



2021 THIRD SECTOR FINANCIAL SNAPSHOT

*Preliminary Report on Bermuda
Registered Charity Filings*

APRIL 2021

Acknowledgements

This report was written and published by the Bermuda Foundation. It is based on public information and could not have been completed without the involvement of the Bermuda Government's Office of the Registrar General, notably Marvin Hanna, Legal and Compliance Officer, who made the relevant data sets available to the Bermuda Foundation project team.

The other source of information has been the self-reporting by nonprofit organisations and other publicly-available information.

The Foundation is particularly grateful to volunteer **Mylene Laylo-Castillejo** for her invaluable contribution. She enabled the project to go forward by completing the rigorous and time-consuming task of transferring registered charities' financial data files to the reporting platform.

We would also like to acknowledge the contribution of the BCF Project Team, whose work has laid the groundwork for future such data collection activities:

- **Dr. Myra Virgil**, Project Lead
- **Sarah Marcotte** for review and refinement of financial data
- **Michelle Grant** for giving platform and data repository testing
- **Shu'ayb Nasir** and **Sierra Brangman**, BCF 2020 Summer Interns, for onsite reviews of the Registrar General's charitable entity files
- **Amanda Outerbridge** for review and edits.

EXECUTIVE SUMMARY

This report is a synopsis of the financial and annual reports submitted by registered charitable entities to the offices of the Registrar General as of November 2020. It includes information on the organisations' revenue, expenses, assets and liabilities.

Given the current state of the economy, the impact of the pandemic and emerging needs in the community, nonprofits are going to continue to play a critical role in the delivery of essential services and quality of life programming. In this landscape, the Bermuda Foundation believes that a pulse check on the current state of key financial details of the sector is necessary in order to determine immediate needs as Bermuda works to return to prosperity.

At November 2020, 291 charitable entities were registered with the Government of Bermuda; six had only temporary licences and no financial data available. The total figure is down 58 from the 349 registered charitable entities reported in November 2002, when a similar review of the sector was conducted by The Urban Institute (Washington, DC), on behalf of the former Centre on Philanthropy.

Of the other registered charitable entities, 17 did not have any financial data available.¹ The remaining 268 registered charitable entities reported a total of \$467,754,185 in annual revenue and \$482,082,258 in annual expenses, including the Bermuda Hospitals Board.² Excluding the BHB, the estimated annual revenue for the sector was \$146,710,256 and the estimated annual expenses were \$138,298,242.³

When we consider the charitable purposes of the nonprofit sector as a whole, the full range of potential classifications are represented. The largest proportion of registered charitable entities affiliate their charitable purposes with education. Almost 80 percent of registered charitable entities are involved in education, sport, relief for those in need, the arts, culture, heritage or sciences, health and citizenship and community development.

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 five recommendations arising from this report are that:

1. The Registrar responsible for maintaining the list of charities limits the selection of charitable purpose to one
2. A template for financial reporting be created for smaller registered charitable entities to ensure consistent reporting
3. Data collected on registered charitable entities upon application and annual renewal be enhanced
4. Nonprofit profiles on GiveBermuda.org be improved for better periodic reporting
5. Mid-sized and large registered charitable entities be encouraged to pursue a practice/standards of excellence designation, such as Bermuda National Standards.

¹ Of the 285 entities, 17 had no financial data on file with the Registrar for 2018, 2019 or 2020. Of these, nine are newly registered entities who are not yet required to submit financials. The reason for the remaining eight having no financial record on file with the offices of the Registrar General for the last three years is unclear.

² Per its March 31, 2018 Draft and Unaudited Financial Statements on file at the offices of the Registrar General.

³ Based on financials submitted in one of the following three years: 2018 to 2020 (except for six entities that had only 2017 financial data).

Background

This report has been created to improve understanding of Bermuda's Third Sector⁴ by delivering a review of the finances of the Sector's nonprofit charitable organisations.

