

Financial Statements of

**THE BAHAMAS PROTECTED AREAS FUND**

June 30, 2023

# THE BAHAMAS PROTECTED AREAS FUND

## Financial Statements

June 30, 2023

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of  
**THE BAHAMAS PROTECTED AREAS FUND**

### *Opinion*

We have audited the financial statements of The Bahamas Protected Areas Fund ("the Fund"), which comprise the statement of financial position as at June 30, 2023, and the statements of comprehensive income, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as at June 30, 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Fund in accordance with the ethical requirements that are relevant to our audit of the financial statements in The Bahamas, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Fund's financial reporting process.

## **INDEPENDENT AUDITORS' REPORT (continued)**

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

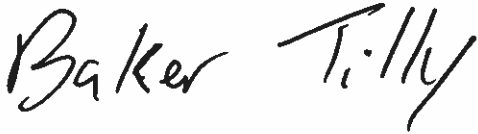
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

**INDEPENDENT AUDITORS' REPORT (continued)***Report on Other Legal and Regulatory Requirements*

In our opinion, under the provisions of the Bahamas Protected Areas Fund Act, 2014 and the 2019 Amendments ("the Act"), the accounting records required by the Act to be kept by the Fund, of which we are the auditors, have been kept in accordance with the provisions of the Act.

**CHARTERED ACCOUNTANTS**

June 13, 2025  
Nassau, Bahamas

# THE BAHAMAS PROTECTED AREAS FUND

## Statement of Financial Position

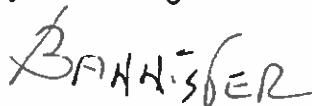
June 30, 2023

(Expressed in Bahamian dollars)

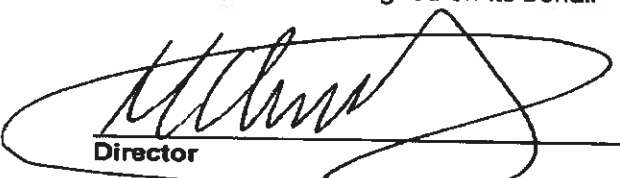
	2023	2022
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 377,173	\$ 131,260
Cash at broker - restricted (Note 5)	24,899	15,540
Term deposit	5,000	5,000
Financial assets at fair value through profit or loss (Note 6)	2,921,536	2,767,905
Interest receivable	24,504	25,139
Prepayments	2,953	2,953
Grants receivable (Note 7)	-	154,248
<b>Total current assets</b>	<b>3,356,065</b>	<b>3,102,045</b>
<b>Non-current assets</b>		
Fixed assets	16,024	6,721
<b>Total assets</b>	<b>\$3,372,089</b>	<b>\$ 3,108,766</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Bank overdraft (Note 4)	\$ -	\$ 55,660
Accounts payable and accrued expenses	31,049	6,913
<b>Total current liabilities</b>	<b>31,409</b>	<b>62,573</b>
<b>Non-current liabilities</b>		
Deferred grants (Note 7)	145,435	78,819
<b>Total liabilities</b>	<b>\$ 176,484</b>	<b>\$ 141,392</b>
<b>NET ASSETS</b>	<b>\$3,195,605</b>	<b>\$2,967,374</b>
<b>FUND BALANCES</b>		
General Fund (Note 8)	188,597	57,892
Endowment Fund (Note 8)	3,007,008	2,909,482
<b>FUND BALANCES</b>	<b>\$3,195,605</b>	<b>\$2,967,374</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

These financial statements were approved by the Board of Directors on June 13, 2025 and signed on its behalf by the following:



