



BAHAMAS PROTECTED AREAS FUND

Annual Report 2021–2022

Conserving Biodiversity | Advancing Climate Action | Cultivating Sustainability





CONTENTS

- 4 BPAF's Vision, Mission & Core Principles
- 5 Chairperson's Report
- 6 BPAF Background
- 7 Institutional Management & Governance
- 8 Board of Directors & Staff
- 9 Register of Protected Areas in The Bahama
- 16 2021-2022 Our Progress
- 17 2019-2022 Strategic Priorities
- 25 National Protected Areas Maps
- 26 Bahamas Protected Areas Fund 2022
Audited Financial Statements
- 48 Our Partners



Bahamas Protected Areas Fund's

VISION

Investing for the future of resilient biodiversity within the Bahamas.

MISSION

Ensuring a sustainable financial base for the effective management of the Bahamas National Protected Areas System and for conservation activities that protect the future and productivity of our national resources.

CORE PRINCIPLES

The BPAF functions under the core principles of:

TRANSPARENCY

This principle is embodied in the provisions of the BPAF Acts on conflicts of interest and external audits.

ACCOUNTABILITY

This principle is embodied in the provisions of the BPAF Acts for the Board to issue an Annual Report to the Minister who shall share a copy with the House of Assembly and the Senate, and to make the annual audited financial report publicly available.

INDEPENDENCE/NON-POLITICAL

This principle is embodied in the provisions of the BPAF Acts that prohibit the Fund from the publication of propaganda, attempts to influence the passage of legislation or participation or intervention in any political campaign by or on behalf of any political candidate or party.

Chairperson's Report

Kelley Bostwick-Toote



Dear Partners and Friends,

I am pleased to present our Annual Report for the Year 2022.

A year of mixed blessings during which we experienced crushing depths of repeated shocks followed by amazing heights of human kindness. We experienced the devastation of Hurricane Dorian, which claimed multiple lives and generated some \$3B in damages, was unprecedented in violence and impact. Several months later The Bahamas was dealt another shock, COVID-19, which led to the near collapse of the tourism sector, the most significant contributor to our economy.

During the crisis, the Caribbean Biodiversity Fund (CBF), and the German Federal Ministry for Economic Cooperation and Development through KfW – the German Development Bank, responded rapidly to the Fund's overwhelming need, pledging some \$1.26M in emergency grant funds. Our sister funds - the St. Lucia National Conservation Fund and the Saint Vincent and Grenadines Conservation Fund, in the true spirit of togetherness, also sup-

ported recovery efforts. These emergency funds were used to provide grants to stakeholders for assessing and responding to the impact of Hurricane Dorian on Abaco and Grand Bahama, including the provision of freshwater and alternate energy, due to extensive power disruptions across the islands.

The BPAF Act was amended in December 2019. The amendment paved the way for the execution of the Partnership Agreement with the CBF, which will generate annual funding flows toward protected areas management, biodiversity conservation and climate resilience. The improved BPAF 2019 Amendment Act fortifies the Fund's independence and governance in keeping with best practices, thus strengthening the Fund's profile and opening new doors for addressing national priorities.

Hurricane Dorian and COVID-19 have also presented opportunities, acting as the catalyst to forge new paths for sustainable funds for conservation. These new paths will unfold in 2021. We have begun to work more strategically with the NCTFs in the Caribbean

Sustainable Architecture, to identify larger pools of funding for nature-based solutions to COVID-19. We are also working together to support an economic response to the pandemic via the Blue Economy.

The Board remains intact and is working to create a sustainable future for The Bahamas. 'It is our duty and privilege, to conserve and sustain the environment's benefits and beauty for the coming generations.

The gap for the management of protected areas and for climate resilience is expanding. The current gap stands at more than \$12.5M for status-quo maintenance expanding significantly to \$60M annually, to secure management effectiveness. The pending declaration to meet the 2020 goals will expand the gap. We welcome partners, friends, the people of The Bahamas generally, to join us in our mission to safeguard the people and resources of The Bahamas.

A handwritten signature in black ink, appearing to read 'Kelley Bostwick-Toote', written over a light blue circular stamp.

