Report of Independent Accountants

To the Board of Governors, Bermuda College

We have performed the procedures enumerated below, which were agreed to by Bermuda College (the "College") and the New England Association of Schools and Colleges ("NEASC"), solely to assist you in the comparison of the accounting policies set out in Note 2 of the College's Financial Statements for the year ended March 31, 2015 to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (the "subject matter"). The College is responsible for the subject matter. The sufficiency of these procedures is solely the responsibility of the parties specified in this report and we have no responsibility for verification of any underlying data. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures performed and results thereof are as set out in Appendix A.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. We were not engaged to and did not conduct an audit or an examination, the objective of which would be the expression of an opinion, or a review, the objective of which would be the expression of a conclusion, on the subject matter. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the College and NEASC, and is not intended to be, and should not be, used by anyone other than the specified parties.

PricewaterhouseCoopers Ltd.

PricewaterhouseCoopers Ltd.
Chartered Professional Accountants
Hamilton, Bermuda
July 31, 2017

Appendix A

Procedures performed:

1. We obtained the audited financial statements of Bermuda College for the year ended March 31, 2015, prepared in accordance with public sector accounting standards for government not-for-profit organizations generally accepted in Bermuda and Canada (the "financial statements").

2. We compared the accounting policies as set out in Note 2 to the financial statements to accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB) as set out below:

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
2(b) Revenue recognition	The College follows the deferral method of accounting for contributions.	RR-1	As indicated in paragraph .104, enabling legislation or providers of resources in non-exchange transactions frequently stipulate time requirements, purpose restrictions, or both. *Time requirements specify the period or periods when resources are required to be used or when use may begin.* (For example, a provider may stipulate that the resources it provides are to be disbursed during a specific fiscal year or over a specified number of years, or cannot be disbursed until after a certain date or event has occurred, if ever.) *Purpose restrictions specify the purpose or purposes for which the resources are required to be used.*(For example, a provider may specify that its resources are to be expended for road and street repairs or, in the case of an endowment, that the principal is required to be held in income-producing investments.)	N50.109
		RR-2	This section establishes different standards for time requirements than for purpose restrictions. Time requirements affect the *timing of recognition* of non-exchange transactions. Also, the *effect* on the timing of recognition is different, depending on whether a non-exchange transaction is (a) an imposed non-exchange revenue transaction (discussed in paragraphs .114 and.115) or (b) a government-mandated or voluntary non-exchange transaction (discussed in paragraphs .116–.122).	N50.110
		RR-3	In contrast to time requirements, *purpose restrictions do not affect the timing of recognition* for any class of non-exchange transactions. Rather, recipients of resources with purpose restrictions should report resulting net position (or fund balance, as appropriate) as restricted until the resources are used for the specified purpose or for as long as the provider requires the resources to be maintained intact (for example, endowment principal). Section 2200, paragraph .119, defined *restricted* for this purpose.	N50.111

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
		RR-4	Providers of resources in government-mandated or voluntary non-exchange transactions frequently establish eligibility requirements. Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider generally does not have a liability, the recipient generally does not have a receivable, and expenses and revenues for resources transmitted in advance should not be recognized until those eligibility requirements are met.	N50.116
		RR-5	Eligibility requirements for government-mandated and voluntary non-exchange transactions comprise one or more of the following: a. *Required characteristics of recipients*. The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider. (For example, under a certain federal program, recipients are required to be states and secondary recipients are required to be school districts.) b. *Time requirements*. Time requirements specified by enabling legislation or the provider have been met. (The period when the resources are required to be used [sold, disbursed, or consumed] or when use is first permitted has begun, or the resources are being maintained intact, as specified by the provider.) c. *Reimbursements*. The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program. d. *Contingencies* (applies only to voluntary non-exchange transactions). The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred. (For example, the recipient is required to raise a specific amount of resources from third parties or to dedicate its own resources for a specified purpose and has complied with those requirements.)	N50.117