Chairperson

  
Director

# THE BAHAMAS PROTECTED AREAS FUND

## Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
<b>INCOME</b>		
Grants (Note 7)	\$348,635	\$ 823,375
Donations	182,149	243,288
Interest income	75,029	70,164
Net change in unrealized gain on financial assets at FVTPL	60,069	-
Dividends	22,497	18,106
Realized gain on sale of financial assets at FVTPL	10,361	2,988
Miscellaneous Income	1,678	-
<b>Total income</b>	<b>700,418</b>	<b>1,157,921</b>
<b>EXPENSES</b>		
Grants disbursed	354,004	840,378
General and administrative (Note 9)	118,183	138,765
Net change in unrealized loss on financial assets at FVTPL	-	38,780
<b>Total expenses</b>	<b>472,187</b>	<b>1,017,923</b>
<b>Net income and total comprehensive income</b>	<b>\$228,231</b>	<b>\$ 139,998</b>
<b>Total comprehensive income is represented by:</b>		
Total comprehensive income of the General Fund	\$130,705	\$ 51,728
Total comprehensive income of the Endowment Fund	97,526	88,270
	<b>\$228,231</b>	<b>\$ 139,998</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

## THE BAHAMAS PROTECTED AREAS FUND

### Statement of Changes in Fund Balances

For the year ended June 30, 2023

	Endowment Fund	General Fund	Total
<b>FUND BALANCES AS AT JUNE 30, 2021</b>	\$2,821,212	\$ 6,164	\$2,827,376
Total comprehensive income	88,270	51,728	139,998
<b>FUND BALANCES AS AT JUNE 30, 2022</b>	2,909,482	57,892	2,967,374
Total comprehensive income	97,526	130,705	228,231
<b>FUND BALANCES AS AT JUNE 30, 2023</b>	<b>\$3,007,008</b>	<b>\$188,597</b>	<b>\$3,195,605</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.



# THE BAHAMAS PROTECTED AREAS FUND

## Statement of Cash Flows

For the year ended June 30, 2023

	2023	2022
<b>CASH PROVIDED BY/(USED IN):</b>		
<b>Cash flows from operating activities:</b>		
Net income for the year	\$228,231	\$ 139,998
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Interest income	(75,029)	(70,164)
Donation	-	-
Depreciation	1,711	2,167
Realized gain/loss	(10,361)	4,406
Net change in unrealized loss/(gain) on financial assets at FVTPL	(60,069)	38,780
<b>Cash provided by operations before changes in operating assets and liabilities</b>	<b>84,483</b>	<b>115,187</b>
<b>Decrease/(increase) in operating assets:</b>		
Interest receivable	634	2,009
Grants receivable	154,248	(154,248)
Prepayments	-	(201)
<b>(Decrease)/increase in operating liabilities:</b>		
Accounts payable and accrued expenses	24,136	(3,680)
Deferred grants	66,616	(219,127)
<b>Net cash provided by/ (used in)/ operating activities</b>	<b>330,117</b>	<b>(260,060)</b>
<b>Cash flows from investing activities:</b>		
Interest received	75,029	70,164
(Increase)/decrease in cash at broker – restricted	(9,359)	102,816
Purchase of fixed assets	(11,014)	-
Payments on purchase of financial assets at FVTPL	(179,800)	(192,230)
Proceeds from sale of financial assets at FVTPL	96,600	51,500
<b>Net cash (used in)/ provided by investing activities</b>	<b>(28,544)</b>	<b>32,250</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>301,573</b>	<b>(227,810)</b>
Cash and cash equivalents, beginning of the year	75,600	303,410
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>\$377,173</b>	<b>\$ 75,600</b>
<b>Represented by (Note 4):</b>		
Cash on hand	\$ 500	\$ 733
Cash at bank	376,673	130,527
Bank overdraft	-	(55,660)
	<b>\$377,173</b>	<b>\$ 75,600</b>

See accompanying notes. See Independent Auditors' Report on pages 1 to 3.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 1. GENERAL INFORMATION

The Bahamas Protected Areas Fund ("the Fund") was established as a corporate body under the provisions of the Bahamas Protected Areas Fund Act, 2014 ("the Act") on July 7, 2014. The general purpose of the Fund is to ensure sustainable financing into perpetuity for the management of protected areas in The Bahamas, including management activities under the Caribbean Challenge Initiative and the objectives of the Caribbean Biodiversity Fund, for scientific and policy research and education, conservation and management of protected areas and programs. The affairs of the Fund are administered by a board of directors.

