



2024 THIRD SECTOR FINANCIAL SNAPSHOT

THE BOTTOM LINES AND BEYOND

MARCH 2024

Acknowledgements

We are pleased to present this second Third Sector Financial Snapshot, which offers insight into the sources of funds and financial health of Bermuda's registered charitable entities.

This report is the result of a multidisciplinary, public-private sector collaboration.

Thank you to the Government of Bermuda's Ministry of Home Affairs' **Offices of the Registry General** for granting the Bermuda Foundation access to the official filings of registered charitable organisations. Thank you also to Charities Administrator **Laurin Davis** for her hands-on support in this process, making critical data sets available to the project team.

The Bermuda Foundation is particularly grateful to **Anna Marcotte**, a student volunteer who took on the responsibility for collecting and summarising the registered charities' financial data, which were either in hard copy or pdf format. Her assistance was invaluable.

I would also like to acknowledge and thank **Sarah Marcotte**, who oversaw the review and refinement of all the financial data and co-led the report compilation. Thanks also to **Lisa C. Simpson**, who reviewed the giving platform and data repository, which will enhance data collection activities like this one, going forward.

We believe that this report is a critical addition to our collective understanding of the value of the Third Sector (the Sector) and its participants.

Join us for an in-depth look at the Sector's financial data. It represents the Sector's tremendous contributions to the economy, not only in aid of augmenting Bermuda's social safety net with services for the jobless, homeless, and people in need, but enhancing community spirit and quality of life, advancing research and innovation, increasing economic participation, and enhancing educational opportunities.

The bottom line? The financial and sustained health of Bermuda's Third Sector is an indicator of Bermuda's vitality and prosperity. Understanding how the sector is funded and how those funds are being allocated is important information for all stakeholders to have.



Myra Virgil, PhD
CEO & Managing Director

March 26, 2024

Executive Summary

Nonprofits are crucial in Bermuda: they provide essential services in education, social welfare and financial assistance, health, housing, human rights, workforce development, education, sport, the environment, disability services, ageing, and the arts. While some nonprofits generate revenues, such as fees for services, most are financially supported by corporations, individuals, and foundations in the form of cash grants.

Given the current economic climate, the impact of the pandemic and emerging needs, nonprofits will continue to play a critical role in delivering these all-important services and programmes—as will the donors who have contributed to the \$173m in documented revenues to the Sector.

This reality makes the timing of our report particularly significant. Without doubt, the current debate about corporate income tax (CIT) poses a potential risk for the Third Sector, which has traditionally been generously supported by international business. Changes to tax structures could have consequences on philanthropic budgets and the level of charitable giving.

This report is a synopsis of the financial and annual reports submitted by registered charitable entities to the offices of the Registrar General (“Registrar”) with fiscal years ending anywhere from January 31 to December 31, 2022. It includes information on the entities’ revenue, expenses, assets, and liabilities.

As at November 2023, 296 charitable entities were registered with the Government of Bermuda.¹ Six (6) charitable entities were not included on the November 2023 published list but have been included in this report because their 2022 data was on file at the Registrar, and they subsequently appeared on a published list. Thirty-five (35) registered charitable entities did not have any financial data on file at the Registrar.³ There were also four (4) registered charitable entities whose financial data was incomplete (for example, the financial data on file included a balance sheet, but not an income statement or an income statement, but not a balance sheet).

In summary, the report is based on 262 registered charitable entities (RCEs)

November 2023 published RCEs	296
Added 6 charitable entities noted above	6
Excluded 35 RCEs with no 2022 financial data on file	(35)
Excluded 4 RCEs with incomplete 2022 financial data on file	(4)
Excluded Bermuda Hospitals Board (“BHB”) ⁴	(1)
<hr/>	
Total registered charitable entities included in report	262

¹ Registered charitable entity: An organisation that has met the requirements as set out by the Charities Act 2014 (as amended) and its regulations. The entity’s name is entered in the Register of Charities and a certificate of registration is issued.

² www.gov.bm/sites/default/files/2023-11/Registered-Charities-November-2023.pdf

³ Of these entities, 11 are newly registered entities who are not yet required to submit financials.

⁴ The BHB was excluded from this report because the 2022 financial data was not on file and their financial data, if available, would skew the data.

The 262 registered charitable entities reported the following:

Description	Amount
Annual Revenue	\$173,117,962
Annual Expenses	\$173,636,142
Annual Net Loss	\$(518,180)
Unrealized Investment Loss Included in Annual Revenue	\$(9,889,081)
Annual Net Income before Unrealized Investment Loss	\$9,370,901
Net Assets	\$287,895,211

When we consider the charitable purposes of the nonprofit sector as a whole, the full range of potential classifications are represented (*refer to Exhibit 1*). The largest proportion of registered charitable entities affiliate their charitable purposes with education (19%). Entities involved in education; sport; relief of those in need; arts, culture, heritage, or sciences; health or saving lives; and citizenship or community development make up 84% of registered charities.

In order for any community to tackle its social issues effectively, it needs to remain watchful over the stability and effectiveness of its social resources, notably its nonprofits and the entire Third Sector. It is necessary therefore to ensure the Sector is financially healthy and able to provide the support needed by the community.

The recommendations and considerations arising from this report are detailed on Pages 15–16. In summary, they include:

1. **Improving and updating the “charitable purpose” classifications**
2. **Limiting the selection of applicants’ charitable purpose to one**
3. **Harmonizing annual return dates?**
4. **Improving quality of financial reporting with automation**

Background

This report has been created to improve understanding of Bermuda's Third Sector⁵ by delivering a review of the finances of the Sector's nonprofit entities.

