

St. Thomas Historical Trust, Inc.

FINANCIAL STATEMENTS

September 30, 2014 and 2013

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

St. Thomas Historical Trust, Inc.
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September 30, 2014 and 2013

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INDEPENDENT AUDITOR'S REPORT

Board of Directors

St. Thomas Historical Trust, Inc.

I have audited the accompanying financial statements of St. Thomas Historical Trust, Inc., which comprise the statements of financial position as of September 30, 2014 and 2013, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

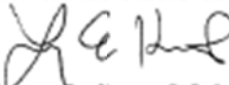
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

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, 2014 and 2013 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Larry E. Kemp, C.P.A., P.C.
St. Thomas, Virgin Islands
February 27, 2015

St. Thomas Historical Trust, Inc.
 Statements of Financial Position
 September 30, 2014 and 2013

ASSETS	2014	2013
Cash	\$ 248,157	\$ 310,700
Prepaid expenses - GALA	6,800	6,800
Grants receivable	5,226	0
Miscellaneous receivable	950	575
Total current assets	261,133	318,075
Furniture and equipment		
Furniture and equipment	17,015	13,877
	17,015	13,877
Less accumulated depreciation	11,827	9,572
	5,188	4,305
Collectibles	30,550	30,450
Total assets	\$ 296,871	\$ 352,830
LIABILITIES AND NET ASSETS		
Accrued expenses and liabilities	\$ 7,397	\$ 16,571
Deferred income - GALA	15,175	27,225
Total current liabilities	22,572	43,796
Net assets		
Unrestricted	134,038	129,367
Temporarily restricted	140,261	179,667
	274,299	309,034
Total liabilities and net assets	\$ 296,871	\$ 352,830

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

St. Thomas Historical Trust, Inc.
 Statements of Activities
 Years ended September 30, 2014 and 2013

	2014			2013 Total
	Unrestricted	Temporarily Restricted	Total	
Revenues				
Contributions	\$ 7,993	\$ 46,462	\$ 54,455	\$ 114,561
Contributions - in kind rent	24,000	0	24,000	24,000
Contributions - in kind services	7,500	0	7,500	0
Grants	0	17,126	17,126	1,500
GALA income	71,573	0	71,573	78,692
Event income - other	28,353	0	28,353	0
Memberships	14,871	0	14,871	18,705
Sale of merchandise and other	26,444	0	26,444	10,386
Interest	1,128	0	1,128	1,378
Net assets released from restrictions:				
Satisfaction of donor/grantor requirements	102,994	(102,994)	0	0
Total revenues	<u>284,856</u>	<u>(39,406)</u>	<u>245,450</u>	<u>249,222</u>
Functional Expenses				
Program services	184,448	0	184,448	165,500
Management and general	57,009	0	57,009	50,033
Fundraising expenses	38,728	0	38,728	34,232
Total expenses	<u>280,185</u>	<u>0</u>	<u>280,185</u>	<u>249,765</u>
Increase (decrease) in net assets	4,671	(39,406)	(34,735)	(543)
Net assets - beginning	<u>129,367</u>	<u>179,667</u>	<u>309,034</u>	<u>309,577</u>
Net assets - ending	<u>\$ 134,038</u>	<u>\$ 140,261</u>	<u>\$ 274,299</u>	<u>309,034</u>

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

St. Thomas Historical Trust, Inc.
 Statements of Activities
 Year ended September 30, 2013

	2013		
	Unrestricted	Temporarily Restricted	Total
Revenues			
Contributions	\$ 12,952	\$ 101,609	\$ 114,561
Contribution - in kind	24,000	0	24,000
Grants	0	1,500	1,500
GALA income	78,692	0	78,692
Memberships	18,705	0	18,705
Sale of merchandise and other	10,386	0	10,386
Interest	1,378	0	1,378
Net assets released from restrictions:			
Satisfaction of donor/grantor requirements	103,797	(103,797)	0
Total revenues	<u>249,910</u>	<u>(688)</u>	<u>249,222</u>
Functional Expenses			
Program services	165,500	0	165,500
Management and general	50,033	0	50,033
Fundraising expenses	34,232	0	34,232
Total expenses	<u>249,765</u>	<u>0</u>	<u>249,765</u>
Increase (decrease) in net assets	145	(688)	(543)
Net assets - beginning	129,222	180,355	309,577
Net assets - ending	<u>\$ 129,367</u>	<u>\$ 179,667</u>	<u>\$ 309,034</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, 2014 and 2013