The Fund maintains the following funds:

- General Fund

The Fund, by all or any recognized means, raises funds for the furtherance of the Fund's purposes and applies the same in accordance with the provisions of the Act.

- Endowment Fund

The Endowment Fund represents a restricted fund balance and no part of its capital may be disbursed for grants or administrative and operating costs, unless otherwise approved by a unanimous vote of all board members.

The principal administrative office of the Fund is located at Old Fort Bay Town Center, Building #4, Unit 7, Nassau, The Bahamas.

The financial statements were authorized to be issued by the Board of Directors of the Fund on June 13, 2025.

### 2. ADOPTION OF NEW STANDARDS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS

At the date of these financial statements, the following standard and amendments to the existing standards issued by the International Accounting Standards Board (the "IASB") have not been applied in these financial statements, as they are not yet effective:

IFRS 17	- Insurance Contracts - effective from January 1, 2023
IAS 1 (amendments)	- Presentation of Financial Statements - amendments in the classification of liabilities as current or non-current - effective from January 1, 2023
IAS 8 (amendments)	- Accounting Policies, Changes in Accounting Estimates and Errors - amendments to replace the definition of a change in accounting estimates with a definition of accounting estimates - effective from January 1, 2023
IAS 12 (amendments)	- Income Taxes - amendments for deferred tax related assets and liabilities arising from a single transaction - effective from January 1, 2023

The Board of Directors is in the process of determining the effects, if any, on the financial statements of the adoption of such standard and amendments to the existing standards.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Statement of compliance

The financial statements of the Fund have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the IASB. The significant accounting policies set out below have been consistently applied to all periods presented, unless otherwise stated.

#### b. Basis of preparation

These financial statements have been prepared on the historical cost basis, except for financial assets at fair value through profit or loss, which are measured at fair value. The financial statements are expressed in Bahamian dollars which is the functional and reporting currency of the Fund.

#### c. Use of estimates and judgments

The preparation of the financial statements in compliance with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 3(d) - Financial assets and liabilities
- Note 10 - Fair value of financial instruments
- Note 11 - Financial risk management

#### d. Financial assets and liabilities

##### Financial assets

The Fund classifies its financial assets into the following measurement categories: those to be measured subsequently at fair value through profit or loss and those to be measured at amortized cost. The classification depends on the Fund's business model for managing the financial assets and the instrument's contractual cash flow characteristics.

##### (i) Financial assets at fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss is the classification for instruments that are held for trading or managed and whose performance is evaluated on a fair value basis and are measured at fair value through profit or loss because they are neither held to collect contractual cash flows nor held both to collect contractual cash flows and to sell financial assets. Financial assets at fair value through profit or loss are initially recognized at fair value. Transaction costs directly attributable to the assets are recorded as an expense. Subsequent to initial recognition, financial assets at FVTPL are re-measured at fair value. Unrealized gains and losses arising from changes in the fair value of these financial assets are recognized in the statement of comprehensive income in net change in unrealized gain/(loss) on financial assets at FVTPL.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d. Financial assets and liabilities (continued)

##### (i) Financial assets at fair value through profit or loss (FVTPL) (continued)

Balances included in this classification are investments in equity securities, exchange-traded funds, mutual funds, preference shares and debt securities.

##### (ii) Financial assets at amortized cost

Financial assets at amortized cost apply to instruments for which an entity has a business model to hold financial assets to collect the contractual cash flows, which are solely payments of principal and interest. Subsequent to initial recognition, financial assets at amortized cost are re-measured at amortized cost. Balances included in this classification are cash and cash equivalents, cash at broker - restricted, term deposit, interest receivable and grant receivable.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank. For the purpose of the statement of cash flows, bank overdraft is included as a component of cash and cash equivalents.

#### Interest receivable

Interest receivable represents accrued interest receivable on the term deposit and debt securities.

#### Investments in mutual funds

Investments in mutual funds are fair valued based on published net asset values at the reporting date.