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
		RR-6	Providers should recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary non-exchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met (excluding time requirements) should be reported as assets by the provider and as liabilities by the recipient. Resources received or recognized as a receivable before time requirements are met, but after all other eligibility requirements have been met, should be reported as a deferred outflow of resources by the provider and a deferred inflow of resources by the recipient.	N50.118
		RR-7	In some kinds of government-mandated and voluntary non-exchange transactions, a provider transmits cash or other assets with the stipulation (time requirement) that the resources cannot be sold, disbursed, or consumed until after a specified number of years have passed or a specific event has occurred, if ever. In the interim, the provider requires or permits the recipient to benefit from the resources—for example, by investing or exhibiting them. Examples of these transactions include permanently nonexpendable additions to endowments and other trusts; term endowments; and contributions of works of art, historical treasures, and similar assets to capitalized collections. For these kinds of transactions, the recipient should recognize revenues when the resources are received, provided that all eligibility requirements have been met. Resulting net position (or fund balance, as appropriate) should be reported as restricted for as long as the provider's purpose restrictions or time requirements remain in effect.	N50.119
		RR-8	The transactions covered by paragraph .119 should be distinguished from those in which, for administrative or practical reasons, a government receives cash or other assets in the period immediately before the period that the provider specifies as the period when sale, disbursement, or consumption of resources is required or may begin. Although the recipient may benefit from the short-term investment of these resources, the benefit is incidental and not a primary purpose of the provider. Recipients should recognize these transactions as required by paragraph.118.	N50.120

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
		RR-9	Sometimes a provider in a government-mandated or voluntary non-exchange transaction does not specify time requirements. When that is the case, the entire award should be recognized as a liability and an expense by the provider, and as a receivable and a revenue (net of estimated uncollectible amounts) by the recipients, in the period when all applicable eligibility requirements are met (applicable period). When the provider is a *government* (including the federal government), the applicable period for both the provider and the recipients is the *provider's* fiscal year and begins on the first day of that year (when, for example, the relevant appropriation becomes effective). The entire award should be recognized at that time. However, if a provider government has a biennial budgetary process, each year of the biennium should be considered a separate applicable period. In those circumstances, the provider and the recipients should allocate one-half of the resources appropriated for the biennium to each applicable period, unless the provider specifies a different allocation.	N50.121
		RR-10	Promises of cash or other assets that nongovernmental entities, including individuals, voluntarily make to governments may be referred to in practice as "pledges," "promises to give," or "promised donations" or by some other term. Promised assets may include permanently nonexpendable additions to endowments and other trusts; term endowments; contributions of works of art and similar assets to capitalized collections; or other kinds of capital or financial assets, with or without purpose restrictions or time requirements. As required by paragraph.118, recipients of promises from nongovernmental entities to provide cash or other assets should recognize receivables and revenues (net of estimated uncollectible amounts) when all eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probable of collection.	N50.122
	Under the deferral method, restricted contributions are recognized as revenue in the year in which the related expenses are incurred.		Extract reference(s): RR-3 → RR-10	

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
	Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.		Extract reference(s): RR-3 → RR-10	
	Operating grants from the government are recognized as revenue in the year to which they relate.		Extract reference(s): RR-3 → RR-10	
	Grants approved but not received at the end of the fiscal year are accrued.		Extract reference(s): RR-3 → RR-10	
	Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.		Extract reference(s): RR-3 → RR-10	
	Revenue from student tuition fees and contract training are recognized as revenue to the extent that the related courses and services are provided to the student or client within the fiscal year of the College.	RR-11	Revenue from exchange transactions generally should be recognized when an exchange, in the ordinary course of operations, is effected unless the circumstances are such that the collection of the exchange price is not reasonably assured. Accordingly, revenues from exchange transactions should generally be accounted for at the time a transaction is completed, with appropriate provision for uncollectible accounts. In the absence of the circumstances referred to above or other specific guidance, such as in paragraphs .101–.170 of Section R30, "Real Estate," the installment method is not acceptable.	1600.104
		RR-12	There are exceptional cases in which receivables are collectible over an extended period of time and, because of the terms of the transactions or other conditions, there is no reasonable basis for estimating the degree of collectibility. When such circumstances exist, and as long as they exist, either the installment method or the cost recovery method of accounting may be used. (Under the cost recovery method, equal	1600, Footnote 2

