483,309	\$ 1,313,937
Contributions receivable	<u> --</u>	<u> 43,252</u>
Total assets	<u>\$ 1,483,309</u>	<u>\$ 1,357,189</u>
 Liabilities and net assets		
Liabilities		
Accounts payable	\$ <u> --</u>	\$ <u> 15,474</u>
Total liabilities	<u> --</u>	<u> 15,474</u>
Net assets		
Net assets without donor restrictions	1,002,874	861,280
Net assets with donor restrictions	<u> 480,435</u>	<u> 480,435</u>
Total net assets	<u> 1,483,309</u>	<u> 1,341,715</u>
Total liabilities and net assets	<u>\$ 1,483,309</u>	<u>\$ 1,357,189</u>

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Statements of Activities
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions:		
Revenue, gains and other support		
Contributions of financial assets	\$ 393,982	\$ 784,130
Contributions of nonfinancial assets	9,600	9,600
Interest income	<u>3,398</u>	<u>127</u>
Total revenue, gains and other support	406,980	793,857
Expenses		
Program expenses		
Grants to supported organizations	213,687	723,610
Administrative expenses		
Accounting expenses	14,940	14,730
Miscellaneous expenses	2,810	11,797
Legal fees	187	188
Fundraising expenses		
Special event	24,375	24,897
Other fundraising expenses	<u>9,387</u>	<u>5,898</u>
Total expenses	<u>265,386</u>	<u>781,120</u>
Increase in net assets without donor restrictions	141,594	12,737
Changes in net assets with donor restrictions:		
Contributions of financial assets	<u>--</u>	<u>480,435</u>
Increase in net assets with donor restrictions	<u>--</u>	<u>480,435</u>
Change in net assets	141,594	493,172
Net assets, beginning of year	<u>1,341,715</u>	<u>848,543</u>
Net assets, end of year	<u>\$ 1,483,309</u>	<u>\$ 1,341,715</u>

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 141,594	\$ 493,172
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
Contributions receivable	43,252	(34,687)
Accounts payable	(15,474)	15,474
Accrued expenses	<u> --</u>	<u>(125)</u>
Net cash provided by operating activities	<u>169,372</u>	<u>473,834</u>
Net change in cash and cash equivalents	169,372	473,834
Cash and cash equivalents at beginning of year	<u>1,313,937</u>	<u>840,103</u>
Cash and cash equivalents at end of year	<u>\$ 1,483,309</u>	<u>\$ 1,313,937</u>

See accompanying notes and independent accountant's review report

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2022 and 2021

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.

Cash and cash equivalents

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.

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, 2022 and 2021, all contributions receivable were due within one year.

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2022 and 2021

Note 1 – Summary of significant accounting policies (continued)

Revenue recognition

Contribution income consists of donations from individuals and foundations. The Organization records contributions as revenue in the period received or pledged, at their fair values. 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.

Contributions of nonfinancial assets

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, 2022 and 2021

Note 2 – Adoption of new accounting pronouncements

During the year ended December 31, 2022, the Organization adopted the provisions of Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC"), ASU 2020-07 *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. These standards amend certain aspects of financial reporting and disclosure requirements for contributed nonfinancial assets, including disclosure as to the nature of donated goods and services received and the method of valuing these items.

Note 3 – Related party transactions

The Organization received donated accounting services from The Mustique Company and has recognized \$9,600 in contributions of nonfinancial assets in each of the years ended December 31, 2022 and 2021. During the years ended December 31, 2022 and 2021, the Organization recorded additional contributions from The Mustique Company totaling \$42,066 and \$43,252, respectively, which represented substantially all contributions receivable.

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 project size being reduced due to COVID-19 in 2021. In 2022, the Organization made grants totaling \$229,004 and received unused prior year funds of \$15,317, resulting in net grants of \$213,687 in the accompanying financial statements. In 2021, the Organization made grants totaling \$765,215 and received unused prior year funds of \$41,605, resulting in net grants of \$723,610 in the accompanying financial statements.

Note 5 – Net assets with donor restrictions

On April 9, 2021, the La Soufrière Volcano on the island of St. Vincent erupted, resulting in massive evacuations of residents and requiring temporary shelter and other needs for many others. The Organization responded with critical humanitarian relief in collaboration with other charities and donors. All net assets with donor restrictions at December 31, 2022 and 2021 represent unspent donations received for the disaster relief efforts which are ongoing.

Note 6 – Concentration of credit risk

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

The Mustique Charitable Foundation
Notes to Financial Statements
December 31, 2022 and 2021

Note 7 – 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:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,483,309	\$ 1,313,937
Contributions receivable	<u> --</u>	<u> 43,252</u>
Total financial assets available for general expenditures within one year	<u>\$ 1,483,309</u>	<u>\$ 1,357,189</u>

Note 8 – Subsequent events

The Organization evaluated subsequent events through March 18, 2023, which is the date the financial statements were available to be issued, and has not noted any events requiring disclosure.