Kelley Bostwick-Toote
Chairperson of the Board



Bahamas Protected Areas Fund's

Background

BPAF was established in 2014 by The Government of The Bahamas through an Act of Parliament. The purpose of the Fund is to “ensure sustainable financing into perpetuity” for scientific and policy research, education, conservation and management of protected areas, including national parks. BPAF is the sustainable finance mechanism for the Bahamas National Protected Areas System.

The Fund also seeks to ensure a sustainable financial base for conservation activities more broadly; activities that protect the future and productivity of our national resources. BPAF supports areas established for biodiversity conservation generally, the protection of carbon sinks, water resources, wetlands and blue holes, degraded or threatened ecosystems as well as areas established for adapting to and mitigating against climate change.

BPAF is a National Conservation Trust Fund (NCTF) that sits within the Caribbean Sustainable Finance Architecture, a programme within the Caribbean Biodiversity Fund (CBF). The Architecture was developed in response to the overwhelming need to finance the effective management of protected areas across the Caribbean, a mandate of the Caribbean Challenge Initiative (CCI). The primary goal of the Initiative is to foster the protection of 20% of the Caribbean's marine and coastal environments in 2020. The Bahamas was a founding member of the CCI.

Resources raised by the BPAF are directed to on-the-ground conservation via grants to local NGOs and government ministries and departments.

In July 2021, the Bahamas Government expanded the Bahamas National Protected Area System (BNPAS) by 5.3 million acres, enabling it to move closer to achieving its 2020 goal of protecting 20% of the country's nearshore and marine environments. The acres of mangroves and seagrass across the country which are now protected from exploitation, sequester 400 million tons of carbon dioxide, the greenhouse gas that is contributing to global warming. The thousands of Bahamians impacted by Hurricane Dorian are trying to survive the climate crisis. By adding five million acres to the BNPAS, the Bahamas Government has taken action to protect the Bahamian people by protecting their environment and the ecosystem services it provides.

INSTITUTIONAL MANAGEMENT & GOVERNANCE

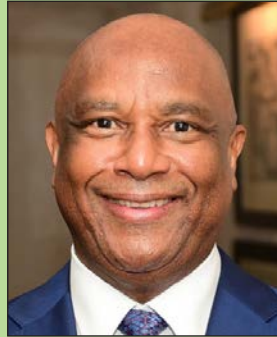
BPAF is led by an outstanding and representative Board of Directors from government, civil society and the private sector, including former senior government officials, an attorney-at-law, a marketing expert, two investment advisors and three senior environmental managers. Each member of the Board brings expertise in ecological science, biodiversity conservation, law, investment management, grant writing or fundraising. The Board oversees the prudent management of the Fund's assets, ensures compliance with its purpose, fosters clear accountability and acts to prevent unnecessary risks.



Bahamas Protected Areas Fund's Board of Directors



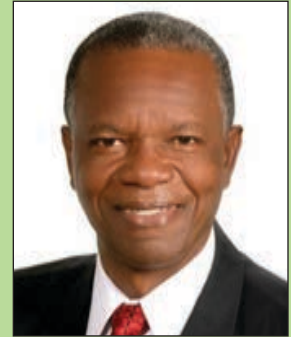
Kelley Bostwick-Toote
Chairperson



Bruno Roberts
Vice Chairperson



Robert Lotmore
Treasurer



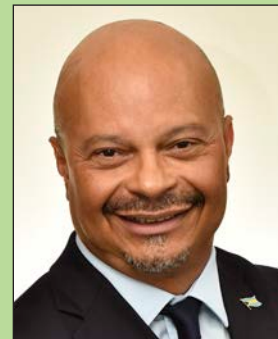
Earl Deveaux
Member



Ashley Henderson
Member



Colin Higgs
Member



**Ellison 'Tommy'
Thompson**
Member



Shenique Smith
Member



Eric Carey
Member

Staff



Karen Panton
Executive Director



Lashelle Moxey
Operations Assistant



Register of Protected Areas in The Bahamas

Currently some 14 million square acres of land and marine areas are protected across The Bahamas. These sites, including important bird areas (IBAs), are listed on the following pages in Table 1.

