

Endeavour

Financial Statements

August 31, 2023

(expressed in Bermuda dollars)



Independent auditor's report

To the Board of Directors and Members of Endeavour

Our qualified opinion

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the financial statements present fairly, in all material respects, the financial position of Endeavour (the Charity) as at August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada.

What we have audited

The Charity's financial statements comprise:

- the statement of financial position as at August 31, 2023;
- the statement of operations and changes in fund balance for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

In common with many not-for-profit organizations, the Charity derives revenue from corporate donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Charity. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses and cash flows from operations for the years ended August 31, 2023 and August 31, 2022, current assets and net assets as at August 31, 2023 and August 31, 2022. In addition to the modification to our audit opinion for the current year, our audit opinion for the prior year was also modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with auditing standards generally accepted in Bermuda and Canada. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Charity in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Chartered Professional Accountants of Bermuda Rules of Professional Conduct (CPA Bermuda Rules) that are relevant to our audit of the financial statements in Bermuda. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the CPA Bermuda Rules.



Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Not-For-Profit Organizations in Bermuda and Canada, 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 the Charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Charity or to cease operations, or has no realistic alternative but to do so.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Bermuda and Canada 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 auditing standards generally accepted in Bermuda and Canada, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Charity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of



our auditor's report. However, future events or conditions may cause the Charity 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.

PricewaterhouseCoopers Ltd.

Chartered Professional Accountants

Hamilton, Bermuda

December 14, 2023

Endeavour

Statement of Financial Position

As at August 31, 2023

(expressed in Bermuda dollars)

	2023 \$	2022 \$
Assets		
Current Assets		
Cash	794,730	1,900,229
Prepaid expenses	24,502	40,744
	<u>819,232</u>	<u>1,940,973</u>
Investments (note 3)	1,250,000	-
Fixed assets (note 4)	216,956	181,026
	<u>2,286,188</u>	<u>2,121,999</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	63,736	23,306
	63,736	23,306
Deferred contributions (note 5)	177,945	135,918
	241,681	159,224
Net Assets	<u>2,044,507</u>	<u>1,962,775</u>

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

Endeavour

Statement of Operations and Changes in Fund Balance For the year ended August 31, 2023

(expressed in Bermuda dollars)

	2023 \$	2022 \$
Income		
Sponsorships	1,056,964	944,863
Grants	177,298	284,154
Donations	58,744	58,282
Total Revenue	<u>1,293,006</u>	<u>1,287,299</u>
Expenses		
Salaries	734,153	715,859
Base operation	110,425	72,469
Program costs	93,259	101,598
Depreciation	75,233	116,932
Events and marketing	45,871	45,805
Other staff costs	43,258	38,976
Boat operation	40,624	45,271
Audit and accounting	37,000	32,320
Administrative expenses	31,451	28,565
Total Expenses	<u>1,211,274</u>	<u>1,197,795</u>
Excess of revenues over expenses	81,732	89,504
Fund balance, beginning of year	<u>1,962,775</u>	<u>1,873,271</u>
Fund balance, end of year	<u>2,044,507</u>	<u>1,962,775</u>

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

Endeavour

Statement of Cash Flows

For the year ended August 31, 2023

(expressed in Bermuda dollars)

	2023 \$	2022 \$
Cash provided by operating activities		
Operations		
Excess of revenues over expenses	81,732	89,504
Items not affecting cash:		
Depreciation	75,233	115,432
Changes in non-cash operating working capital:		
Receivables	-	10,450
Prepaid expenses	16,242	(30,577)
Accounts payable and accrued liabilities	40,430	(28,625)
Deferred contributions	42,027	16,467
	<hr/>	<hr/>
Net cash provided by operating activities	255,664	172,651
Investing activities		
Purchase of fixed assets	(111,163)	(32,927)
Investment	(1,250,000)	-
	<hr/>	<hr/>
Net cash used in investing activities	(1,361,163)	(32,927)
Increase (decrease) in cash and cash equivalents	(1,105,499)	139,724
Cash and cash equivalents, beginning of year	<hr/>	<hr/>
	1,900,229	1,760,505
Cash and cash equivalents, end of year	<hr/>	<hr/>
	794,730	1,900,229

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

Endeavour

Notes to the Financial Statements

August 31, 2023

1. The purpose of the organisation

Endeavour Community Sailing (“Endeavour”) was first established in August 2015 under the auspices of the America’s Cup Event Authority (Bermuda) Limited (“ACEA”) as a non-profit company limited by guarantee, whose primary purpose is to engage students in Bermuda in experiential learning activities with STEAM (Science, Technology, Engineering, Arts and Math) through sailing.