Nonprofit entities with a charitable registration designation play a crucial role in Bermuda, providing essential services in education, social welfare, health, education, sport, the environment and the arts. While some generate revenues, such as fees for services, all are generously financially supported by corporations, individuals and foundations. In order to retain their charitable designation, these organisations are required to file financial data with the Registrar General (the "Registrar"), whose offices maintain a register of charities.

To enhance our understanding of the sector, the Bermuda Foundation ("BCF" or "Foundation") resolved to pull the information together. We believed it would be useful for informing our work and provide value for other donors in the community as well as the nonprofits themselves.

In line with the Foundation's "Vital Signs" community priorities, it shines a light on the costs associated with providing the crucial services these organisations offer as well as summarising where funds earned and raised are directed.

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 BCF'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
- 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. To acquire and maintain registered charitable status in Bermuda, not-for-profit entities are required to register with the Registrar. The Charities Act 2014 is the primary regulating framework for not-for-profit 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.⁵

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

4 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.

5 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.

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 non-registered entities and individuals—such as Go Fund Me campaigns or pleas for support made in the media—is undocumented.⁶

This report is a comprehensive review and summary of the financials and annual reports submitted to the Registrar based on the November 2020 list of registrants. Information is presented on the sector's revenue, expenses, assets and liabilities.

Methodology, Observations and Assumptions

1. The nonprofit sector as represented by the list of registered charitable entities provides a range of programming and services. 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 makes it difficult to group the organisations into areas of 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 of the two has been used for the purposes of categorisation for this report. Consequently, to allow for a process of verification of these classifications as well as to create an opportunity for those registrants whose financials were incomplete or unavailable, this report is being released as preliminary. A final report will be issued later this year giving nonprofits time to update their records.
2. Annual financial data were reviewed and determined to be accurate when the calculated net income (total reported revenues less reported expenses) closely matched reported net income. A handful of organisations' financials seemed to be inaccurate, and in a few instances the net assets did not add up or ending net assets from the prior year did not equal beginning net assets in the current year. Where possible, the financials of these organisations have been examined and proxy calculations have been made.
3. Revenue within the report includes total revenue from all funds both restricted and unrestricted and investment income including unrealised gains.
4. Expenses within the report include total expenses from all funds both restricted and unrestricted and investment losses including unrealised losses. Expenses are also listed as including any contributions made to the beneficiary of the nonprofit, which may be part of an entity's core work and programmes.
5. Net Restricted Assets include both Internally and Externally Restricted Assets.

⁶ 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. With estimated revenues of over \$321 million and expenses of \$344 million,⁷ the Bermuda Hospital Board (BHB) skews the results. Consequently, the BHB data set has been excluded from some of the primary data reporting as indicated throughout this report.
8. The financial data on file at the offices of the Registrar primarily span 2018–20 (i.e., there were six outliers whose latest financial records on file were from 2017). Some registered charitable entities' financial reporting is therefore not current. Further, 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 and audited financial statements, with the first varying in quality and accuracy. The most current financial reports on file at the offices of the Registrar were used to compile this report.

⁷ Per its March 31, 2018 Draft and Unaudited Financial Statements on file at the offices of the Registrar General.

Landscape

It is not news that 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). These 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 long 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 economics, the impact of the pandemic and emerging needs, nonprofits are going to continue to play a critical role in delivering essential services and quality of life programming that will help Bermuda return to prosperity. More than a decade ago, The James Irvine Foundation noted that the "nonprofit sector [may be] at an inflection point that will fundamentally reshape it into a new reality—not just economically, but demographically, technologically and socially." This holds true and has relevance for Bermuda regarding the trends shaping or reshaping the nonprofit sector:

1. Demographic shifts that redefine participation
2. Abundant technological advances
3. Networks that enable work to be organised in new ways
4. Rising interest in civic engagement and volunteerism
5. Blurring sectoral boundaries.

