

St. Thomas Historical Trust, Inc.

FINANCIAL STATEMENTS

September 30, 2009 and 2008

**Larry E. Kemp, C.P.A., P.C.**  
St. Thomas, US Virgin Islands

**LARRY E. KEMP, C.P.A., P.C.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
6501 RED HOOK PLAZA #201  
ST. THOMAS, VI 00802  
Phone (340) 775-9887

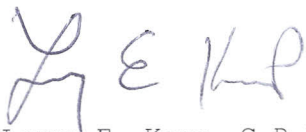
INDEPENDENT AUDITOR'S REPORT

Board of Directors  
St. Thomas Historical Trust, Inc.

I have audited the accompanying statements of financial position of St. Thomas Historical Trust, Inc. (a nonprofit organization) as of September 30, 2009 and 2008, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of St. Thomas Historical Trust, Inc. as of September 30, 2009 and 2008 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.



Larry E. Kemp, C.P.A., P.C.  
US Virgin Islands  
April 17, 2010

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Independent Auditor's Report

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Notes to Financial Statements

St. Thomas Historical Trust, Inc.  
 Statements of Financial Position  
 September 30, 2009 and 2008

Exhibit A

ASSETS	2009	2008
Cash	\$ 102,014	\$ 87,509
Unconditional promises to give, current portion	60,000	4,000
Prepaid expenses - GALA	7,171	3,480
Total current assets	169,185	94,989
Property, furniture and equipment		
Improvements	0	3,854
Furniture and equipment	5,416	5,416
	5,416	9,270
Less accumulated depreciation	3,774	3,139
	1,642	6,131
Unconditional promises to give, less current portion - net	37,900	97,900
Collectibles	16,300	6,300
Total assets	\$ 225,027	\$ 205,320
LIABILITIES AND NET ASSETS		
Deferred income - GALA	\$ 11,495	\$ 6,650
Total current liabilities	11,495	6,650
Net assets		
Unrestricted	112,365	95,343
Temporarily restricted	101,167	103,327
	213,532	198,670
Total liabilities and net assets	\$ 225,027	\$ 205,320

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

St. Thomas Historical Trust, Inc.  
 Statements of Activities  
 Years ended September 30, 2009 and 2008

Exhibit B

	2009			2008 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues				
Contributions	\$ 1,235	\$ 28,050	\$ 29,285	\$ 32,249
Contribution - in kind rent	24,000	0	24,000	24,000
Contribution - collectibles	10,000	0	10,000	950
License plates	7,849	0	7,849	6,396
GALA income	39,740	0	39,740	0
Memberships	7,950	0	7,950	10,270
Interest	1,138	0	1,138	1,221
Other	65	0	65	1,428
Net assets released from from restrictions:				
Satisfaction of donor requirements	30,210	(30,210)	0	0
<b>Total revenues</b>	<b>122,187</b>	<b>(2,160)</b>	<b>120,027</b>	<b>76,514</b>
Functional Expenses				
Program services	64,969	0	64,969	128,396
Management and general	22,795	0	22,795	17,785
Fundraising expenses	17,401	0	17,401	1,555
<b>Total expenses</b>	<b>105,165</b>	<b>0</b>	<b>105,165</b>	<b>147,736</b>
Increase (decrease) in net assets	17,022	(2,160)	14,862	(71,222)
Net assets - beginning	95,343	103,327	198,670	269,892
Net assets - ending	\$ 112,365	\$ 101,167	\$ 213,532	198,670

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

St. Thomas Historical Trust, Inc.

Statement of Activities

Year ended September 30, 2008

Exhibit C

	<u>Unrestricted</u>	Temporarily <u>Restricted</u>	<u>Total</u>
Revenues			
Contributions	\$ 2,622	\$ 29,627	\$ 32,249
Contribution - in kind rent	24,000	0	24,000
Contribution - collectibles	950	0	950
License plates	6,396	0	6,396
Memberships	10,270	0	10,270
Interest	1,221	0	1,221
Other	1,428	0	1,428
Net assets released from restrictions:			
Satisfaction of donor requirements	86,901	(86,901)	0
Total revenues	<u>133,788</u>	<u>(57,274)</u>	<u>76,514</u>
Functional Expenses			
Program services	128,396	0	128,396
Management and general	17,785	0	17,785
Fundraising expenses	1,555	0	1,555
Total expenses	<u>147,736</u>	<u>0</u>	<u>147,736</u>
Decrease in net assets	(13,948)	(57,274)	(71,222)
Net assets - beginning	99,308	9,001	108,309
Prior period adjustments	9,983	151,600	161,583
Net assets - beginning, as restated	<u>109,291</u>	<u>160,601</u>	<u>269,892</u>
Net assets - ending	<u>\$ 95,343</u>	<u>\$ 103,327</u>	<u>\$ 198,670</u>