Name	Island	Acres	Type	Managing Entity
Abaco National Park *	Abaco	22,500	Terrestrial	Bahamas National Trust
Acklins Bight	Acklins & Crooked Island	61,436	Marine	Not Assigned
Adelaide Creek	New Providence	370	Wild Bird Reserve	Ministry of Environment & Housing
Andros North Marine Park	Andros	5,000	Marine & Terrestrial	Bahamas National Trust
Andros South Marine Park	Andros	3,500	Marine	Bahamas National Trust
Betty Cay	Exuma	3	Wild Bird Reserve	Ministry of Environment & Housing
Big Darby Island	Exuma	499	Wild Bird Reserve	Ministry of Environment & Housing
Big Galliot Cay	Exuma	20	Wild Bird Reserve	Ministry of Environment & Housing
Big Green Cay	Andros	519	Wild Bird Reserve	Ministry of Environment & Housing
Black Sound Cay National Park	Abaco	2	Marine and Terrestrial	Bahamas National Trust
Blue Holes National Park*	Andros	40,000	Terrestrial with freshwater	Bahamas National Trust
Bonefish Pond National Park*	New Providence	1,235	Marine & Terrestrial	Bahamas National Trust
Booby Cay	Mayaguana	121	Marine	Not Assigned
Bottle Cay	Eleuthera	10	Wild Bird Reserve	Ministry of Environment & Housing
Cable Beach Golf Course	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Carmichael North	New Providence	1,932	Conservation Forest	Forestry Unit, Min. of Environment
Carmichael South	New Providence	731	Conservation Forest	Forestry Unit, Min. of Environment
Cat Cays	Bimini		Wild Bird Reserve	Ministry of Environment & Housing
Cay Sal	Cay Sal	4,162,319	Marine	Not Assigned
Cedar Cay	Eleuthera	5	Wild Bird Reserve	Ministry of Environment & Housing
Central Abaco	Abaco	1,323	Protected Forests	Forestry Unit, Min. of Environment
Central Andros	Andros	240,488	Conservation Forest	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entity
Channel Cays & Flat Cay	Exuma	45	Wild Bird Reserve	Ministry of Environment & Housing
Cistern Cay (Private)	Exuma		Wild Bird Reserve	Ministry of Environment & Housing
Clifton Heritage Park	New Providence	208	Heritage	Clifton Park Authority
Conception Island National Park	Conception Island	30,000	Marine & Terrestrial	Bahamas National Trust
Coral Harbour West	New Providence	1,781	Forest Reserve	Forestry Unit, Min. of Environment
Corry Sounds	New Providence	697	Conservation Forest	Forestry Unit, Min. of Environment
Crab Cay Marine Reserve	Abaco	1,075	Marine Reserve	Department of Marine Resources
Crab Replenishment Reserve *	Andros	4,000	Marine & Terrestrial	Bahamas National Trust
Cross Harbour	Abaco	15,182	Marine	Not Assigned
Deals Creek	Abaco	6,899	Protected Forests	Forestry Unit, Min. of Environment
Dolly Cay	Andros		Wild Bird Reserve	Ministry of Environment & Housing
East Abaco Creeks - Cherokee	Abaco	5,902	Marine	Not Assigned
East Abaco Creeks - Snake Cays	Abaco	3,281	Marine	Not Assigned
East Abaco Creeks - The Bight	Abaco	4,062	Marine	Not Assigned
East Grand Bahama	Grand Bahama	55,013	Forest Reserve	Forestry Unit, Min. of Environment
East Grand Bahama	Grand Bahama	120,448	Marine	Not Assigned
East Grand Bahama Cays	Grand Bahama	15,272	Conservation Forest	Forestry Unit, Min. of Environment
Eight Mile Bay	Abaco	32,774	Conservation Forest	Forestry Unit, Min. of Environment
Exuma Cays Land & Sea Park	Exuma	174,194	Marine and Terrestrial	Bahamas National Trust
Finley Cay	Eleuthera	12	Wild Bird Reserve	Ministry of Environment & Housing
Fowl Cays National Park	Abaco	3,200	Marine & Terrestrial	Bahamas National Trust
Goat Cay	Cat Island	30	Wild Bird Reserve	Ministry of Environment & Housing