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			amounts of revenue and expense are recognized as collections are made until all costs have been recovered, postponing any recognition of income until that time.)	
	Revenue from ancillary operations are recognized when products are delivered or services are provided to the student or client, and collection is reasonably assured.		Extract reference(s): RR-11, RR-12	
	Externally restricted contribution other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized.		Extract reference(s): RR-3 → RR-10	
	Contributions restricted for the acquisition of capital assets are deferred and amortized into revenue on a straight-line basis at a rate corresponding with the amortization rate for the related capital assets.		Extract reference(s): RR-3 → RR-10	
	Unrestricted contributions are recognized as revenue when received or receivable.		Extract reference(s): RR-3 → RR-10	
	Restricted investment income is recognized as revenue in the year in which the related expenses are recognized.	RR-13	All investment income, **including changes in the fair value of investments,** should be recognized as revenue in the operating statement, except for investments held pursuant to irrevocable split-interest agreements (see Section I70, "Irrevocable Split-Interest Agreements"). When identified separately as an element of investment income, the change in the fair value of investments should be captioned *net increase (decrease) in the fair value of investments*. Realized	I50.131

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			gains and losses should not be displayed separately from the net increase (decrease) in the fair value of investments in the financial statements, except that realized gains and losses may be separately displayed in the separate reports of governmental external investment pools. (See Section In5, paragraph .103.)	
			Extract reference(s): RR-7	
	Unrestricted investment income is recognized as revenue when earned.		Extract reference(s): RR-13	
	Rental income is recorded as revenue and included in the ancillary operations and other revenues. Rental income received in advance is deferred and recognized as revenue when earned.		Extract reference(s): RR-11, RR-12	
2(c) Cash and cash equivalents	Cash and cash equivalents are comprised of cash on hand and cash on deposit with financial institutions that can be withdrawn without prior notice or penalty, and term deposits with an original maturity of 90 days or less.	CCE-1	For purposes of this section, cash equivalents are defined as short-term, highly liquid investments that are both a. Readily convertible to known amounts of cash. b. So near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less meet this definition.	2450.106
		CCE-2	*Original maturity* means the original maturity to the entity holding the investment. For example, both a three-month U.S. Treasury bill and a three-year Treasury note purchased three months from maturity qualify as cash equivalents. However, a Treasury note purchased three years ago does not become a cash equivalent when its remaining term is three months.	2450, Footnote 3

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
2(d) Inventories	Inventories consist primarily of items held for resale in the book store.	IN-1	The term *inventory* is used in this section to designate the aggregate of those items of tangible personal property that (a) are held for sale in the ordinary course of operations, (b) are in process of production for such sale, or (c) are to be currently consumed in the production of goods or services to be available for sale. Operating materials and supplies (for example, property held for installation or use in the provision of services) of certain business-type activities usually are treated as inventory.	I40.102
	Inventories are valued at the lower of cost and net realizable value.	IN-2	A departure from the cost basis of pricing the inventory is required when the utility of the goods is no longer as great as its cost. A loss should be recognized and accounted for in the current period whenever the utility of goods is impaired by damage, deterioration, obsolescence, changes in price levels, or other causes. Such losses should be measured by applying the method of pricing inventories at *cost or market, whichever is lower*.	I40.107
		IN-3	As used in the phrase *lower of cost or market,* the term *market* means current replacement cost (by purchase or by reproduction, as the case may be) except that: a. Market should not exceed the net realizable value (that is, estimated selling price in the ordinary course of operations less reasonably estimable costs of completion and disposal) b. Market should not be less than net realizable value reduced by an allowance for a normally expected gain.	I40.108
	Cost is determined using the first-in, first-out method.	IN-4	Cost for inventory purposes may be determined under any one of several assumptions as to the flow of cost factors (such as average cost, FIFO, and LIFO); the major objective in selecting a method should be to choose the one which, under the circumstances, most clearly reflects periodic cost.	I40.104
2(e) Capital assets	Purchased capital assets are recorded at cost less accumulated amortization.	CA-1	Capital assets should be reported at historical cost. The cost of a capital asset should include ancillary charges necessary to place the asset into its intended location and condition for use. Donated capital assets should be reported at their acquisition value plus ancillary charges, if any.	1100.106