During the period ended October 31, 2017, Endeavour was funded by ACEA, in partnership with corporate sponsors and private individuals. There were no restrictions placed on the use of these funds; the Board of Directors of Endeavour allocates funds based on the annual budget in order to further Endeavour’s mandate to the community. Since November 1, 2017, Endeavour has been funded solely by corporate sponsors, grants, and donations.

In February 2017 Endeavour was granted charitable status as a registered Bermuda charity by the Charities Commission, in accordance with the Charity Act 2014. On November 1, 2017, Endeavour’s ties with ACEA were discontinued, as part of ACEA’s wind up of operations subsequent to the completion of the 35th America’s Cup and it became fully autonomous. In January 2021, Endeavour Community Sailing changed its name to Endeavour.

2. Significant accounting policies

The financial statements of Endeavour have been prepared in accordance with Accounting Standards for Not-For-Profit Organisations in Bermuda and Canada using the deferral method of recording contributions. The preparation of financial statements in accordance with general accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at date of the financial statements, as well as the reported amounts of income and expenses during the year. Certain prior year figures have been reclassified to conform to current year presentation.

The following summary of significant accounting policies is set forth to facilitate the understanding of these financial statements:

(a) Revenue recognition

Endeavour follows the deferral method of accounting for contributions. Unrestricted contributions are recognised as revenue in the period in which they are received. Restricted contributions are recognised as revenue in the period in which the related expenses are incurred. Contributions for expenses not yet incurred are, therefore, deferred to a later date and recorded in the Statement of Financial Position in the line item “Deferred contributions”. Contributions for capital are recognised over the same period that the assets are charged to expenses. Donations of land and other assets that will not be depreciated at any time are never recorded as revenue. They are instead recorded as a direct increase in net assets, similar to an endowment contribution.

(b) Financial instruments

Endeavour's financial instruments consist of cash and cash equivalents, an investment in an Orbis fund, trade and other receivables and accounts payable and accrued liabilities.

i) Cash and cash equivalents

At August 31, 2023, Endeavour held cash and cash equivalents of \$794,730 (2022: \$1,900,229). The cash and cash equivalents are held with banks which are rated A based on Standard & Poor’s credit ratings.

Endeavour

Notes to the Financial Statements

August 31, 2023

ii) **Investments**

This policy applies to all investments held by the charity, including but not limited to marketable securities, mutual funds, and other financial instruments held for investment purposes. The charity measures investments at fair value, which is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The charity uses a hierarchy for determining fair value based on the availability of observable market data. This hierarchy consists of three levels:

Level 1: Quoted prices in active markets for identical investments

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the investment, either directly or indirectly

Level 3: Unobservable inputs used when observable inputs are not available, requiring management's judgement.

All investments held at the balance sheet date are determined to be Level 2.

The charity measures the fair value of investments at each reporting date. Changes in fair value of investments are recognized in the statement of operations and changes in net assets for the reporting period in which they occur.

Financial assets purchased and sold, where the contract requires the asset to be delivered within an established time frame, are recognised on a trade date basis. Transaction costs are expensed as incurred.

The financial assets and financial liabilities of Endeavour are classified and measured as follows:

Assets/liabilities	Measurement
Cash and cash equivalents	Fair value
Investments	Fair value
Accounts payable and accrued liabilities	Fair value
Trade and other receivables	Fair value

Endeavour does not enter into any derivative financial instrument arrangements for hedging or speculative purposes.

(c) **Fixed assets**

Endeavour expenses all fixed assets below a threshold of \$2,000, as they are considered to be fully depreciated within the year of purchase. All other fixed assets are capitalised in the year acquired and are depreciated on a straight-line basis over the assets' useful lives as follows:

Docks	10 years
Boats and sails	3 - 5 years
Vehicles	5 years
Computers, website and equipment	3 years
Operations bases	5 years

Donated assets are capitalised at fair value at the date of contribution where a fair value can be measured reliably. When a fixed asset no longer contributes to Endeavour's operations, its carrying amount is written down to its residual value.