Therefore, 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 on what they deliver as 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 office of 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 2021 Nonprofit Snapshot focuses on the set of nonprofit organisations that are on the list maintained and published by the Registrar as of November 2020. With the support of its good offices, the public information on file for each registered charitable entity was reviewed between November 2020 and April 2021.

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

<i>Date of Publication</i>	<i>Number of Registered Charitable Entities listed*</i>
November 2002	349
May 2005	345
April 2010	404
May 2011	475
December 2013	353
February 2015	343
November 2020	291

* Illustrative sample of published information. Includes entities that held temporary fundraising licences.

Distribution of Bermuda Registered Charitable Entities by Charitable Purpose (n = 285*)

<i>Charitable Purpose</i>	<i>No. of Entities</i>	<i>Proportion of Registrants</i>
Advancement of education	60	21.1%
Advancement of sport	46	16.1%
Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	36	12.6%
Advancement of the arts, culture, heritage or science	33	11.6%
Advancement of health or the saving of lives	26	9.1%
Advancement of citizenship or community development	23	8.1%
Advancement of religion	15	5.3%
Any other purposes recognised as charitable by virtue of Section 6 of the Charities Act	13	4.6%
Advancement of environmental protection or improvement	11	3.9%
Prevention or relief of poverty	7	2.5%
Advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	3	1.0%
Advancement of animal welfare	3	1.0%
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	3	1.0%
Provision of recreational and similar facilities by virtue of Section 6 of the Charities Act	3	1.0%
Promotion of volunteering and the efficiency of charities not for profits etc.	2	0.7%
Any other purposes which can be recognised as charitable by analogy to, or within the spirit of, purposes falling within...	1	0.4%
*Entities with temporary registration status have been excluded from this analysis (n=6).		

The largest number and proportion of registered charitable entities (n=60) are involved in educational activities. When we consider the charitable purposes of the nonprofit sector as a whole, the full range of potential classifications is represented.

Almost 80 percent of registered charitable entities are involved in education, sport, relief of those in need, the arts, culture, heritage or sciences, health and citizenship and community development.

It could be argued that the entities (n=14) that selected “other purposes” did so as a consequence of being unable to align their work with the specific legislative categories. For example, nonprofits associated with service delivery to seniors, women and people with special needs, philanthropic and capacity building organisations selected “4.1 (m) ...other charitable purposes...” as most representative of their work.

Estimated Annual Nonprofit Sector Financials (n=267)⁸

Revenue \$146,710,256

More than one-third of registered charitable entities have annual revenue of \$35,000 or less. Twenty-five percent of annual revenues are received for the advancement of education. Total revenue by charitable purpose:

Charitable Purpose	Total Revenues
Advancement of education	\$36,549,997
Any other purposes recognised as charitable by virtue of Section 6 of the Charities Act	\$29,306,082
Advancement of health or the saving of lives	\$27,005,067
Advancement of the arts, culture, heritage or science	\$12,673,862
Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	\$12,108,345
Advancement of religion	\$10,417,031
Advancement of sport	\$10,166,895
Advancement of citizenship or community development	\$1,853,997
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	\$ 1,318,566
Prevention or relief of poverty	\$1,290,679
Advancement of animal welfare	\$1,175,676
Provision of recreational and similar facilities by virtue of Section 6 of the Charities Act	\$1,089,240
Advancement of environmental protection or improvement	\$687,970
Promotion of volunteering and the efficiency of charities not for profits etc.	\$653,251
Advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	\$413,598
Any other purposes which can be recognised as charitable by analogy to, or within the spirit of, purposes falling within...	\$0

- 100 registered entities (37%) reported annual revenue of \$35,000 or less. Annual revenue for these 100 registered entities totalled \$1,242,604 (average annual revenue was \$12,000).
- 45 registered entities (17%) reported annual revenue between \$35,000 and \$100,000. Annual revenue for these 45 registered entities totalled \$2,600,430 (average annual revenue was \$58,000).
- 93 registered entities (35%) reported annual revenue between \$100,000 and \$1 million. Annual revenue for these 93 registered entities totalled \$30,438,353 (average annual revenue was \$327,000).
- 29 registered entities (11%) reported annual revenue of \$1 million or more. Annual revenue for these 29 registered entities totalled \$112,428,869 (average annual revenue was \$3.9 million). Two registered entities reported annual revenue of over \$10 million and one registered entity reported annual revenue of over \$15 million.