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
		CA-2	Footnote 1—Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.	1100.106 Footnote 1
		CA-3	Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible, are intangible assets with indefinite useful lives as described in paragraph .152, or are infrastructure assets reported using the modified approach in paragraphs .105–.107.	1400.102
	Contributed capital assets are recorded at fair value at the date of contribution.	CA-4	Except for capital assets related to life-interests in real estate, capital assets acquired through grants, contributions, or other non-exchange transactions should be reported at historical cost or acquisition value and depreciated, as appropriate, as discussed in paragraphs.101–.116.	1400.155
			Extract reference(s): CA-1	
	Repairs and maintenance costs are charged to expenses.	CA-5	Additions and improvements to eligible infrastructure assets should be capitalized. Additions or improvements increase the capacity or efficiency of infrastructure assets rather than preserve the useful life of the assets.	1400.107
	Betterments, which extend the estimated life of an asset, are capitalized.		Extract reference(s): CA-5	
	When a capital asset no longer contributes to the College's ability to provide services, its carrying amount is written down to its residual value.	CA-6	Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible, are intangible assets with indefinite useful lives as described in paragraph .152, or are infrastructure assets reported using the modified approach in paragraphs .105–.107. Inexhaustible capital assets such as land and land improvements should not be depreciated. Capital assets should be evaluated for impairment when events or changes in circumstances suggest that the service utility of a capital asset may have significantly and unexpectedly declined, as set forth in paragraphs .181–.197.	1400.104
		CA-7	For impaired capital assets that will continue to be used by the government, the amount of impairment—the portion of historical cost that should be written off—should be measured by the method described below that most appropriately reflects the decline in service	1400.188

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
			utility of the capital asset. The methods for measuring impairment are: a. ***Restoration cost approach.*** Under this approach, the amount of impairment is derived from the estimated costs to restore the utility of the capital asset. The estimated restoration cost can be converted to historical cost either by restating the estimated restoration cost using an appropriate cost index or by applying a ratio of estimated restoration cost over estimated replacement cost to the carrying value of the capital asset. b. ***Service units approach.*** This approach isolates the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or change in circumstances. The amount of impairment is determined by evaluating the service provided by the capital asset—either maximum estimated service units or total estimated service units throughout the life of the capital asset—before and after the event or change in circumstance. c. ***Deflated depreciated replacement cost approach.*** This approach replicates the historical cost of the service produced. A current cost for a capital asset to replace the current level of service is estimated. This estimated current cost is depreciated to reflect the fact that the capital asset is not new, and then is deflated to convert it to historical cost dollars.	
		CA-8	Impaired capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value. Capital assets impaired from construction or development stoppage also should be reported at the lower of carrying value or fair value.	1400.192
	Remaining capital assets are amortized on a straight-line basis over their estimated useful lives as follows: -Buildings and car parks - 40 years and 25 years, respectively		Extract reference(s): CA-3, CA-6	

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
	-Furniture and fixtures- 10 years -Equipment - 4 years for computers and 5 years for other equipment -Laptop project equipment - 3 years			
2(f) Financial instruments	The College classifies its financial instruments as either fair value or, cost or amortized cost. The College's accounting policy for each category is as follows:			
	(i) Fair Value			
	This category includes bonds and government securities and equity instruments quoted in an active market. The College has designated its bond portfolio that would otherwise be classified into the amortized cost category at fair value as the College manages and reports performance of it on a fair value basis.	FI-1	Except as provided in paragraphs .109–.116, .118, .121–.123, .125, and .126 of this section, investments should be measured at fair value. Fair value measurements should be made consistent with the provisions of Section 3100. Examples of investments that should be measured at fair value include investments in the following: a. Common stock not measured according to the equity method as provided in paragraphs .109–.116 of this section. b. Money market investments and participating interest-earning investment contracts that do not meet the cost-based measurement provided in paragraph .123. (See paragraphs .121 and .122.) c. External investment pools that are not 2a7-like external investment pools. (See paragraph.117.) d. Life settlement contracts. (See paragraph .119.) e. Open-end mutual funds. (See paragraph .120.)	I50.108

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
			f. Land and other real estate held as investments by endowments (including permanent and term endowments) or permanent funds. (See paragraph .124.) g. Investment derivative instruments. (See Section D40, paragraphs .116 and .117.)	
	They are initially recognized at cost and subsequently carried at fair value.		Extract reference(s): FI-1	
	Unrealized changes in fair value are included in restricted contributions until they are realized, then transferred to the statement of operations.		Extract reference(s): RR-7, RR-13	
	Unrealized changes in fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met.		Extract reference(s): RR-7, RR-13	
	Transaction costs related to financial instruments in the fair value category are expensed as incurred.	FI-2	The price in the principal (or most advantageous) market used to measure the fair value of an asset or a liability should not be adjusted for transaction costs even if those costs are separable. Transaction costs are not a characteristic of an asset or a liability. Rather, they are specific to a transaction and will differ depending on how a government enters into a transaction for the asset or liability.	3100.113
		FI-3	*Q* —In order to buy or sell an investment, a government pays brokerage fees. The government also pays legal fees to enter into an interest rate swap. Should those fees be reported as part of the price of the investment or the interest rate swap? *A* —No, those fees are transaction costs incurred to buy or sell the investment and the interest rate swap. The fees are related to the period in which the cost is incurred and, therefore, if	GASB Implementation Guide 708-1