Name	Island	Acres	Type	Managing Entity
Goat Cay	Exuma	30	Wild Bird Reserve	Ministry of Environment & Housing
Goulding Cay	New Providence	5	Wild Bird Reserve	Ministry of Environment & Housing
Graham's Harbour Iguana & Seabird Nat. Park	San Salvador	5,723	Marine & Terrestrial	Bahamas National Trust
Grassy Creek Cays	Andros	425	Wild Bird Reserve	Ministry of Environment & Housing
Green Cay	Andros/ Exuma	2,697	Marine	Not Assigned
Green's Bay National Park	San Salvador	586	Marine	Bahamas National Trust
Guana Cay	Exuma	5	Wild Bird Reserve	Ministry of Environment & Housing
Harrold & Wilson's Ponds National Park *	New Providence	250	Terrestrial with fresh-water	Bahamas National Trust
Harvey Cay	Exuma	5	Wild Bird Reserve	Ministry of Environment & Housing
High Cay	Abaco	20	Wild Bird Reserve	Ministry of Environment & Housing
Hogsty Reef	Inagua/ Acklins	12,322	Marine	Not Assigned
Hope Great House	Crooked Island	4	Terrestrial	Bahamas National Trust
Inagua National Park	Inagua	220,000	Terrestrial, RAMSAR	Bahamas National Trust
Joulter Cays **	Andros	92,734	Marine	Not Assigned
Kemps Bay	Andros	31,551	Forest Reserve	Forestry Unit, Min. of Environment
Lake Cunningham	New Providence	173	Wild Bird Reserve	Ministry of Environment & Housing
Lakeview	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Leaf Cay	Exuma		Wild Bird Reserve	Ministry of Environment & Housing
Leon Levy Native Plant Preserve	Eleuthera	25	Terrestrial, Plant Preserve	Bahamas National Trust
Little Abaco	Abaco	6,671	Conservation Forest	Forestry Unit, Min. of Environment
Little Derby Island	Exuma	336	Wild Bird Reserve	Ministry of Environment & Housing
Little Harbour	Abaco	5,399	Protected Forests	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entity
Little Inagua National Park	Inagua	62,800	Marine & Terrestrial	Bahamas National Trust
Little San Salvador	Cat Island	450	Wild Bird Reserve	Ministry of Environment & Housing
Lucayan National Park	Grand Bahama	1,937	Marine & Terrestrial	Bahamas National Trust
Mamma Rhoda Cay	Berry Islands	3	Wild Bird Reserve	Ministry of Environment & Housing
Mangrove Cay	Andros	14,277	Forest Reserve	Forestry Unit, Min. of Environment
Marine Farm	Crooked Island	4	Terrestrial	Bahamas National Trust
Marls of Abaco	Abaco	214,097	Marine	Not Assigned
Mars Bay	Andros	5,077	Conservation Forest	Forestry Unit, Min. of Environment
Marsh Harbour	Abaco	6,277	Forest Reserve	Forestry Unit, Min. of Environment
Marshall	New Providence	112	Conservation Forest	Forestry Unit, Min. of Environment
Millars Sounds	New Providence	360	Conservation Forest	Forestry Unit, Min. of Environment
Moriah Harbour Cay National Park	Exuma	22,833	Marine and Terrestrial	Bahamas National Trust
No Name Cay Marine Reserve	Abaco	1,213	Marine Reserve	Department of Marine Resources
Normans Castle	Abaco	12,011	Forest Reserve	Forestry Unit, Min. of Environment
Northshore/Gap-Marine	Grand Bahama	233,919	Marine	Not Assigned
Paradise Island	New Providence	699	Wild Bird Reserve	Ministry of Environment & Housing
Pelican Cays Land And Sea Park	Abaco	2,100	Marine & Terrestrial	Bahamas National Trust
Perpall Tract *	New Providence	192	Marine	Not Assigned
Peterson Cay National Park	Grand Bahama	1,090	Marine & Terrestrial	Bahamas National Trust
Pigeon Cay	Andros		Wild Bird Reserve	Ministry of Environment & Housing
Pigeon Cay (Private)	Exuma		Wild Bird Reserve	Ministry of Environment & Housing