⁸ With estimated revenues of over \$321 million and expenses of \$344 million, the Bermuda Hospital Board skews the results. Consequently, the BHB data set has been excluded from the financial data reporting.

Annual Expenses \$138,298,242

More than one-third of registered charitable entities have annual expenses of \$35,000 or less. Twenty-six percent of annual expenses go towards the advancement of education. Total expenses by charitable purpose:

Charitable Purpose	Total Expenses
Advancement of education	\$36,580,318
Any other purposes recognised as charitable by virtue of Section 6 of the Charities Act	\$25,819,272
Advancement of health or the saving of lives	\$23,508,653
Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	\$13,276,301
Advancement of the arts, culture, heritage or science	\$11,967,917
Advancement of sport	\$9,559,142
Advancement of religion	\$9,347,950
Advancement of citizenship or community development	\$1,862,587
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	\$1,264,373
Provision of recreational and similar facilities by virtue of Section 6 of the Charities Act	\$1,188,712
Prevention or relief of poverty	\$1,177,287
Advancement of animal welfare	\$1,166,164
Promotion of volunteering and the efficiency of charities not for profits etc.	\$739,443
Advancement of environmental protection or improvement	\$616,798
Advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	\$222,407
Any other purposes which can be recognised as charitable by analogy to, or within the spirit of, purposes falling within...	\$918

- 101 registered entities (38%) reported annual expenses of \$35,000 or less. Annual expenses for these 101 registered entities totalled \$1,310,139 (average annual expenses were \$13,000).
- 54 registered entities (20%) reported annual expenses between \$35,000 and \$100,000. Annual expenses for these 54 registered entities totalled \$3,322,845 (average annual expenses were \$62,000).
- 82 registered entities (31%) reported annual expenses between \$100,000 and \$1 million. Annual expenses for these 82 registered entities totalled \$27,083,450 (average annual expenses were \$330,000).
- 30 registered entities (11%) reported annual expenses of \$1 million or more. Annual expenses for these 30 registered entities totalled \$106,581,808 (average annual expenses were \$3.6 million). Two registered entities reported annual expenses of over \$10 million and one registered entity reported annual expenses of over \$16 million.

Net Income: \$8,412,013

Charitable Purpose	Net Income
Advancement of health or the saving of lives	\$3,496,414
Any other purposes recognised as charitable by virtue of S6 of the Charities Act	\$3,486,810
Advancement of religion	\$1,069,081
Advancement of the arts, culture, heritage or science	\$705,944
Advancement of sport	\$607,753
Advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	\$191,190
Prevention or relief of poverty	\$113,391
Advancement of environmental protection or improvement	\$71,172
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	\$54,193
Advancement of animal welfare	\$9,513
Any other purposes which can be recognised as charitable by analogy to, or within the spirit of, purposes falling within...	\$(917)
Advancement of citizenship or community development	\$(8,590)
Advancement of education	\$(30,321)
Promotion of volunteering and the efficiency of charities not for profits etc.	\$(86,192)
Provision of recreational and similar facilities by virtue of Section 6 of the Charities Act	\$(99,472)
Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	\$(1,167,956)

- 118 registered entities (44%) reported an annual net loss. Annual net loss for these 118 registered entities totalled \$(9,212,802) (average annual net loss was \$(78,000)).
- 123 registered entities (46%) reported annual net income of \$100,000 or less. Annual net income for these 123 registered entities totalled \$2,241,829 (average annual net income was \$18,000).
- 23 registered entities (9%) reported annual net income between \$100,000 and \$1 million. Annual net income for these entities totalled \$6,147,939 (average annual net income was \$267,000).
- Three registered entities (1%) reported annual net income of \$1 million or more. Annual net income for these entities totalled \$9,235,047 (average annual net income was \$3.1 million).