#### Investments in exchange-traded funds, debt and equity securities

Exchange-traded funds, debt and equity securities are measured at fair value based on quoted market prices at the close of trading on the reporting date for that instrument in an active market. Financial assets are regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

#### Investments in preference shares

The fair value of investments in preference shares of publicly-listed companies are initially measured at the cost being the transaction price, excluding transaction costs. As of the reporting date, the Fund continues to measure these investments at cost because the Fund believes that in the absence of an active market for these investments and the wide range of possible fair values, cost represents the best estimate of fair value.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d. Financial assets and liabilities (continued)

##### Impairment of financial assets

IFRS 9 requires that credit losses on financial assets are measured using the expected credit loss (ECL) approach. At each reporting date, the Fund assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default;
- or it is probable that the borrower will enter bankruptcy or other financial reorganization.

##### Fair value hierarchy

The Fund measures fair values using the following fair value hierarchy that reflects the significance of the inputs in making the measurements:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized is determined on the basis of the lowest level input that is significant to the fair value measurement. For this purpose, the significance of an input is assessed against the fair value measurement in its entirety. If a fair value measurement uses observable inputs that require significant adjustment based on unobservable inputs, the measurement is a Level 3 measurement. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability.

The determination of what constitutes "observable" requires significant judgment by the Fund. The Fund considers observable data to be market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market.

##### Recognition of financial assets and liabilities

The Fund recognizes financial assets and financial liabilities on the day it becomes a party to the contractual provisions of the instruments.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d. Financial assets and liabilities (continued)

##### Fair value hierarchy (continued)

##### Derecognition of financial assets and liabilities

The Fund derecognizes a financial asset when the contractual rights to receive cash flows from the financial asset expire or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership of the asset or the Fund has transferred control of the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expires.

##### Offsetting financial assets and liabilities

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

##### Financial liabilities

The Fund classifies its financial liabilities as financial liabilities at amortized cost. Financial liabilities at amortized cost are initially measured at fair value, net of transaction costs, and are subsequently remeasured at amortized cost using the effective interest rate method. The balance included in this classification is account payable and accrued expenses.

#### e. Foreign currency transactions and balances

The financial statements are presented in Bahamian dollars, which is the Fund's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated into the functional currency using the exchange rate prevailing at that date. Exchange differences arising on retranslations are included in the statement of comprehensive income.

#### f. Income and expenses recognition

##### Grants

Grants are recognized as income when received or receivable in the period as specified by the grantor against approved expenses. Grants that have been received but are specified for use against future expenses are deferred and recognized as deferred grants. Grants received after the reporting date but designated for use in the reporting period are recognized as income and as grants receivable.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### g. Income and expenses recognition (continued)

##### Interest income

Interest income is recognized on an accrual basis using the effective interest rate method.

##### Dividend income

Dividend income is recognized when the Fund's right to receive payment is established.

##### Donation income

Donations are recognized as income when received.

##### Other income and expenses

All other income and expenses are recognized on the accrual basis.

#### h. Taxes

There are no corporate or capital gains taxes levied on companies in The Bahamas. Accordingly, no provision for such taxes is reflected in these financial statements. Value-added tax (VAT) incurred is recorded as an expense in the statement of comprehensive income under general and administrative expenses as these are not claimable against exempt income.

### 4. CASH AND CASH EQUIVALENTS

As at June 30, 2023, cash and cash equivalents are as follows:

	2023	2022
<b>General Fund:</b>		
<b>Cash on hand</b>	\$ 500	\$ 733
<b>Cash at bank</b>		
RBC Royal Bank (Bahamas) Limited - main account	278,714	94,415
RBC Royal Bank (Bahamas) Limited – other	59,893	-
RBC Royal Bank (Bahamas) Limited - general	21,857	36,112
RBC Royal Bank (Bahamas) Limited – operating	16,209	-
	376,673	130,527
Cash and cash equivalents in the statement of financial position	377,173	131,260
<b>Bank overdraft</b>		
RBC Royal Bank (Bahamas) Limited – operating	-	(55,660)
Cash and cash equivalents in the statement of cash flows	\$377,173	\$75,600

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 5. CASH AT BROKER - RESTRICTED

	2023	2022
<b>Endowment Fund:</b>		
Cash at broker		
CFAL - USD account	\$24,465	\$15,540
CFAL – FCIB	434	-
	<b>\$24,899</b>	<b>\$15,540</b>

As at June 30, 2023, cash at broker is restricted as it is part of the Endowment Fund (See Note 8).