Nonprofits remain critical to providing essential local services: workforce development, environmental protection and advocacy, the promotion of the arts and the creative industry, housing assistance across a range of home insecure situations, mental health treatment, disability services, long-term care policy, ageing programmes and services, food and meal provision programmes, the protection of vulnerable people, youth development, empowerment and leadership programmes, groups that advance human and civil rights in education, social welfare, human rights, health, education, health promotion, health care, sport, and more.

While some nonprofits generate revenues, such as fees for services, most are financially supported by corporations, individuals, and foundations in the form of cash grants. In order to secure or retain their charitable designation, nonprofits are required to file financial data with the Registrar, whose offices maintain a register of charities.

To enhance our understanding of the sector, the Bermuda Foundation ("BF" or "Foundation") resolved to update the information we had pulled together in 2021. We continue to believe it is useful for informing our work and provide value for other donors in the community as well as the nonprofits themselves.

The Foundation builds and manages funds to sustain the nonprofit sector long term and to inspire philanthropy for social impact. The production of this report aligns with three of the Foundation's programme impact outcomes:

- Increasing information on programme performance and grantmaking; metrics/indices capture the state of conditions we all aim to improve,
- Improved understanding of the health of charitable organisations and best practices for programme and service delivery, and
- Increased availability of information on civil society, societal issues, and community philanthropy.

Data sourced from the official records submitted to the Registrar lead us to an increased understanding of the sector's size, scope, complexities, and challenges. The Charities Act 2014 is the primary regulating framework for nonprofit entities and the registration form and mandated annual reports contain financial information, including private and public donations, charitable purpose classifications, public benefit statements, governance, and compliance commitments. No other local data repository captures the total amount of giving (donations from the public and private sectors) and the expenses.⁶

There is currently no legal requirement for donors in Bermuda of any type to report their charitable giving. This means that charitable funds flowing from private and charitable trusts, corporate foundations, private foundations, families, individuals, and community groups are documented primarily in the recipient charitable entities' annual returns. It is likely that private support to

⁵ The Third Sector has been broadly defined as: 1) Nonprofit organisations including Registered Charities (i.e. direct service providers, advocacy groups, intermediaries; network facilitators, technical assistants or consultants, evaluators, researchers; civil society organisations including faith-based institutions and churches, clubs); 2) Philanthropy [Foundations (corporate, private, family, community) and individual donors]; and 3) Government (i.e. government agencies, policymakers, elected officials, public/civil servants). Source: *Reimagining the Bermuda Third Sector Project, 2021*.

⁶ A registered charitable entity's financial information is available to the public for a fee but to collect it for data analysis purposes, from varied sources and in multiple formats, is a time-consuming exercise that is difficult to replicate efficiently or sustainably.

non-registered entities and individuals—such as scholarships, bursaries, Go Fund Me campaigns, or pleas for support made in the media—is undocumented.⁷

This report is a comprehensive review and summary of the financials and annual reports submitted to the Registrar responsible for charities based on the November 2023 list of registrants. Information is presented on the sector's revenue, expenses, assets, and liabilities.

Methodology, Observations, and Assumptions

1. Bermuda's nonprofit sector, as represented by the list of registered charitable entities, provides a range of programming and services. In a nonprofit's annual return, the nonprofit is required to indicate its charitable purposes. For the purposes of this report, the responses to this question are collected and used to summarise the data.

Currently, the Registrar's reporting system allows registrants to select multiple charitable purpose classifications, which can potentially represent missions, programmes, or services. This ability to choose multiple options continues to make it difficult to group the organisations into areas of mission-aligned work, which is essential for aggregating, analysing, and comparing data. For the purposes of this study, in instances where a registrant has made multiple selections, the selections have been cross-referenced with a publicly available mission statement and/or programme descriptions. The closest alignment between the two has been used for the purposes of categorisation for this report. There were five instances where a nonprofit's charitable purposes did not align with their stated mission and was therefore modified.

2. The 2022 annual financial data included in the report was reviewed for accuracy as follows:

- Calculated net income (total reported revenues less reported expenses) equals reported net income
- Total assets equal total liabilities plus total net assets
- The closing net assets equal opening net assets plus net income less any distributions

A proportion of the registered charitable entities (n=21) seemed to be inaccurate. These inaccuracies have been noted throughout the report on a net basis.

3. Revenue within the report includes total revenue from all funds both restricted and unrestricted and investment income including unrealised gains less unrealized losses. Unrealized gains and losses have been documented separately for information purposes (*refer to Exhibit 3*).

4. Expenses within the report include total expenses from all funds both restricted and unrestricted. Expenses also include any contributions made to the beneficiary of the nonprofit.

5. Net Restricted Assets include both Internally and Externally Restricted Assets.

⁷ The solicitation of funds from the local Bermuda public by non-registered entities or individuals is in contradiction of the Charities Act 2014 and its regulations. The use of global fundraising sites, e.g. Go Fund Me, may present legal jurisdiction and compliance complexities.

6. Although the Sector's average annual operating budget would have been of interest to report, the annual reports and GiveBermuda profiles were inconsistently completed, making accurate reporting impossible.

7. Although it would have been of interest to include comparative information from our 2021 Third Sector Financial Snapshot, the data included in the 2021 report was from financial reports with years ending anywhere from 2018, to 2021. Therefore, it would be misleading to include 2021 data as it also includes data from 2018 to 2020 in some instances. This was a pilot project and the data collected was what was available at the time from the Registrar. For the 2022 report, we included 2022 year-end data only and followed up with the Registrar to ensure we had all the data that was available. Going forward, when this report is published in the future, we will be able to include 2022 comparative information.