	2014				2013 Total
	Program	General and		Total	
	Services	Administrative	Fundraising		
Credit card fees	\$ 0	\$ 969	\$ 968	\$ 1,937	\$ 1,975
Cost of merchandise sold	0	0	6,659	6,659	3,817
Depreciation	1,691	564	0	2,255	1,806
Event expenses - other	0	0	4,852	4,852	0
Gala Expenses	0	0	18,350	18,350	23,695
Hassel Island expenses	92,870	0	0	92,870	94,045
Health insurance	2,008	1,004	335	3,347	2,500
Insurance	2,500	3,995	0	6,495	6,400
Marketing and advertising	587	586	0	1,173	1,446
Meetings	1,667	1,666	0	3,333	0
Miscellaneous	222	74	0	296	583
Office expense	1,810	603	0	2,413	2,088
Payroll taxes and related	3,834	1,917	639	6,390	4,586
Postage and delivery	245	82	0	327	511
Professional fees	0	17,187	0	17,187	17,236
Program - other	5,200	0	0	5,200	5,308
Repairs	798	266	0	1,064	2,316
Salaries	41,548	20,774	6,925	69,247	52,404
Security	439	146	0	585	1,371
Telephone	1,343	448	0	1,791	1,804
Utilities	2,186	728	0	2,914	2,674
In kind expenses					
Rent	18,000	6,000	0	24,000	24,000
Services	7,500	0	0	7,500	0
	<u>\$ 184,448</u>	<u>\$ 57,009</u>	<u>\$ 38,728</u>	<u>\$ 280,185</u>	<u>\$ 249,765</u>

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

St. Thomas Historical Trust, Inc.
 Statements of Functional Expenses
 Year ended September 30, 2013

	2013			
	Program	General and		
	Services	Administrative	Fundraising	Total
Credit card fees	\$ 0	\$ 1,204	\$ 771	\$ 1,975
Cost of merchandise sold	0	0	3,817	3,817
Depreciation	1,354	452	0	1,806
Gala Expenses	0	0	23,695	23,695
Hassel Island expenses	94,045	0	0	94,045
Health insurance	1,500	750	250	2,500
Insurance	2,500	3,900	0	6,400
Marketing and advertising	723	723	0	1,446
Miscellaneous	404	179	0	583
Office expense	1,566	522	0	2,088
Payroll taxes and related	2,751	1,376	459	4,586
Postage and delivery	383	128	0	511
Professional fees	0	17,236	0	17,236
Program - other	5,308	0	0	5,308
Repairs	1,737	579	0	2,316
Salaries	31,443	15,721	5,240	52,404
Security	1,028	343	0	1,371
Telephone	753	251	0	1,004
Utilities	2,005	669	0	2,674
In kind expenses				
Rent	18,000	6,000	0	24,000
	\$ 165,500	\$ 50,033	\$ 34,232	\$ 249,765

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

St. Thomas Historical Trust, Inc.
 Statements of Cash Flows
 Years ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities		
Decrease in net assets	\$ (34,735)	\$ (543)
Adjustments to reconcile decrease in net assets to net cash (used) provided by operating activities		
Depreciation	2,255	1,806
Changes in assets and liabilities affecting cash flows from operating activities		
Grants receivable	(5,226)	0
Miscellaneous receivable	(375)	(125)
Prepaid expenses	0	2,550
Accrued expenses and liabilities	(9,174)	6,027
Deferred income	<u>(12,050)</u>	<u>14,737</u>
Net cash (used) provided by operating activities	<u>(59,305)</u>	<u>4,978</u>
Cash flows from investing activities		
Purchase of fixed assets	(3,138)	(1,128)
Purchase of collectibles	<u>(100)</u>	<u>0</u>
Net cash used by investing activities	<u>(3,238)</u>	<u>(1,128)</u>
Net (decrease) increase in cash	(62,543)	3,850
Cash, beginning of year:	<u>310,700</u>	<u>306,850</u>
Cash, ending of year	<u>\$ 248,157</u>	<u>\$ 310,700</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, 2014 and 2013

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.

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.