Name	Island	Acres	Type	Managing Entity
Pigeon Creek & Snow Bay National Park	San Salvador	5,060	Marine	Bahamas National Trust
Primeval Forest National Park	New Providence	8	Terrestrial	Bahamas National Trust
Prospect Ridge	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Prospect Water Works	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Rand Nature Centre *	Grand Bahama	100	Terrestrial	Bahamas National Trust
Red Bays	Andros	15,063	Forest Reserve	Forestry Unit, Min. of Environment
Red Sound	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Rock off Hog Cay	Exuma	3	Wild Bird Reserve	Ministry of Environment & Housing
San Andros	Andros	57,834	Forest Reserve	Forestry Unit, Min. of Environment
Sandy Point	Abaco	48,947	Conservation Forest	Forestry Unit, Min. of Environment
Sea Breeze	New Providence	233	Conservation Forest	Forestry Unit, Min. of Environment
Sister Rocks	Andros		Wild Bird Reserve	Ministry of Environment & Housing
Skyline Heights	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
South Abaco Blue Holes National Park	Abaco	31,833	Marine	Not Assigned
South Berry Islands Marine Reserve	Berry Islands	63,005	Marine Reserve	Department of Marine Resources
South Bight	Andros	4,670	Forest Reserve	Forestry Unit, Min. of Environment
South West Marine Managed Area	New Providence	18,222	Marine	Not Assigned
Southeastern Bahamas Marine Managed Area	Crooked Island Acklins Mayaguana	6,053,010	Marine	Not Assigned
Southern Great Lake National Park	San Salvador	4,068	Terrestrial with freshwater	Bahamas National Trust
Stafford Creek	Andros	57,909	Protected Forests	Forestry Unit, Min. of Environment

Name	Island	Acres	Type	Managing Entity
Sweet Bread	Abaco	7,006	Protected Forests	Forestry Unit, Min. of Environment
The Caves	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
The Exuma (Jewfish Cay) Marine Reserve	Exuma	37,165	Marine Reserve	Department of Marine Resources
The Retreat	New Providence	11	Terrestrial	Bahamas National Trust
Tilloo Cay Reserve	Abaco	11	Terrestrial	Bahamas National Trust
Twin Lakes	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Union Creek Reserve	Inagua	6,150	Marine	Bahamas National Trust
Walker's Cay National Park	Abaco	5,800	Marine	Bahamas National Trust
Washerwoman Cut Cays	Andros	195	Wild Bird Reserve	Ministry of Environment & Housing
Water Cay	Eleuthera	7	Wild Bird Reserve	Ministry of Environment w & Housing
Waterloo	New Providence	494	Wild Bird Reserve	Ministry of Environment & Housing
West Coast Marine Park	San Salvador	10,313	Marine	Bahamas National Trust
West Side National Park *	Andros	1,500,000	Marine & Terrestrial	Bahamas National Trust
Westward Villas	New Providence		Wild Bird Reserve	Ministry of Environment & Housing
Wood Cay	Eleuthera	15	Wild Bird Reserve	Ministry of Environment & Housing
Total Sq. Acres		13,901,630		

* Also considered Conservation Forest

** Also considered Wild Bird Sanctuary





2021-2022 OUR PROGRESS

- Continued partnership with the Caribbean Biodiversity Fund (CBF) as a sustainable finance mechanism.
- Implementation of the Link Up – Protect the Mangroves Campaign as a sustainable finance mechanism and to increase visibility of the Fund.
- Launch of the BPAF Customs Click2Clear Platform Initiative as a sustainable finance mechanism and to increase visibility of the Fund.
- Establishing partnerships with the Caribbean Consortium of Conservation Trust Funds and the Thomas Reuters Partnership.
- Issuance of additional grants to Bahamian organizations under the BPAF Grants Framework.