8. With revenues of \$338m and expenses of \$348m,⁸ the Bermuda Hospital Board skews the results. Consequently, the BHB data set has once again been excluded from some of the primary data reporting as indicated throughout this report.

9. The financial data includes all data from financial reports with years ending anywhere from January 31, 2022, to December 31, 2022. Due to the varying sizes of registrant entities and the accompanying requirements, the source of financial data ranges from income statements and balance sheets, to unaudited management accounts, to audited financial statements, with the former varying in quality and accuracy.

10. In some cases, financial data collection included reviewing notes to ensure all revenue categories, in-kind donations and unrealized investment gains or losses were included.

11. Government grants (cash) to nonprofits (*refer to Exhibit 2*) may be under- or mis-reported because some nonprofit filings do not distinguish between donors (government or other) in their financial statements. According to the Government of Bermuda Approved Estimates of Revenue and Expenditures 2022/23, Grants and Contributions made to individuals and organisations whether in Bermuda or abroad totalled \$3,268,000 (Schedule 1, pg. C-17) but a review of government grants to "external bodies", "voluntary youth organisations", and named nonprofits is estimated at \$4.93m.

⁸ Per its March 31, 2020, Audited Financial Statements on their website (there are no financial statements on their website or on file at the Registrar past March 31, 2020).

Landscape

The Third Sector, with its engine being nonprofit programmes and service delivery, is crucial to Bermuda's wellbeing and quality of life. Widely defined, the Third Sector is a complex system comprised of three key stakeholder groups: **nonprofit organisations** (also referred to as NGOs and charities) that deliver on social programmes; **philanthropy** (individuals or entities that provide funding) and the **government** (the publicly funded entity that legislates, regulates, delivers public services and outsources/funds services, and programmes). Entities that comprise the Third Sector can be formal (charitable trusts and foundations, companies limited by guarantee, corporations); and informal (community groups, membership organisations, religious entities).

The days of pure charity, where support for the causes tackled by nonprofits relied on the good will of funders, community members, and the government, are gone. They have been replaced by the need for a fast-paced, knowledge-based Third Sector marketplace that requires strategic and thoughtful social investment in nonprofits.

Given the current economic climate, the impact of the pandemic and emerging needs, nonprofits will continue to play a critical role in delivering essential services and quality of life programming that will help Bermuda return to prosperity—as will donors.

This reality makes the timing of this report, amidst discussions on corporate income tax (CIT) that will apply to Bermuda businesses that are part of multinational enterprise groups (MNEs) with annual revenue of more than €750m, particularly significant. Changes to tax structures could well have consequences for charitable giving and philanthropic budgets.

According to Forbes,⁹ there are many other circumstances and trends shaping or reshaping the nonprofit sector in 2024. Some standouts are:

1. **Collaboration**—Nonprofit collaboration is becoming paramount, both to move the needle on entrenched issues and to create the infrastructure needed to support the [Third] Sector.
2. **Trusted thought partners**—Community-based organisations are playing a growing role as trusted messengers (read advisors) within civil society and they will strengthen their capacity to engage in advocacy to ensure that community members are informed, and their interests are uplifted and heard.
3. **Holistic thinking**—Whether an organisation is addressing homelessness or equity in education, nonprofits and their stakeholders will have to think through solutions integrating intuition, reason, and imagination to develop and deploy strategies, tactics, action and evaluation, thereby creating a continuum of holistic approaches to the work that bring together various systems and players.
4. **Use of AI**—AI tools, along with people who can hopefully help nonprofits find and implement the best tools to amplify their efforts and impact, are freeing folks up to do what only humans can do—build meaningful relationships in real life.

⁹ Nonprofit Trends That Will Dominate 2024, Forbes Nonprofit Council, January 11, 2024, www.forbes.com

5. Digital fundraisers and initiatives—The organisations that can conceptualize creative ways to grow their mission in the virtual space will see greater success than those that do not.
6. Growth in trust-based giving is allowing nonprofits to be more flexible and innovative in how they leverage money to increase impact.
7. Revenue diversification—Nonprofits will need to continue to be hyper-focused on diversifying revenue away from membership or contributions and creating value in new ways.
8. Storytelling and narrative—From blogs and short-form videos to podcasts, the hearts and minds of people will be changed by storytelling. This ancient way to create community, call people in and create action will gain prominence.

Given the dynamic and changing context in which we work, a temperature check as to the composition of the Sector and other key demographic features is necessary. Although the data that is currently collected does not go as deep as would be required to address these trends, its summation is the first step towards understanding how we as a community need to show up to tackle areas of greatest need.