In-Kind Contributions - In-kind contributions meeting the criteria for recognition in the financial statements are recorded at fair value. Donated services are recognized if the services 1) create or enhance nonfinancial assets or 2) require specialized skill, are performed by people with those skills and would otherwise have to be purchased by the Organization. Many volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria was not met.

Grants - Grant income is recorded in the period earned. Expenditures chargeable to grants are recorded in the period incurred.

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, 2014 and 2013

Note 2 - Temporarily Restricted Net Assets

Temporarily restricted net assets at September 30, 2014 and 2013 consist of unexpended contributions and grants of \$109,717 and \$162,419, respectively, restricted for the preservation, protection and enjoyment of Hassel Island, Virgin Islands (see notes 3 and 4).

Temporarily restricted net assets at September 30, 2014 and 2013 includes \$12,144 and \$17,240, respectively, comprised of unexpended grant funds received for the restoration of Step Street.

Temporarily restricted net assets at September 30, 2014 includes \$5,000 comprised of unexpended contributions received for Fort Christian projects.

Temporarily restricted net assets at September 30, 2014 includes \$5,000 comprised of an unexpended contribution received for a commemorative conference.

Temporarily restricted net assets at September 30, 2014 includes \$8,400 comprised of an unexpended grant received for a Saladoid excavation project.

Temporarily restricted net assets are comprised of cash.

Note 3 - National Park Service/ Hassel Island

Memorandum of Understanding

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.

Partnership Agreement

In June 2014, the Organization entered into a partnership agreement with the United States Department of Interior - National Park Service/ Virgin Island National Park (the Park) for the purposes of collaborating on mutually agreed upon projects, programs and activities benefitting the Park. The agreement is intended to provide the legal and policy framework for work done by both parties and encourage innovation and creativity to meet mutual goals. The initial term of the agreement is for a period of five years and may be extended for an additional five year term. The agreement provides guidelines for solicitation of donations and other fundraising efforts for the benefit of the NPS including required approval from the NPS. The agreement requires an Annual Work Plan to be established in writing between the parties that identifies projects and programs to be undertaken during the period including the estimated cost, funding sources and specific responsibilities of the parties for each project and program.

The Organization actively seeks contributions and grants to fund various Hassel Island projects.

The Organization provides walking tours on Hassel Island. During 2014, the Organization recognized donated services of \$7,500 related to skilled tour and hiking guides providing these services at no cost to the Organization.

St. Thomas Historical Trust, Inc.
Notes to Financial Statements
September 30, 2014 and 2013

Note 4 - Government of the U.S. Virgin Islands Department of Planning and Natural Resources / Hassel Island / Fort Christian

Memorandum of Understanding

In September 2013, the Organization entered into an agreement with the Government of the U.S. Virgin Islands (GVI) Department of Planning and Natural Resources (DPNR) to facilitate the preservation, protection and enjoyment of certain sites on Hassel Island and Ft. Christian on St. Thomas which are owned by the GVI. The agreement authorizes STHT to provide historical tours of the locations on Hassel Island and Ft. Christian.

The Organization actively seeks contributions and grants to fund various Hassel Island projects including sites owned by the GVI. During fiscal 2014 and 2013, approximately \$78,000 and \$66,000, respectively, was expended on restoration of two sites on Hassel Island owned by the GVI and included in this agreement.

Note 5 - Office Space

During the years ended September 30, 2014 and 2013, the Organization received office and museum space at no charge. The current agreement shall continue on a month to month basis unless terminated. The Organization has estimated the fair value of the space provided under the agreement as \$2,000 per month and has recorded in-kind contributions of \$24,000 for 2014 and 2013.

Note 6 - Concentrations

The Organization maintains an account with two separate institutions in the Virgin Islands. Account balances in these institutions are currently insured up to \$250,000 by the federal deposit insurance corporation (FDIC).

Note 7 - Subsequent Events

During 2014, the Organization was approved for a grant from the US Department of Interior - Office of Insular Affairs in the amount of \$126,900 to restore the Lime Kiln on Hassel Island. The Organization entered into agreement with a local contractor to perform the restoration. The work began in November 2014 and was completed in February 2015. The grant income and related expenditures will be recorded in fiscal 2015. No amounts were received in fiscal 2014 related to this grant.

Note 8 - Date of Management's Review

In preparing the financial statements, management has evaluated subsequent events and transactions for potential recognition or disclosure through February 27, 2015, the date on which the financial statements were available to be issued.