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

As at June 30, 2023, financial assets at fair value through profit or loss are as follows:

	2023			2022		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>Equity Securities - (B\$)</b>						
J.S Johnson & Company Limited	4,595	\$ 65,338	\$ 72,508	4,595	\$ 65,338	\$ 71,223
FOCOL Holdings Limited	16,795	75,983	75,578	16,795	75,983	66,844
Commonwealth Bank Limited	15,818	74,726	56,787	15,818	74,726	56,945
CIBC First Caribbean Bank (Bahamas) Ltd.	3,400	34,680	44,710	3,400	34,680	54,400
Fidelity Bank (Bahamas) Limited	2,394	25,151	41,895	2,394	25,151	41,320
		275,878	291,478		275,878	290,732
<b>Equity Securities - (US\$)</b>						
CVS Health Corp.	487	40,278	33,666	487	40,278	45,125
Paypal Holding Inc.	145	40,200	9,676	145	40,200	10,127
		80,478	43,342		80,478	55,252
		<b>\$ 356,356</b>	<b>\$ 334,820</b>		<b>\$356,356</b>	<b>\$ 345,984</b>
<b>Exchange-traded Funds - (US\$)</b>						
First Trust NASDAQ-100 Equal-Weighted Index Fund	1,285	\$ 100,271	\$ 137,367	1,285	\$100,276	\$112,219
iShares iBoxx Investment Grade Corporate Bond ETF	758	100,013	81,970	758	100,013	83,403
iShares MSCI USA ESG select ETF	716	50,119	67,046	716	50,119	57,774
Schwab US Dividend Equity ETF	858	50,061	62,308	858	50,061	61,549
SPDR Portfolio Intermediate Term Corporate Bond ETF	1,394	50,093	44,761	1,394	50,093	45,486
ishares ESG USD Corporate Bond ETF	1,836	50,163	41,751	1,836	50,163	42,503
SPDR Gold Shares SPDR	223	37,023	39,754	223	37,023	37,567
		437,748	474,957		437,748	440,501
<b>Balance carried forward</b>		<b>\$ 794,104</b>	<b>\$ 809,777</b>		<b>\$794,104</b>	<b>\$786,485</b>

(continued)



# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 6. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

	2023			2022		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>Balance brought forward</b>		<b>\$794,104</b>	<b>\$809,777</b>		<b>\$794,104</b>	<b>\$786,485</b>
<u>Mutual Funds</u>						
CFAL Bond Fund, Ltd.	146,152	\$ 342,466	\$ 386,059	151,107	\$ 346,305	\$ 384,271
<u>Preference Shares</u>						
FOCOL Pref. A 1.75%						
Colina Holdings Cumulative	30,000	\$ 30,126	\$ 30,000	30,000	\$ 30,126	\$ 30,000
Redeemable Pref. 1.50%	20,000	20,000	20,000	20,000	20,113	20,000
		\$ 50,126	\$ 50,000		\$ 50,239	\$ 50,000
<u>Corporate Bond</u>						
Nassau Cruise Port Ltd BSD Unsecured	100	\$100,000	\$100,000			
<u>Debt Securities</u>						
Bahamas Government Registered Stocks:						
4.830% due 23/02/2028	250,000	250,000	258,263	250,000	250,672	255,317
Prime + 0.2500% due 04/05/2024	250,000	250,000	251,532	250,000	250,000	251,675
Prime + 0.0833% due 26/04/2028	150,700	150,700	156,474	150,700	151,308	151,559
4.660% due 13/07/2028	150,000	150,000	154,165	150,000	150,000	149,640
5.060% due 13/07/2038	150,000	150,000	149,868	150,000	150,000	137,535
5.000% due 15/10/2038	150,000	150,000	138,849	150,000	150,000	136,455
4.250% due 15/07/2024	120,000	120,000	120,216	120,000	120,484	122,064
Prime + 0.0625% due 26/07/2033	100,000	100,000	100,464	100,000	100,403	100,300
6.050% due 15/06/2050	100,000	100,000	98,000	100,000	100,000	95,350
5.000% due 15/01/2039	69,100	69,100	64,729	69,100	69,100	66,484
5.600% due 15/07/2049	64,000	64,000	61,240	64,000	64,000	57,670
5.350% due 17/01/2040	21,900	21,900	21,900	21,900	21,900	20,446
4.250% due 15/10/2022	-	-	-	2,600	2,654	2,654
		1,575,700	1,575,700	-	1,580,521	1,547,149
		<b>\$2,862,391</b>	<b>\$2,921,536</b>		<b>\$2,771,169</b>	<b>\$2,767,905</b>