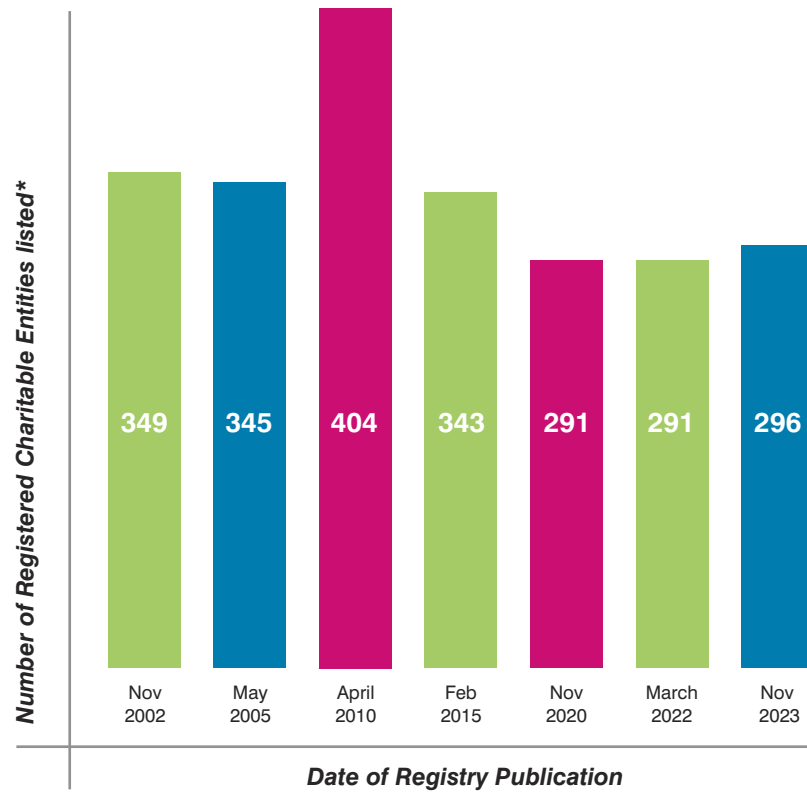
To get a sense of what entities are reporting as their public benefit, the cost of nonprofit services and programmes, and the value of these primary service delivery entities, the list of registered charitable entities is currently the most robust source of information. Nonprofit entities that wish to raise funds from the public must be registered with the Registrar responsible for charities. The registration process requires, by law, the submission of an annual report, which includes financials. This requirement means that the Registrar essentially captures the flow of funds through the Third Sector as a whole, albeit there might be some double counting in instances where entities manage and pass-through funds, e.g., sponsored charity walks or runs that then donate the funds to other registered charities.

To be sure, there are many announcements and articles featuring donations that have been made and their recipients. These are released singularly or as collectives, often by the donors themselves. This has been traditionally encouraged by the government requirement for companies operating on the Island to be demonstrably “good corporate citizens”. There have also been more formalised reports on charitable giving released over the years by collectives of donors and professional organisations.

The Bermuda Employment Survey is another potential source for information on the economic value of the nonprofit sector, but it takes into account only organisations that are registered as employers.

The Bermuda Foundation’s 2024 Snapshot focuses on the set of nonprofit organisations that are on the list maintained and published by the Registrar as of November 2023. With the support of its good offices, the public information on file for each registered charitable entity was reviewed for periods ending anywhere between January 1 and December 31, 2022. This summary of the financial data submitted annually by registered charities illustrates the scope of the nonprofit sector, the types of organisations, total expenses, and total revenues.

Bermuda Registered Charities by Year



*Small illustrative sample of published information. Includes temporary fundraising licences.

Distribution of Bermuda Registered Charitable Entities by Charitable Purpose (n=262)

<i>Charitable Purpose</i>	<i>No. of Entities</i>	<i>Proportion of Registrants</i>
Education	50	19.1%
Sport	46	17.6%
Relief of those in need	44	16.8%
Arts, culture, heritage, or science	34	13.0%
Health or saving lives	26	9.9%
Citizenship or community development	20	7.6%
Religion	15	5.7%
Environmental	11	4.2%
Relief of poverty	6	2.3%
Rec facilities for social welfare	4	1.5%
Animal welfare	3	1.1%
Human rights	2	0.8%
Armed forces, police, fire, or ambulance	1	0.4%

The largest proportion of registered charitable entities affiliate their charitable purposes, i.e., primary work, with education.

More than 80% of registered charitable entities are involved in education; sport; relief of those in need; arts, culture, heritage, or science; health or saving lives; and citizenship or community development.

Estimated Annual Nonprofit Sector Financials (n=262)¹⁰ Revenue \$173,117,962

Refer to Exhibits 2–5 for detailed analysis of the financial data

A total of 41% of registered charitable entities have annual revenue of \$35,000 or less, and 26% of annual revenues are received for the advancement of education. The following shows total revenue by charitable purpose:

Education	\$44,485,576
Health or saving lives	\$30,484,699
Relief of those in need	\$27,965,025
Environmental	\$19,541,832
Citizenship or community development	\$12,014,327
Religion	\$10,531,946
Arts, culture, heritage, or science	\$9,161,992
Sport	\$8,967,483
Animal welfare	\$4,261,263
Relief of poverty	\$4,229,949
Rec facilities for social welfare	\$1,043,003
Human rights	\$414,659
Armed forces, police, fire, or ambulance	\$16,208

- 108 registered entities (41%) reported annual revenue of \$35,000 or less. Annual revenue for these 108 registered entities totalled \$51,003 (average annual revenue was \$472).
- 41 registered entities (16%) reported annual revenue between \$35,000 and \$100,000. Annual revenue for these 41 registered entities totalled \$2,594,896 (average annual revenue was \$63k).
- 79 registered entities (30%) reported annual revenue between \$100,000 and \$1 million. Annual revenue for these 79 registered entities totalled \$28,285,498 (average annual revenue was \$358k).
- 34 registered entities (13%) reported annual revenue of \$1 million or more. Annual revenue for these 34 registered entities totalled \$142,186,565 (average annual revenue was \$4.2m). Of these 34, 2 registered entities reported annual revenue of more than \$10m and 2 registered entities reported annual revenue of more than \$15m.

¹⁰ As noted in the "Methodology, Observations, and Assumptions", the Bermuda Hospital Board skews the results. Consequently, the BHB data set has been excluded from the financial data reporting.