2019-2022 Strategic Priorities

The Fund has identified five strategic priorities for the period 2019-2022:

- 1. Increasing sustainable finance for protected areas.**
- 2. Increasing awareness of the Fund.**
- 3. Developing partnerships with key local, regional and international stakeholders.**
- 4. Implementing the Grants Programme.**
- 5. Ensuring the effective operations of the Fund.**

These priorities have been taken from the Strategic Plan 2019-2022, the BPAF's Grants Funding Priorities and the BPAF Amendment Act.

1. Increasing sustainable financing for protected areas

The Fund has been able to implement several key sustainable finance mechanisms while also aggressively building other channels for successful income streams. These channels have been specifically geared toward increasing income to the Fund.

Signing of CBF Partnership Agreement

The Bahamas Protected Areas Fund (BPAF) and the Caribbean Biodiversity Fund (CBF) signed a Partnership Agreement on November 19, 2020. The agreement signifies a long-term source of support for BPAF to facilitate grant-making in conservation on the ground and in the waters of The Bahamas.

The CBF has proven to be a committed and essential partner. This partnership will enable the Fund to form more strategic alliances and make more immediate interventions in the fight to sustain the people of The Bahamas and preserve the country.

Link up for the Mangroves Campaign

Mangroves are one of The Bahamas' key ecosystems, serving as the first line of defence against the life-threatening and destructive storm surge of extreme storm events. In an effort to protect these amazing natural systems, BPAF launched the Link Up - Protect the Mangroves Campaign in July 2020. The campaign continued in 2021 to promote income to the Fund from local and international sources. The fundraising goal for the campaign is \$250,000. A local marketing agency was chosen to assist with implementation of the campaign.

In recent years, large storms have battered mangroves, with as much as 75% of the mangroves on Grand Bahama destroyed or severely damaged by Hurricane Dorian, and more than 45% on Abaco. Just 330 square feet of mangroves can reduce an incoming wave height by 66%. BPAF is striving to protect at least 10 acres of mangroves across The Bahamas, helping save lives, and protect personal property, public infrastructure and business investments on Bahamian coasts.

Mangroves are the number one carbon sequestration tree in the world, with mangrove forests holding four times more carbon than tropical rainforests. As The Bahamas explores the potential for carbon credits, mangroves are an important ecosystem with the potential to add millions



annually to financial flows for urgent environmental management and sustainable development. Restoring mangroves also supports the fisheries sector – acting as nurseries for more than 100 culturally and commercially fish species including groupers, snapper, crabs and crawfish.

LINK UP PROTECT THE MANGROVES

Benefits

- Just 330 square feet of mangroves can reduce incoming wave height by up to 66%.
- Provide essential nursery habitat for 100+ species of fish and marine invertebrates, and support our \$204M fishing industry (1.5% GDP).
- #1 carbon sequestration tree in the world. Mangrove forests hold 4X more carbon than tropical rain forests.
- Defend 100% of our population against mega storms like Hurricane Dorian and rising sea levels.
- Support our \$62B Bahamian tourism industry, representing 81% of employment in 2019.
- Safeguard our lives & property.

Threats

- Coastal Development
- Pollution
- Climate Change

45-75% of mangroves in Grand Bahama and Abaco were destroyed or damaged by Hurricane Dorian. Bahamian mangroves continue to be under threat, with 80-90% of existing mangroves impacted by coastal development.

BAHAMAS PROTECTED AREAS FUND

LINK UP at BahamasProtected.com

Access and Benefit Sharing Income from the DEPP

Arrangements were made with the Department of Environmental Planning and Protection (DEPP) for BPAF to serve as an agency to receive funds for research permit fees on behalf of DEPP under the Biological Resources Act. These fees will be directed to BPAF with an understanding that the funds will be used for on-granting. This new finance mechanism for BPAF is used as match commitment under the CBF Partnership Agreement.

BPAF Customs Click2Clear Platform Initiative

BPAF signed a Memorandum of Understanding (MOU) with the Bahamas Customs Department (BCD) to undertake a joint initiative across the Click2Clear Payment Platform to collect donations for the Fund. This is an innovative electronic payments platform that is used to improve the processing and settlement of import duties and fees. BCD has chosen to align itself with BPAF to support the Fund's mandate to finance the management of The Bahamas' natural resources and environment.