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

St. Thomas Historical Trust, Inc.  
 Statements of Functional Expenses  
 Years ended September 30, 2009 and 2008

Exhibit D

	2009				2008
	Program Services	General and Administrative	Fundraising	Total	Total
Contract services	\$ 621	\$ 207	\$ 0	\$ 828	\$ 14,500
Contributions	0	0	0	0	660
Depreciation	1,144	381	0	1,525	2,753
Event expenses	0	0	0	0	760
Gala Expenses	0	0	15,114	15,114	0
Hassel Island expenses	30,210	0	0	30,210	86,902
Health insurance	1,117	373	0	1,490	0
Insurance	0	3,058	0	3,058	3,058
License plates	0	0	2,287	2,287	1,555
Loss on abandonment of improvements	0	2,964	0	2,964	0
Meetings	0	0	0	0	3,667
Moving	0	1,545	0	1,545	0
Museum expenses	400	0	0	400	436
Miscellaneous	1,077	358	0	1,435	137
Office expense	2,448	816	0	3,264	1,653
Payroll taxes	527	176	0	703	0
Postage and delivery	430	143	0	573	539
Professional fees	0	3,775	0	3,775	1,000
Salaries	5,337	1,779	0	7,116	0
Telephone	1,292	431	0	1,723	1,877
T-shirts	0	0	0	0	1,094
Utilities	2,366	789	0	3,155	3,145
In kind expenses					
Rent	18,000	6,000	0	24,000	24,000
	\$ <u>64,969</u>	\$ <u>22,795</u>	\$ <u>17,401</u>	\$ <u>105,165</u>	\$ <u>147,736</u>

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

St. Thomas Historical Trust, Inc.  
Statement of Functional Expenses  
Year ended September 30, 2008

Exhibit E

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Contract services	\$ 10,875	\$ 3,625	\$ 0	\$ 14,500
Contributions	0	660	0	660
Depreciation	2,065	688		2,753
Event expenses	760	0	0	760
Hassel Island expenses	86,902	0	0	86,902
Insurance	0	3,058	0	3,058
License plates	0	0	1,555	1,555
Meeting expense	2,750	917	0	3,667
Miscellaneous	103	34	0	137
Museum expenses	436	0	0	436
Office expense	1,240	413	0	1,653
Postage and delivery	404	135	0	539
Professional fees	0	1,000	0	1,000
Telephone	1,408	469	0	1,877
T-shirts	1,094	0	0	1,094
Utilities	2,359	786	0	3,145
In kind expenses				
Rent	18,000	6,000	0	24,000
	\$ <u>128,396</u>	\$ <u>17,785</u>	\$ <u>1,555</u>	\$ <u>147,736</u>

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



St. Thomas Historical Trust, Inc.  
 Statements of Cash Flows  
 Years ended September 30, 2009 and 2008

Exhibit F

	<u>2009</u>	<u>2008</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ 14,862	\$ (71,222)
Adjustments to reconcile increase in net assets to net cash provided (used) by operating activities		
Depreciation	1,525	2,753
Loss on abandonment of improvements	2,964	0
Contributions - collectibles	(10,000)	(950)
Changes in assets and liabilities affecting cash flows from operating activities		
Unconditional promises to give	4,000	49,700
Other receivables	0	6,407
Prepaid expenses	(3,691)	(3,480)
Deferred income	4,845	6,650
Net cash provided (used) by operating activities	<u>14,505</u>	<u>(10,142)</u>
Cash flows from investing activities		
Purchase of fixed assets	<u>0</u>	<u>(5,843)</u>
Net cash used by investing activities	<u>0</u>	<u>(5,843)</u>
Net increase (decrease) in cash	14,505	(15,985)
Cash, beginning of year	<u>87,509</u>	<u>103,494</u>
Cash, ending of year	<u>\$ 102,014</u>	<u>\$ 87,509</u>
Supplemental disclosures:		
Income tax paid	<u>\$ 0</u>	<u>\$ 0</u>
Interest paid	<u>\$ 0</u>	<u>\$ 0</u>

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

St. Thomas Historical Trust, Inc.  
Notes to Financial Statements  
September 30, 2009 and 2008

Note 1 - Nature of Operations and Summary of Significant Accounting Policies

St. Thomas Historical Trust, Inc. (STHT) is a nonprofit organization incorporated in the U.S. Virgin Islands. The Organization's mission is to identify, protect and preserve the historical identity, structure and sites, and cultural heritage of St. Thomas through education, advocacy and promotion.