Annual Expenses

\$176,636,142

A total of 40% of registered charitable entities have annual expenses of \$35,000 or less, and 25% of annual expenses go towards the advancement of education. The following shows total expenses by charitable purpose:

Education	\$43,468,958
Relief of those in need	\$29,228,701
Health or saving lives	\$26,704,673
Environmental	\$21,805,468
Religion	\$17,671,916
Arts, culture, heritage, or science	\$9,729,935
Sport	\$9,100,772
Citizenship or community development	\$7,540,894
Relief of poverty	\$3,354,800
Animal welfare	\$3,174,489
Rec facilities for social welfare	\$1,518,642
Human rights	\$323,391
Armed forces, police, fire, or ambulance	\$13,503

- 105 registered entities (40%) reported annual expenses of \$35,000 or less. Annual expenses for these 105 registered entities totalled \$1,197,478 (average annual expenses were \$11k).
- 47 registered entities (18%) reported annual expenses between \$35,000 and \$100,000. Annual expenses for these 47 registered entities totalled \$2,931,616 (average annual expenses were \$62k).
- 77 registered entities (29%) reported annual expenses between \$100,000 and \$1 million. Annual expenses for these 77 registered entities totalled \$28,127,468 (average annual expenses were \$365k).
- 33 registered entities (13%) reported annual expenses of \$1 million or more. Annual expenses for these 33 registered entities totalled \$141,379,580 (average annual expenses were \$4.3m). Of these 33, 3 registered entities reported annual expenses of more than \$10m and 1 registered entity reported annual expenses of more than \$18m.

Net Income (Loss): \$(518,180)

Citizenship or community development	\$4,473,433
Health or saving lives	\$3,780,026
Animal welfare	\$1,086,774
Education	\$1,016,618
Relief of poverty	\$875,149
Human rights	\$91,268
Armed forces, police, fire, or ambulance	\$2,705
Sport	\$(133,289)
Rec facilities for social welfare	\$(475,639)
Arts, culture, heritage, or science	\$(567,943)
Relief of those in need	\$(1,263,676)
Environmental	\$(2,263,636)
Religion	\$(7,139,970)

- 132 registered entities (51%) reported an annual net loss. Annual net loss for these 132 registered entities totalled \$(19,977,522) (average annual net loss was \$(151k)).
- 105 registered entities (40%) reported annual net income of \$100,000 or less. Annual net income for these 105 registered entities totalled \$2,109,612 (average annual net income was \$20k).
- 22 registered entities (8%) reported annual net income between \$100,000 and \$1 million. Annual net income for these 22 registered entities totalled \$8,135,025 (average annual net income was \$370k).
- 3 registered entities (1%) reported annual net income of \$1 million or more. Annual net income for these 3 registered entities totalled \$9,214,705 (average annual net income was \$3.1m).

262 Registered Charitable Entities Financial Positions Totalled:

Current Assets	\$144,499,833
Long Term Assets	\$220,906,202
Total Assets	\$365,406,035
Currently Liabilities	\$45,894,666
Long Term Liabilities	\$31,628,726
Total Liabilities	\$77,523,392
Restricted Net Assets	\$149,003,974
Unrestricted Net Assets	\$138,891,237
Total Net Assets	\$287,895,211
Total Net Assets and Liabilities	\$365,418,603

Note Regarding Errors:

- The balance sheet of 3 of the registered entities did not balance. Total assets did not equal total liabilities plus total net assets. The aggregate net error was \$12,568.
- The statement of change in net assets of 19 of the registered charities did not balance. The opening total net assets plus net income less any distributions did not equal the closing total net assets. The aggregate net error was \$75,937. The largest difference amongst these registered charities that did not balance was \$22k.

Current Assets: \$144,499,833

- 147 registered entities (56%) reported current assets of \$100,000 or less. Current assets for these 147 registered entities totalled \$4,962,408 (average current assets were \$34k).
- 85 registered entities (32%) reported current assets between \$100,000 and \$1 million. Current assets for these 85 registered entities totalled \$26,052,734 (average current assets were \$307k).
- 30 registered entities (12%) reported current assets of \$1 million or more. Current assets for these 30 registered entities totalled \$113,484,691 (average current assets were \$3.8m). Of these 30, 1 registered entity reported current assets of more than \$11m.

Total Assets: \$365,406,035

- 128 registered entities (49%) reported total assets of \$100,000 or less. Total assets for these 128 registered entities totalled \$4,173,491 (average total assets were \$33k).
- 87 registered entities (33%) reported total assets between \$100,000 and \$1 million. Total assets for these 87 registered entities totalled \$27,624,026 (average total assets were \$318k).
- 47 registered entities (18%) reported total assets of \$1 million or more. Total assets for these 47 registered entities totalled \$333,608,518 (average total assets were \$7.1m). Of these 47, 11 registered entities reported total assets of more than \$10m and 1 registered entity reported total assets of more than \$41m.

Total Liabilities: \$77,523,392

- 87 registered entities (33%) reported no liabilities.
- 49 registered entities (19%) reported total liabilities between \$1 and \$10,000. Total liabilities for these 49 registered entities totalled \$158,263 (average total liabilities were \$3k).
- 113 registered entities (43%) reported total liabilities between \$10,000 and \$1 million. Total liabilities for these 113 registered entities totalled \$19,532,927 (average total liabilities were \$173k).
- 13 registered entities (5%) reported total liabilities of \$1 million or more. Total liabilities for these 13 registered entities totalled \$57,832,202 (average total liabilities were \$4.5m). Of these 13, 2 registered entities reported total liabilities of more than \$17m each.