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
			separable, should be treated as a period expense or expenditure.	
	Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated re-measurement gains and losses and recognized in the statement of operations. On sale, the amount held in accumulated re-measurement gains and losses associated with that instrument is removed from net assets and recognized in the statement of operations.		Extract reference(s): RR-13 *Note: not currently applicable to the College, as no amounts are held in 'accumulated re-measurement gains and losses'*	
	(ii) Cost or amortized cost			
	Cash and cash equivalents are recognized at cost.		Extract reference(s): CCE-1	
	Student fees receivable, other receivables, due from Coco Reef Resorts Limited, due from the Government of Bermuda, money market funds, fixed deposits, restricted cash, accounts payable and accrued liabilities and due to the Government of Bermuda are initially recognized at cost and subsequently carried	FI-4	Governmental entities other than external investment pools may report at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less, provided that the fair value of those investments is not significantly affected by the impairment of the credit standing of the issuer or by other factors. Money market investments are short-term, highly liquid debt instruments including commercial paper, bankers' acceptances, and U.S. Treasury and agency obligations. Asset-backed securities, derivatives, and structured notes are not included in this term.	I50.123

Bermuda College stated accounting policy area	**Bermuda College stated accounting policy detail**	**Extract reference**	**US GAAP as prescribed by GASB and as detailed in the GASB Codification**	**GASB section/ reference**
	at amortized cost using the effective interest rate method, less any impairment losses on financial assets.			
		FI-5	The initial amount at which an asset or a liability is reported may be determined in a variety of ways according to the nature of the asset or liability, with the goal of reporting it at an amount that reflects a value at the transaction date (when the asset was acquired or liability incurred).	**Note 1** GASB Concept Statement 6-10
		FI-6	*Measurement approaches in financial statements - Application of measurement approaches - Assets that will be converted to cash* Remeasured amounts are more appropriate for assets that will be converted to cash (for example, financial assets). A remeasured amount provides better information about financial assets for assessing financial position and the ability to satisfy obligations as they become due. The usefulness of financial assets is in their conversion to cash—whether through the sale of the asset or the cash proceeds it generates through the course of ownership of the asset—which can then be used to acquire services or to meet existing obligations. A remeasured amount is most relevant to the objective of assessing financial position and the ability to satisfy obligations as they become due because it presents financial assets using a consistent scale of measurement—that of values related to the date of the financial statements. Some remeasured amounts take into account the time value of money—acknowledgement that amounts that will be collected further into the future generally are less valuable than the same amounts that will be collected closer to the financial statement date. Remeasured amounts for financial assets also are understandable to users of financial statements, are sufficiently reliable, and provide information that is useful for comparing one government to another. Use of remeasured amounts for financial assets generally does not raise concerns with timeliness or cost of financial reporting, except in circumstances in which the applicable valuation model is highly complex or may require use of professional expertise of other disciplines.	**Note 1** GASB Concept Statement 6-32