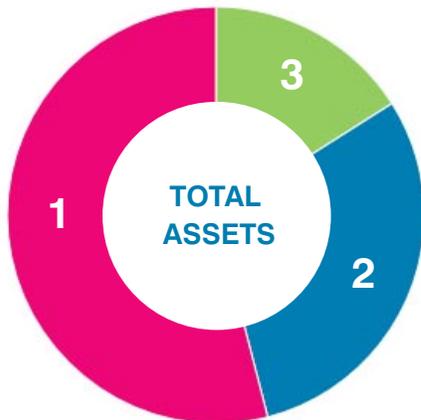
267 Registered Charitable Entities Financial Positions Totalled:

Current Assets	\$99,235,312
Long Term Assets	\$215,717,294
Total Assets	\$314,952,606
Currently Liabilities	\$30,912,958
Long Term Liabilities	\$37,424,870
Total Liabilities	\$68,337,828
Restricted Net Assets	\$114,627,990
Unrestricted Net Assets	\$131,986,788
Total Net Assets	\$246,614,778
Total Net Assets and Liabilities	\$314,952,606



Current Assets
\$99,235,312

- 1** 163 registered entities (61%) reported current assets of \$100,000 or less. Current assets for these 163 registered entities totalled \$5,025,032 (average current assets were \$31,000).
- 2** 82 registered entities (31%) reported current assets between \$100,000 and \$1 million. Current assets for these 82 registered entities totalled \$25,803,223 (average current assets were \$315,000).
- 3** 22 registered entities (8%) reported current assets of \$1 million or more. Current assets for these 22 registered entities totalled \$68,407,057 (average current assets were \$3.1 million). One registered entity reported current assets of over \$11 million.



Total Assets
\$314,952,606

- 1** 145 registered entities (54%) reported total assets of \$100,000 or less. Total assets for these 145 registered entities totalled \$4,614,004 (average total assets were \$32,000).
- 2** 79 registered entities (30%) reported total assets between \$100,000 and \$1 million. Total assets for these 79 registered entities totalled \$23,749,617 (average total assets were \$301,000).
- 3** 43 registered entities (16%) reported total assets of \$1 million or more. Total assets for these 43 registered entities totalled \$286,588,985 (average total assets were \$6.7 million). Seven registered entities reported total assets of over \$10 million and two registered entities reported total assets of over \$34 million.



Total Liabilities
\$68,337,828

- 1** 91 registered entities (34%) reported no liabilities. 45 registered entities (17%) reported total liabilities between \$1 and \$10,000. Total liabilities for these 45 registered entities totalled \$126,202 (average total liabilities were \$3,000).
- 2** 120 registered entities (45%) reported total liabilities between \$10,000 and \$1 million. Total liabilities for these 120 registered entities totalled \$17,852,790 (average total liabilities were \$149,000).
- 3** 11 registered entities (4%) reported total liabilities of \$1 million or more. Total liabilities for these 11 registered entities totalled \$50,358,836 (average total liabilities were \$4.6 million). One registered entity reported total liabilities of over \$5 million and two reported total liabilities of over \$10 million.