Total Net Assets \$287,895,211

<i>Charitable Purpose</i>	<i>Total Net Assets</i>
Environmental	\$50,975,957
Religion	\$45,485,428
Arts, culture, heritage, or science	\$37,308,150
Health or saving lives	\$36,575,992
Relief of those in need	\$29,629,555
Education	\$25,810,744
Citizenship or community development	\$23,699,625
Relief of poverty	\$13,120,426
Animal welfare	\$11,985,968
Sport	\$7,056,545
Rec facilities for social welfare	\$5,590,002
Human rights	\$577,664
Armed forces, police, fire, or ambulance	\$79,155

- 11 registered entities (4%) reported total liabilities in excess of total assets (i.e., they were in a deficit position). Total net assets for these 11 registered entities totalled \$(657,998) (average total net assets were \$(60k)).
- 135 registered entities (52%) reported total net assets between \$1 and \$100,000. Total net assets for these 135 registered entities totalled \$4,313,720 (average total net assets were \$32k).
- 74 registered entities (28%) reported total net assets between \$100,000 and \$1 million. Total net assets for these 74 registered entities totalled \$21,963,361 (average total net assets were \$297k).
- 34 registered entities (13%) reported total net assets between \$1 million and \$10 million. Total net assets for these 34 registered entities totalled \$111,931,210 (average total net assets were \$3.3m).
- 8 registered entities (3%) reported total net assets of \$10 million or more. Total net assets for these 8 registered entities totalled \$150,344,918 (average total net assets were \$18.8m). Of these 8, 3 registered entities reported total net assets of more than \$15m, 1 registered entity reported net assets of more than \$20m, and 1 registered entity reported total net assets of more than \$38m.

Recommendations

Since the Bermuda Foundation issued its last report, significant efforts have been made to update the quality of information collected by the Registrar, as well as streamlining and automating the reporting process. These are wonderful developments.

Recommendations and considerations for enhancing the data collection process and improving the quality of information available to the Sector include:

1. Improving and updating the 'charitable purpose' classifications

Given the changing times and emerging social issues, amendments to the charity legislation should be up for discussion, particularly with respect to the classification of work. Overlaps in charitable purpose categories seem to be causing some confusion for registrants.

For example, the "relief of poverty" can be interchanged (and is) with the 'relief of those in need because of youth, age, ill-health, disability, financial hardship, or other disadvantage'. The groups that deliver youth development programmes for young people of all backgrounds seem to have trouble in selecting their charitable purpose from the current listing—often opting for the 'relief of need' classifications when youth development, leadership development, or experiential learning are terms more aligned with their missions. The recommendations on what these amendments could look like would present a good opportunity for consultation between the Registrar and Third Sector representatives. Better classifications will ultimately make for better work because non-profits, service providers, and donors will be able to determine with whom they are best aligned for collaborations and philanthropic support.

2. Limiting the selection of applicants' charitable purpose to one

Being able to tag multiple charitable purposes, likely more illustrative of programme areas versus purpose, makes data gathering and reporting a challenge. Allowing only one selection for charitable purpose would galvanise more reflection on core missions. It would also support movement towards collective work across sub-sectors with mission-aligned purposes. It would also help donors make more comprehensive decisions on prospective groups or causes they might wish to support for greater impact.

3. Harmonizing annual return dates?

The ability to confirm a nonprofits' registered charitable status has been a challenge. It is possible that the staggered reporting times, although aligned to the respective nonprofits' financial year ends, make it difficult to standardize the process and publication of registered groups. We cannot offer a recommendation or a solution at this time but note that some nonprofits seemed to be absent from the public listing in one reporting period but added during another—a circumstance which could impede that organization's capacity to receive funding or call into question their having met their reporting responsibilities when it is possible that the situation may be out of their control.

4. Improving quality of financial reporting with automation

Automate the financial reporting process so that applicants and registrants are entering consistent data (they can then upload their full financial reports). A prior recommendation was to create a template for financial reporting for smaller registered charitable entities to ensure consistent and accurate reporting. An automated annual return including the collection of key financial data would allow data to be more efficiently summarised and reported (similar to this report) on an annual basis. The key financial data could include automated checks to ensure that financial statements balance, which would improve their accuracy.

EXHIBIT 1: CHARITABLE PURPOSE KEY

Abbreviation	Charitable Purpose per Government Annual Filing Categories
Animal welfare	Advancement of animal welfare
Armed forces, police, fire, or ambulance	Promotion of the efficiency of the armed forces of the Crown or of the efficiency of the police, fire and rescue services or ambulance services
Arts, culture, heritage, or science	Advancement of the arts, culture, heritage or science
Citizenship or community development	Advancement of citizenship or community development (rural or urban regeneration, promotion of civic responsibility, volunteering, the voluntary sector or the effectiveness or efficiency of charities)
Education	Advancement of education
Environmental	Advancement of environmental protection or improvement
Health or saving lives	Advancement of health or the saving of lives (prevention of relief of sickness, disease or human suffering)
Human rights	Advancement of human rights, conflict resolution or reconciliation, or the promotion of religious or racial harmony or equality and diversity
Rec facilities for social welfare	Provision of recreational or similar facilities in the interests of social welfare
Relief of poverty	Prevention or relief of poverty
Relief of those in need	Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage (includes provision of accommodation or care to such persons)
Religion	Advancement of religion
Sport	Advancement of sport (sports, games or other activities which promote health by involving physical or mental skill or exertion)

EXHIBIT 2: REVENUE TYPE BY CHARITABLE PURPOSE AS REPORTED BY REGISTERED CHARITIES (n=262)