A summary of significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of presentation - The Organization maintains its accounts on an accrual basis.

Unconditional promises to give - The Organization records unconditional promises to give as a receivable when the promise is made. An allowance for uncollectible promises is recorded based on an estimate made by management.

Property, furniture and equipment - Property, furniture and equipment is stated at cost or estimated value at time of contribution. Depreciation is calculated using the straight line and declining balance methods over the estimated useful lives of the assets.

Collectibles - Collectibles are stated at cost or estimated value at time of contribution.

Income Taxes - The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Financial Statement Presentation - The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Contributions - Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted depending on the existence or nature of any donor restrictions. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as net assets released from restrictions.

Allocated Expenses - Certain expenses by function have been allocated among program and supporting services classifications on the basis of estimates made by the Organization's management.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

St. Thomas Historical Trust, Inc.  
Notes to Financial Statements  
September 30, 2009 and 2008

Note 2 - Unconditional Promises to Give

During 2007, the Organization initiated a fundraising effort to raise funds for the preservation, protection and enjoyment of Hassel Island, Virgin Islands (see notes 3, 4 and 5). Unconditional promises to give totaling \$245,300 were made to the Organization in 2007. Payments of \$58,700, \$49,700 and \$4,000 toward these promises to give were received in 2007, 2008 and 2009, respectively.

At September 30, 2009, the unconditional promises to give are as follows:

Due in 2010	\$66,500
Due in 2011	66,400
Less: discount to present value	(10,000)
Less: allowance for uncollectible amounts	<u>(25,000)</u>
Net unconditional promises to give	<u>\$97,900</u>

A discount rate of 4% was used to record the present value of unconditional promises give due in more than one year at the time the unconditional promise is recorded.

The net unconditional promise to give of \$97,900 is reflected in temporarily restricted net assets at September 30, 2009.

Note 3 - Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2009 and 2008 consist of contributions restricted for the preservation, protection and enjoyment of Hassel Island, Virgin Islands. The funds are comprised of cash and unconditional promises to give at September 30, 2009 and 2008.

Note 4 - Prior Period Adjustments

The Organization had not previously recorded net unconditional promises to give of \$151,600 at September 30, 2007. The amount was recorded as a prior period adjustment to increase temporarily restricted net assets at September 30, 2007.

The Organization had not previously recorded a miscellaneous receivable of \$6,407 at September 30, 2007. The amount was recorded as a prior period adjustment to increase unrestricted net assets at September 30, 2007.

The Organization had not previously recorded collectibles of \$3,576 at September 30, 2007. The amount was recorded as a prior period adjustment to increase unrestricted net assets at September 30, 2007.

Note 5 - Memorandum of Understanding with the United States Department of Interior - National Park Service / Virgin Island National Park

In July, 2006, the Organization entered into an agreement with the United States Department of Interior - National Park Service / Virgin Island National Park (the Park) to provide funding, supporting and/or implementing projects and activities that further offer protection of natural resources; creating awareness for the preservation of the cultural resources and enhancement of environmental awareness; promoting volunteer and community involvement on Hassel Island and advocating for potential uses and advancing the best interests of Hassel Island before government and the general public.

St. Thomas Historical Trust, Inc.  
Notes to Financial Statements  
September 30, 2009 and 2008

Note 6 - Office Space

During the years ended September 30, 2009 and 2008, the Organization received office and museum space at no charge under two separate lease agreements. The current agreement was effective May 1, 2009 for a period of one year and shall continue on a month to month basis unless terminated. The Organization has estimated the fair value of the space provided under both agreements as \$2,000 per month and has recorded in-kind contributions of \$24,000 for 2009 and 2008.

Note 7 - Concentrations

The Organization maintains accounts with a local bank. Account balances in this institution are currently insured up to \$250,000 by the federal deposit insurance corporation (FDIC).