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 7. GRANTS RECEIVABLE/DEFERRED GRANTS

Grants receivable/deferred grants as at June 30, 2023 are as follows:

Projects	Notes	July 1, 2022	Grants	Disbursements	June 30, 2023
<b>Grants receivable:</b>					
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)	\$154,248	\$154,248	\$ -	\$ -
<b>Deferred grants:</b>					
Waitt Foundation Fund	(b)	\$ 43,819	\$ -	\$ (43,819)	\$ -
The Caribbean Biodiversity Fund (under the Partnership Agreement)	(c)	35,000	59,500	-	94,500
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)	-	355,751	(304,816)	50,935
		\$ 78,819	\$415,251	\$(348,635)	\$145,435

Projects	Notes	July 1, 2021	Grants	Disbursements	June 30, 2022
<b>Grants receivable:</b>					
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)		\$400,000	\$(554,248)	\$154,248
<b>Deferred grants:</b>					
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)	\$200,000	-	(200,000)	-
The Caribbean Biodiversity Fund (under the Partnership Agreement)	(c)	59,662	-	(24,662)	35,000
Waitt Foundation Fund	(b)	38,284	50,000	(44,465)	43,819
		\$297,946	\$ 50,000	\$(269,127)	\$ 78,819

- a) In November 2019, the Fund was advised that the German Federal Ministry of Economic Cooperation and Development, through the German Development Bank, had committed up to 1 million euros (\$1.1 million dollars) intended for post-Hurricane Dorian assessments and recovery. In addition, the Board of the Caribbean Biodiversity Fund (CBF) also pledged US\$150,000 for the same effort. The combined grant of US\$1.25 million, to be administered by the CBF, is specifically for the purpose of financing and providing sub-grants to support ecosystem impact assessments, ecosystem-based recovery efforts (including protected areas infrastructure), the provision of water purification systems and renewable energy initiatives in and around Grand Bahama and Abaco.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

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### 7. GRANTS RECEIVABLE/DEFERRED GRANTS (continued)

- b) On December 31, 2015, the Fund entered into a grant agreement with Waitt Foundation Fund (the "Foundation") to receive grants totaling \$500,000 to support the operational costs for a grant-making program for protected areas management throughout The Bahamas. The grant was provided proportionately over a period of five years, which ended on December 31, 2020. In December 2021, the Fund entered into another grant agreement with the Foundation for operational support to the Fund by an initial grant of \$50,000 from January 1 to December 31, 2022. Under the agreement, the full expended grant was available for approved expenditures, including operational and project implementation activities. The Fund is responsible for certain deliverables as outlined in the agreement.
- c) On November 19, 2020, the Fund entered into a partnership agreement with the Caribbean Biodiversity Fund to make available, on an annual basis, certain amounts to support the expenditures of the Fund in proportion to the participating country's sub-account allocation of the total contributions from donors.

Total grants recognized as income during the year amounted to \$348,636 (2022: \$823,375).

### 8. FUND BALANCES

#### General Fund

The General Fund represents the unrestricted balance of the Fund.

#### Endowment Fund

The Endowment Fund includes the permanently restricted fund balance. In 2016, the Government of The Bahamas and the Global Environment Facility (GEF), a United Nations Environment Program (UNEP), funded the Endowment Fund in the amount of \$2,000,000 and \$500,000, respectively.