Charitable Purpose (Abbreviated)	Grants Government	Donations/ Sponsorships & Grants	Earned Income (Fundraising Programme)	Investment (Loss) Income	Membership Fees	Rental Income	Other Revenue	In Kind Services	Total Revenue
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Education	59,690	12,271,599	29,774,235	(736,772)	15,131	69,075	1,130,115	1,902,503	44,485,576
Health or saving lives	452,815	10,878,691	18,455,441	(150,345)	5,022	357,998	138,025	347,052	30,484,699
Relief of those in need	3,541,375	9,492,248	6,384,524	12,578	158,539	7,444,418	39,140	892,203	27,965,025
Environmental	60,000	16,456,015	1,385,817	(3,491,374)	85,215	522,998	4,383,935	139,226	19,541,832
Citizenship or community development	49,835	10,988,788	1,079,350	(379,007)	51,879	32,200	12,628	178,654	12,014,327
Religion	-	3,303,746	6,189,560	(568,653)	2,550	1,571,631	27,112	6,000	10,531,946
Arts, culture, heritage, or science	53,452	4,338,729	3,405,590	(881,883)	274,727	1,278,674	492,723	199,980	9,161,992
Sport	829,187	5,553,359	1,064,538	(7,801)	814,110	67,508	556,281	90,301	8,967,483
Animal welfare	-	3,336,133	474,031	162	367,484	47,658	-	35,795	4,261,263
Relief of poverty	570,000	3,155,665	350,722	84,798	7,050	-	41,714	20,000	4,229,949
Rec facilities for social welfare	-	885,139	655,408	(568,919)	-	28,820	1,700	40,855	1,043,003
Human rights	-	410,732	1,905	35	1,987	-	-	-	414,659
Armed forces, police, fire, or ambulance	-	2,500	13,708	-	-	-	-	-	16,208
	5,616,354	81,073,344	69,234,829	(6,687,181)	1,783,694	11,420,980	6,823,373	3,852,569	173,117,962

Government grants (cash) to nonprofits may be under- or mis-reported because some nonprofit filings do not distinguish between donors (government or other) in their financial statements. According to the Government of Bermuda Approved Estimates of Revenue and Expenditures 2022/23, Grants and Contributions made to individuals and organisations whether in Bermuda or abroad totalled \$3,268,000 (Schedule 1, pg. C-17) but a review of government grants to "external bodies", "voluntary youth organisations", and named nonprofits is estimated at \$4.93m.

EXHIBIT 3: NET INCOME ANALYSIS BY CHARITABLE PURPOSE (n=262)

Charitable Purpose (Abbreviated)	Total Revenue	Total Expenses	Net Income (Loss)	Unrealised (Losses) Gains Included in Investment (Loss) Income	Total Revenue Before Unrealised (Losses) Gains	Net Income (Loss) Before Unrealised (Losses) Gains
	\$	\$	\$	\$	\$	\$
Citizenship or community development	12,014,327	7,540,894	4,473,433	(576,594)	12,590,921	5,050,027
Health or saving lives	30,484,699	26,704,673	3,780,026	(365,497)	30,850,196	4,145,523
Animal welfare	4,261,263	3,174,489	1,086,774	54	4,261,209	1,086,720
Education	44,485,576	43,468,958	1,016,618	(1,005,070)	45,490,646	2,021,688
Relief of poverty	4,229,949	3,354,800	875,149	(463,231)	4,693,180	1,338,380
Human rights	414,659	323,391	91,268	-	414,659	91,268
Armed forces, police, fire, or ambulance	16,208	13,503	2,705	-	16,208	2,705
Sport	8,967,483	9,100,772	(133,289)	(8,453)	8,975,936	(124,836)
Rec facilities for social welfare	1,043,003	1,518,642	(475,639)	(38,297)	1,081,300	(437,342)
Arts, culture, heritage, or science	9,161,992	9,729,935	(567,943)	(1,308,866)	10,470,858	740,923
Relief of those in need	27,965,025	29,228,701	(1,263,676)	(383,408)	28,348,433	(880,268)
Environmental	19,541,832	21,805,468	(2,263,636)	(3,508,732)	23,050,564	1,245,096
Religion	10,531,946	17,671,916	(7,139,970)	(2,230,987)	12,762,933	(4,908,983)
	173,117,962	173,636,142	(518,180)	(9,889,081)	183,007,043	9,370,901

There were significant losses during the 2022 financial year for many registered charities, however, as demonstrated above, these losses were primarily due to unrealized investment losses.

EXHIBIT 4: NET ASSET ANALYSIS BY CHARITABLE PURPOSE (n=262)

Charitable Purpose (Abbreviated)	Opening Net Assets	Net (Loss) Income	Unrealized (Losses) Gains Included in Change in Net Assets	Distributions	Unreconciled	Closing Net Assets
	\$	\$	\$	\$	\$	\$
Environmental	53,219,585	(2,263,636)	-	2,646	17,362	50,975,957
Religion	53,659,317	(7,139,970)	(893,527)	(161,401)	21,009	45,485,428
Arts, culture, heritage, or science	37,886,538	(567,943)	(10,710)	-	265	37,308,150
Health or saving lives	32,806,650	3,780,026	-	(12,787)	2,103	36,575,992
Relief of those in need	30,887,572	(1,263,676)	221	-	5,438	29,629,555
Education	24,692,875	1,016,618	-	73,723	27,528	25,810,744
Citizenship or community development	19,258,342	4,473,433	-	(35,000)	2,850	23,699,625
Relief of poverty	12,245,277	875,149	-	-	-	13,120,426
Animal welfare	10,899,194	1,086,774	-	-	-	11,985,968
Sport	7,176,749	(133,289)	-	13,703	(618)	7,056,545
Rec facilities for social welfare	6,065,641	(475,639)	-	-	-	5,590,002
Human rights	486,396	91,268	-	-	-	577,664
Armed forces, police, fire, or ambulance	76,450	2,705	-	-	-	79,155
	289,360,586	(518,180)	(904,016)	(119,116)	75,937	287,895,211