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
		FI-7	Remeasured amounts reflect the conditions in effect at the financial statement date and may be determined using a number of methods. Remeasurement changes the amount reported for an asset or liability from an initial amount or previous remeasured amount to an amount indicative of a value at the financial statement date. Remeasured amounts establish a new carrying value for the asset or liability that is determined without reference to previously reported amounts.	**Note 1** GASB Concept Statement 6-13
		FI-8	In applying either measurement approach, various measurement attributes may be used. Measurement attributes are discussed in paragraphs 34–43.	**Note 1** GASB Concept Statement 6-7
	Transaction costs related to financial instruments in the cost or amortized cost category are added to the carrying value of the instrument when initially recognized.		Extract reference(s): FI-2, FI-3	
	Write-downs on financial assets in the amortized cost category are recognized when the amount of a loss is known with sufficient precision, and there is no realistic prospect of recovery. Financial assets are then written down to net recoverable value with the write-down being recognized in the statement of operations.	FI-9	Subtopic 450-20 requires recognition of a loss when both of the following conditions are met: a. Information available before the financial statements are issued or are available to be issued (as discussed in Section 855-10-25) indicates that it is probable that an asset has been impaired at the date of the financial statements. b. The amount of the loss can be reasonably estimated. Losses from uncollectible receivables shall be accrued when both of the preceding conditions are met. Those conditions may be considered in relation to individual receivables or in relation to groups of similar types of receivables. If the conditions are met, accrual shall be made even though the particular receivables that are uncollectible may not be identifiable.	**Note 1** ASC 310-10
		FI-10	Q—How should investments with impaired values be reported? A—For investments that are reported at fair value, that valuation already considers potential impairments. For other investments that are covered by this section and that are reported using cost-based measures, valuation should	GASB Implementation Guide 708-3

Bermuda College stated accounting policy area	Bermuda College stated accounting policy detail	Extract reference	US GAAP as prescribed by GASB and as detailed in the GASB Codification	GASB section/ reference
			consider whether the fair value of the investment is significantly affected by the impairment of the credit standing of the issuer or by other factors. Although this section implies that the unrealized loss represented by the impairment should be recognized, it does not specifically require it. In fact, paragraph 76 of the Basis for Conclusions of Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools,* states that when there is an impairment, the cost-based measure should be reevaluated. Therefore, professional judgment should be applied in determining the amount and timing of a write-down.	
			Extract reference(s): RR-13	

<u>Note 1:</u>
The GASB Codification sets out the below hierarchy in respect of generally accepted accounting principles, dealing with circumstances not specifically addressed by the accounting standards as prescribed by the GASB. For the purposes of the comparison above where authoritative guidance could not be identified in Category A or Category B set out below, we have set out the relevant guidance included in the GASB Concept Statements or accounting principles generally accepted in the United States of America as prescribed by the Financial Accounting Standards Board (FASB)

1000—THE HIERARCHY OF GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

Sources: GASB Statement 76, AICPA Audit and Accounting Guide: State and Local Governments—2002, AICPA Audit and Accounting Guide: Health Care Entities—2011

.101 The GAAP hierarchy sets forth what constitutes GAAP for all state and local governmental entities. It establishes the order of priority of pronouncements and other sources of accounting and financial reporting guidance that a governmental entity should apply. The sources of authoritative GAAP are categorized in descending order of authority as follows:

a. Officially established accounting principles—Governmental Accounting Standards Board (GASB) Statements (Category A)

b. GASB Technical Bulletins; GASB Implementation Guides; and literature of the AICPA cleared by the GASB (Category B).

Authoritative GAAP is incorporated periodically into this Codification, and when presented in this Codification, it retains its authoritative status.

.102 If the accounting treatment for a transaction or other event is not specified by a pronouncement in Category A, a governmental entity should consider whether the accounting treatment is specified by a source in Category B.

.103 If the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP described in paragraph .101, a governmental entity should first consider accounting principles for similar transactions or other events within a source of authoritative GAAP described in paragraph .101 and then may consider nonauthoritative accounting literature from other sources, as discussed in paragraphs .104 and .105, that does not conflict with or contradict authoritative GAAP. A governmental entity should not apply the accounting principles specified in authoritative GAAP described in paragraph .101 to similar transactions or other events if those accounting principles either (a) prohibit the application of the accounting treatment to the particular transaction or other event or (b) indicate that the accounting treatment should not be applied by analogy.

.104 Sources of nonauthoritative accounting literature include GASB Concepts Statements; pronouncements and other literature of the Financial Accounting Standards Board, Federal Accounting Standards Advisory Board, International Public Sector Accounting Standards Board, and International Accounting Standards Board, and AICPA literature not cleared by the GASB; practices that are widely recognized and prevalent in state and local government; literature of other professional associations or regulatory agencies; and accounting textbooks, handbooks, and articles.

.105 In evaluating the appropriateness of nonauthoritative accounting literature, a governmental entity should consider the consistency of the literature with the GASB Concepts Statements, the relevance of the literature to particular circumstances, the specificity of the literature, and the general recognition of the issuer or author as an authority.