According to the Act, no part of the endowment's capital may be used to cover the administrative and operating costs of the General Fund, unless approved by a unanimous vote of all board members. The capital of the Endowment Fund shall be invested by an investment manager, hired by the Board of Directors, through a transparent and competitive public tender process, subject to the approval of at least three-fourths of the Directors.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 9. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year were as follows:

	2023	2022
Payroll	\$ 35,249	\$ 28,993
Professional fees	23,840	20,842
Travel and accommodation	16,126	25,595
Maintenance	12,495	12,352
Other	6,475	9,475
Investment management fees	5,000	5,567
Utilities	4,756	4,895
Bank charges	2,625	3,164
VAT	2,351	3,515
Office supplies	2,097	6,013
Marketing and public relations	1,969	6,468
Insurance	1,802	1,601
Depreciation	1,711	2,167
Charitable contributions	1,250	3,250
Website hosting and update / software	437	414
Fundraising	-	4,454
	<b>\$118,183</b>	<b>\$138,765</b>

### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS

Management estimates that the carrying values of the financial assets and liabilities disclosed in the statement of financial position approximate their fair values at the reporting date for one or more of the following reasons:

- (i) Short-term maturities;
- (ii) Interest rates approximate market rates; and
- (iii) Carrying values approximate fair values.

#### Fair value hierarchy

The table below analyses the classes of financial instruments measured at fair value by the level in the fair value hierarchy within which the fair value measurement is categorized at the reporting date:

	2023			
	Level 1	Level 2	Level 3	Total
<b><u>Financial assets at FVTPL</u></b>				
Equity securities	\$ 334,820	\$ -	\$ -	\$ 334,820
Exchange-traded funds	474,957	-	-	474,957
Debt securities	-	1,575,700	-	1,575,700
Mutual funds	386,059	-	-	386,059
Preference shares	-	50,000	-	50,000
Corporate bond	-	-	100,000	100,000
	<b>\$1,195,836</b>	<b>\$1,625,700</b>	<b>\$ 100,000</b>	<b>\$ 2,921,536</b>

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 10. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

#### Fair value hierarchy (continued)

	2022			
	Level 1	Level 2	Level 3	Total
<b>Financial assets at FVTPL</b>				
Equity securities	\$ 345,984	\$ -	\$ -	\$ 345,984
Exchange-traded funds	440,501	-	-	440,501
Debt securities	-	1,547,149	-	1,547,149
Mutual funds	384,271	-	-	384,271
Preference shares	-	50,000	-	50,000
	\$1,170,756	\$1,597,149	\$ -	\$2,767,905

### 11. FINANCIAL RISK MANAGEMENT

The Fund's activities expose it to a variety of financial risks: market risk (including interest rate risk, foreign currency risk and other price risk), credit risk and liquidity risk.

#### (a) Market risk

Market risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices.

#### (i) Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of market interest rates on the fair value or future cash flows of financial assets and liabilities. The cash at broker - restricted, term deposit and investments in debt securities at floating rates are exposed to interest rate risk. The Fund's strategy takes into consideration the current market conditions, with short-term interest rates at their lowest historical levels, to maximize the return to the Fund while maintaining a high level of liquidity.

Management's best estimates of the effect on net income for the year due to reasonably possible increases in interest rates, with all other variables held constant, are indicated in the table below. The actual results may differ from the sensitivity analysis below and the difference could be material. Equivalent decreases in interest rates by the percentages shown below would result in equivalent but opposite effects to the amounts shown below.

	2023		2022	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Cash at broker - restricted	0.5%	\$ 124	0.5%	\$ 78
Term deposit	0.5%	\$ 25	0.5%	\$ 25
Debt securities	0.5%	\$2,542	0.5%	\$2,518

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Market risk (continued)

##### (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Bahamian dollar is the Fund's functional currency. At the reporting date, the Fund's financial instruments are primarily denominated in Bahamian dollars, except for US\$ denominated equity securities and exchange-traded funds (ETF). As the parity between the United States and the Bahamian dollar is unlikely to change in the short-term, the Fund's exposure to any movement in the exchange rate is not considered significant.