A total of 19 of the registered charities change in net assets did not balance. The closing net assets are not equal to the opening net assets plus (minus) net income (loss) less any distributions. The difference is represented by the "Unreconciled" column. This means that these funds were not accounted for (overall on a net basis, the closing net assets should be less than reported in the financial statements based on the net income (loss) and distribution amounts).

EXHIBIT 5A: BALANCE SHEET DETAIL BY CHARITABLE PURPOSE (n=262)

Charitable Purpose (Abbreviated)	Current Assets	Long Term Assets	Total Assets	Current Liabilities	Long Term Liabilities	Total Liabilities	Restricted Net Assets	Unrestricted Net Assets	Total Net Assets
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Environmental	13,776,839	40,806,821	54,583,660	1,982,117	1,642,948	3,625,065	48,643,417	2,332,540	50,975,957
Religion	10,586,772	36,859,097	47,445,869	1,538,247	422,194	1,960,441	9,034,303	36,451,125	45,485,428
Arts, culture, heritage, or science	10,675,287	32,772,481	43,447,768	5,493,840	645,778	6,139,618	32,033,026	5,275,124	37,308,150
Health or saving lives	22,381,007	24,850,645	47,231,652	3,081,216	7,574,444	10,655,660	5,308,274	31,267,718	36,575,992
Relief of those in need	20,457,473	14,316,242	34,773,715	4,746,608	397,552	5,144,160	7,093,627	22,535,928	29,629,555
Education	29,582,186	38,386,050	67,968,236	24,054,461	18,097,315	42,151,776	8,716,732	17,094,012	25,810,744
Citizenship or community development	9,821,030	14,821,762	24,642,792	705,752	237,415	943,167	19,428,769	4,270,856	23,699,625
Relief of poverty	3,018,030	10,696,773	13,714,803	246,808	347,569	594,377	7,231,894	5,888,532	13,120,426
Animal welfare	10,438,684	2,446,868	12,885,552	203,642	695,942	899,584	8,872,051	3,113,917	11,985,968
Sport	9,468,636	2,288,444	11,757,080	3,133,887	1,567,569	4,701,456	488,918	6,567,627	7,056,545
Rec facilities for social welfare	3,519,452	2,661,019	6,180,471	590,470	-	590,470	2,122,964	3,467,038	5,590,002
Human rights	635,082	-	635,082	57,418	-	57,418	29,999	547,665	577,664
Armed forces, police, fire, or ambulance	139,355	-	139,355	60,200	-	60,200	-	79,155	79,155
	144,499,833	220,906,202	365,406,035	45,894,666	31,628,726	77,523,392	149,003,974	138,891,237	287,895,211

EXHIBIT 5B: BALANCE SHEET DETAIL BY CHARITABLE PURPOSE (n=262)

Charitable Purpose (Abbreviated)	Total Assets	Total Liabilities	Total Net Assets	Total Liabilities & Total Net Assets	Deferred Contributions Included in Total Liabilities
	\$	\$	\$	\$	\$
Environmental	54,583,660	3,625,065	50,975,957	54,601,022	908,130
Religion	47,445,869	1,960,441	45,485,428	47,445,869	-
Arts, culture, heritage, or science	43,447,768	6,139,618	37,308,150	43,447,768	3,802,157
Health or saving lives	47,231,652	10,655,660	36,575,992	47,231,652	7,258,988
Relief of those in need	34,773,715	5,144,160	29,629,555	34,773,715	1,720,737
Education	67,968,236	42,151,776	25,810,744	67,962,520	1,761,955
Citizenship or community development	24,642,792	943,167	23,699,625	24,642,792	687,824
Relief of poverty	13,714,803	594,377	13,120,426	13,714,803	-
Animal welfare	12,885,552	899,584	11,985,968	12,885,552	805,866
Sport	11,757,080	4,701,456	7,056,545	11,758,001	4,012,969
Rec facilities for social welfare	6,180,471	590,470	5,590,002	6,180,472	443,058
Human rights	635,082	57,418	577,664	635,082	-
Armed forces, police, fire, or ambulance	139,355	60,200	79,155	139,355	59,550
	365,406,035	77,523,392	287,895,211	365,418,603	21,461,234



LEGACY INVESTORS



MAJOR DONOR-DIRECTED ENDOWMENTS & LEGACY COMMITMENTS



*Cummings
V. Zuill*

*Michael &
Vanessa Schrum
& Family*

*Michael Brace
& Julia Brace*

*Charles E. & Lesley
Marshall Fund for
Football*

*Brian & Nancy
O'Hara*

*Durhager
Family Fund*

*Anonymous individual, family &
private foundation contributors*

CONTRIBUTORS



March Limited



Contributing to the growth
and endurance of Bermuda's
community foundation

Creating an enduring source
of support for nonprofits
tackling community priorities

Get in touch: admin@bermudafoundation.org

A community foundation is an independent grantmaking organisation comprised of permanent and component funds established by many donors to carry out their philanthropy for the broader interests and benefit of local residents and nonprofits and to simplify charitable giving.

www.bermudafoundation.org