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Notes to the Financial Statements

August 31, 2023

(d) **Contributed services**

Volunteers with technical or professional expertise contribute a substantial number of hours each year to assist Endeavour in carrying out its activities. Due to the difficulty in determining the fair value of volunteers at Endeavour, their contributions are not recognised in the financial statements. However, business and corporations that contribute in-kind gifts and/or services which have a determinable fair value are recognised in the financial statements. Included in income for the year is \$101,964 (2022: \$90,301) of donated goods and services.

(e) **Use of estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates. Significant estimates and assumptions include carrying amounts of accounts receivable, estimated useful lives of fixed assets and accrued liabilities.

3. Investments

	2023		2022	
	Cost	Fair value	Cost	Fair value
	\$	\$	\$	\$
Holdings				
Orbis SICAV Global Balanced Fund 1	1,250,000	1,250,000	-	-
Total Investments	1,250,000	1,250,000	-	-

In August 2023, Endeavour transferred \$1,250,000 into an Orbis Global Balanced Fund, comprised of funds endowed to Endeavour in October 2017 at the discontinuance of ACEA's oversight (note 1). These "legacy funds" are as such designated to provide an investment income generating endowment that will support Endeavour in the long-term.

Endeavour

Notes to the Financial Statements

August 31, 2023

4. Fixed assets

Description	Cost \$	Accumulated depreciation \$	2023 Net book value \$
Docks	123,600	60,598	63,002
Boats and sails	484,687	351,125	133,562
Vehicles	87,710	87,453	257
Computers, website and equipment	72,537	67,604	4,933
Operations bases	138,414	123,212	15,202
Total	906,948	689,992	216,956

Description	Cost \$	Accumulated depreciation \$	2022 Net book value \$
Docks	123,600	48,238	75,362
Boats and sails	389,748	308,320	81,428
Vehicles	87,710	85,911	1,799
Computers, website and equipment	71,037	63,875	7,162
Operations bases	123,690	108,415	15,275
Total	795,785	614,759	181,026

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Notes to the Financial Statements

August 31, 2023

5. *Deferred contributions*

Deferred contributions of \$177,945 (2022: \$135,918) represent funds restricted for use in the 2023/24 Middle School Program and for the use of scholarships for students and Springboard graduates, received by Endeavour prior to the year end.

6. *Financial instruments and risk management*

The estimated fair values of Endeavour's cash and cash equivalents, investment, accounts payable and accrued liabilities approximate their carrying values.

Financial assets which potentially subject Endeavour to concentrations of credit risk consist primarily of cash and cash equivalents and investments.

Significant risks that are relevant to Endeavour are as follows:

(a) **Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Endeavour's main credit risk relates to cash held at banks and the investment (note 3). In management's opinion, the risk of loss due to credit risk is not significant as the investment and cash and cash equivalents are placed with high credit quality institutions.

(b) **Liquidity risk**

Liquidity risk is the risk that Endeavour will be unable to fulfill its obligations on a timely basis or at a reasonable cost. Endeavour manages its liquidity risk by maintaining cash in current accounts. Endeavour also prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

(c) **Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to interest rate risk. Management consider exposure to other price risk in respect of marketable securities is limited given its investment in high credit quality mutual funds, and their underlying investment focus.

7. *Capital management*

As a not-for-profit entity, Endeavour's operations are reliant on revenues generated annually. Accumulated fund balances are not restricted and are available for the use of Endeavour at the discretion of the Board.

8. *Registered Charity*

In September 2021, Endeavour's charitable status was renewed for a further 3 years.

9. *Related parties*

Orbis Investment Management Limited ("Orbis") is the main corporate sponsor of Endeavour. Alec Cutler, Endeavour board member, is a Director of Orbis

Endeavour's investment of \$1,250,000 (2022: \$nil) is held in an Orbis Balanced Fund.

Endeavour

Notes to the Financial Statements

August 31, 2023

10. Capital Commitments

As at August 31, 2023, Endeavour has no capital commitments (2022: \$36,131).

11. Subsequent Events

Management has evaluated and disclosed all material subsequent events up to December 14, 2023, which is the date the financial statements were made available to be issued.