##### (iii) Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk). It embodies not only the potential for loss but also the potential for gain. The Fund is exposed to other price risk through its investments in equity securities, exchange-traded funds and mutual funds. Other price risk is mitigated by the Fund maintaining a diversified portfolio of financial instruments.

Management's best estimates of the effect on the Fund's net income due to reasonably possible increases in market prices by the percentages shown, with all other variables remaining constant, are indicated in the table below:

<b>2023</b>			
	<b>1%</b>	<b>5%</b>	<b>10%</b>
<u>Financial assets at FVTPL</u>			
Exchange-traded funds	\$4,750	\$23,748	\$47,496
Equity securities	\$3,348	\$16,741	\$33,482
Mutual funds	\$3,861	\$19,303	\$38,606
Corporate bonds	\$1,000	\$ 5,000	\$10,000
<b>2022</b>			
	<b>1%</b>	<b>5%</b>	<b>10%</b>
<u>Financial assets at FVTPL</u>			
Exchange-traded funds	\$4,405	\$22,025	\$44,050
Equity securities	\$3,460	\$17,299	\$34,598
Mutual funds	\$3,843	\$19,214	\$38,427

Equal decreases in market prices would have decreased net income by the same amounts.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### (b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial assets which potentially expose the Fund to credit risk consist principally of cash at bank, cash at broker - restricted, term deposit, interest receivable and investments in debt securities and preference shares.

The Fund manages and controls credit risk by setting limits on the amount of risk it is willing to accept for individual counterparties and by monitoring exposures in relation to such limits. The Fund seeks to mitigate its exposure to credit risk by placing its financial assets with reputable financial institutions and investing in publicly-traded companies and government-issued debt securities. As at June 30, 2023, the maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:

	2023	2022
<u>Financial assets at FVTPL</u>		
Debt securities	\$ 1,575,700	\$ 1,547,149
Corporate bonds	100,000	-
Preference shares	50,000	50,000
<u>Financial assets at amortized cost</u>		
Cash at bank	376,673	130,527
Cash at broker – restricted	24,899	15,540
Term deposit	5,000	5,000
Grants receivable	-	154,248
Interest receivable	24,504	25,139
	<u>\$ 2,156,776</u>	<u>\$ 1,927,603</u>

#### (c) Liquidity risk

The objective of liquidity risk management is to ensure the availability of sufficient funds to honor all of the Fund's financial commitments and funding requirements. The Fund maintains an appropriate level of liquid assets to meet cash requirements for normal operating purposes.

The following table details the Fund's remaining contractual maturities for its financial liabilities as at June 30, 2023 and indicates the undiscounted cash flows of such financial liabilities based on the earliest date on which the Fund can be required to pay. The table includes only principal cash flows.

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2023

### 11. FINANCIAL RISK MANAGEMENT (continued)

#### (a) Credit risk (continued)

<b>2023</b>		
	<b>Less than 3 months</b>	<b>Total</b>
<b>Financial liabilities</b>		
Accounts payable and accrued expenses	31,049	31,049
<b>2022</b>		
	<b>Less than 3 months</b>	<b>Total</b>
<b>Financial liabilities</b>		
Bank Overdraft	\$55,660	\$55,660
Accounts payable and accrued expenses	6,913	6,913
	<b>\$62,573</b>	<b>\$62,573</b>

### 12. CAPITAL MANAGEMENT

The Fund manages its capital to ensure that it will be able to continue as a going concern. The ultimate responsibility for the management of the Fund's balances rests with the Board of Directors. The capital structure of the Fund is represented by its fund balances. The Fund is not subject to externally imposed capital requirements except where restrictions on the utilization of the Endowment Fund are specified in the act.

### 13. EVENTS AFTER THE REPORTING DATE

No events have occurred after the end of the reporting period that require adjustment to the financial statements or disclosure in the notes to the financial statements.

See Independent Auditors' Report on pages 1 to 3.