Total Net Assets

\$246,614,778

<i>Charitable Purpose</i>	<i>No. of Entities</i>	<i>Total Net Assets</i>
Advancement of religion	14	\$52,966,181
Any other purposes recognised as charitable by virtue of Section 6 of the Charities Act	12	\$43,086,043
Advancement of education	54	\$41,603,014
Advancement of the arts, culture, heritage or science	32	\$37,488,918
Relief of those in need, by reason of youth, age, ill-health, disability, financial hardship or other disadvantage	33	\$27,264,701
Advancement of health or the saving of lives	24	\$27,214,312
Advancement of sport	44	\$6,270,920
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	3	\$2,809,996
Provision of recreational and similar facilities by virtue of Section 6 of the Charities Act	3	\$2,293,581
Advancement of environmental protection or improvement	11	\$1,996,689
Advancement of citizenship or community development	21	\$1,858,349
Prevention or relief of poverty	7	\$714,747
Advancement of animal welfare	3	\$635,975
Advancement of human rights, conflict resolution or reconciliation or the promotion of religious or racial harmony or equality and diversity	3	\$313,548
Promotion of volunteering and the efficiency of charities not for profits etc.	2	\$72,810
Any other purposes which can be recognised as charitable by analogy to, or within the spirit of, purposes falling within (a) to (l)	1	\$24,994

- 13 registered entities (5%) reported total liabilities in excess of total assets (i.e., they were in a deficit position). Total net assets for these entities totalled \$(3,376,541) (average total net assets were \$(260,000)).
- 152 registered entities (57%) reported total net assets between \$1 and \$100,000. Total net assets for these 152 registered entities totalled \$4,472,614 (average total net assets were \$29,000).
- 62 registered entities (23%) reported total net assets between \$100,000 and \$1 million. Total net assets for these 62 registered entities totalled \$17,277,972 (average total net assets were \$279,000).
- 35 registered entities (13%) reported total net assets between \$1 million and \$10m. Total net assets for these 35 registered entities totalled \$122,546,007 (average total net assets were \$3.5 million).
- Five registered entities (2%) reported total net assets of \$10 million or more. Total net assets for these five registered entities totalled \$105,694,726 (average total net assets were \$21.1 million). Two registered entities reported total net assets of over \$15 million and one registered entity reported total net assets of over \$30 million.

Recommendations

1. The charitable registration process allows nonprofits to select more than one charitable purpose to describe its organisation. This classification is essentially a statement of primary purpose or a proxy for an entity's mission. The selection of more than one classification makes summary reporting difficult. As a result of this finding, we recommend that:
 - a) The Registrar limit the selection of charitable classification to one primary purpose, to be consistent with the organisation's mission
 - b) Registered charitable entities complete a profile on GiveBermuda.org to ensure future reports can be informed by more precise data and a process for validating the coding.
2. The financial reporting for entities with annual incomes of \$35,000 or less varies in format and quality. We recommend creation of an online template with embedded technological components that would enable smaller entities to provide valid, accurate and consistent financial reporting within their means and capabilities.
3. Enhancements to data collection, the next step for the sector to be able to refine its reporting, could include reporting on:
 - a) Levels of staffing, including paid staff and key volunteers (i.e., people who carry out substantive responsibilities and duties but are not remunerated)
 - b) Programme lines and/or activity areas
 - c) Number of beneficiaries served by entities
 - d) Revenue by type and percentages (donations, earned, events).
4. Registered charitable entities have the opportunity to further classify themselves with a National Taxonomy of Exempted Entities (NTEE) classification, which is a standard classification system for the nonprofit sector used by US research and government organisations. This coding can be drawn from self-reports from nonprofits' GiveBermuda profiles and where there is no pre-existing NTEE classification, a proxy based on selected charitable purposes, stated missions and published activities can be assigned. Nonprofits are encouraged to update their GiveBermuda profiles with this classification which will add to the richness and usefulness of reporting going forward.
5. Regulation and registration are not proxies for accreditation and effectiveness. Mid-sized and large registered charitable entities should be encouraged to pursue a minimum practice/standards of excellence designation, i.e., Bermuda National Standards.



LEGACY INVESTORS



LEGACY COMMITMENTS

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Vanessa Schrum*

*Michael Brace
& Julia Brace*

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Get in touch: info@bcf.bm
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.