2. Increasing awareness of the Fund

The *Link up for The Mangroves* Campaign and the Customs Click2Clear Platform Initiative have increased awareness of the Fund in addition to increasing income. Both have had a marketing aspect that highlights the important work of BPAF.

3. Developing partnerships with key local, regional, and international stakeholders

Partnerships developed during this period include those with the Caribbean Consortium of Conservation Trust Funds and the Thomas Reuters Partnership. BPAF has continued its partnerships

with the Caribbean Biodiversity Fund (CBF), the Department of Environmental Planning and Protection and the Bahamas Customs Department.

In September 2021, the CBF held its 10th Anniversary Meeting in Grand Bahama. Grantees from the Hurricane Dorian Recovery Grant were able to participate in some of the meeting’s activities, including Waterkeepers Bahamas, University of The Bahamas and the Bahamas National Trust. During the meeting, BPAF’s Chair, Mr. Glenn Bannister, was elected Treasurer of the CBF.

BPAF participated in the UN Oceans Conference in Lisbon, Portugal. The BPAF Executive Director served as a panelist at a side event entitled “Gender Equity in Coral Reef Conservation”. The conference provided the opportunity to engage with potential new partners for BPAF, including African Union Commission, Coral Sea Foundation, Kamiti Fish and Integrated Farm, Women in Ocean Science, Sea Women of Melanesia, Caribbean Climate Smart Accelerator and Virgin Unite. The conference also saw an announcement by the Bahamas Government that it intended to launch its carbon trading exchange before the end of 2022.

4. Implementing the Grants Programme

BPAF began implementation of its Grants Programme in 2020 and engaged a number of persons from varying sectors of the environmental sphere to form the Grants Review Committee. This Committee reviews all the grant applications received for the Fund. BPAF grant funding priorities are outlined in Table 2. Alternatively, you can use the graphic on page 24 of the 2020 Annual Report.

Table 2: BPAF grant funding priorities 2019-2022

Category		Activities for Funding Priority
1. Supporting achievement of the Bahamas 20% conservation goal	1	Research in conservation priority areas
	2	Expansion of existing protected areas to include conservation priority areas
	3	Public awareness campaign about benefits of protected areas and BNPAS
	4	Creation of an enabling environment - building political will, community outreach, data management, and legislative reform.
2. Addressing key threats to ecosystem health	5	Development of a comprehensive research programme for the BNPAS with identification of potential monitoring indicators for protected areas in The Bahamas.
	6	Development of a threat assessment tool to improve threat detection, abatement and management.
	7	Implement 2013 National Invasive Species Strategy in protected areas.
	8	Improving climate resilience of protected areas.



3. Improving management effectiveness	9	Development and implementation of management plans.
	10	Mapping of protected areas, inclusive of boundaries and biodiversity inventories.
	11	Development of research or monitoring programme.
	12	Improvement in infrastructure – including a data management platform.
	13	Development of staff needs assessment plan.
	14	Skills training for protected area managers.
	15	Development of sustainable finance plans or business plans for protected areas.
	16	Implementation of sustainable revenue options (e.g. user fee systems).
4. Promotion of partnerships for effective management of PAs	17	Development and implementation of partnership agreements which support effective enforcement, promote compliance, and foster more inclusive governance of protected areas.

Hurricane Dorian Recovery Grant

In July 2020, the BPAF and CBF signed an historic Hurricane Dorian Recovery Grant. The USD1.26 million grant, administered by the CBF, is principally funded by the German Federal Ministry for Economic Cooperation and Development (BMZ) through the German Development Bank (KfW).

The purpose of this Recovery Grant is to provide sub-grants to local protected area managers, nongovernmental organizations (NGOs), Government agencies and departments, and other relevant and qualified organizations, to support ecosystem impact assessments, recovery efforts (including repair of protected areas infrastructure), provision of water purification systems and renewable energy initiatives in impacted areas.

Implementation of the Hurricane Dorian Recovery Grant has aided in The Bahamas' reaching some of the Aichi Biodiversity Targets as outlined in Table 3.

Table 3: Achievement of the Aichi Biodiversity Targets in The Bahamas

Aichi Strategic Goal	Aichi Biodiversity Target	Hurricane Dorian Recovery Grant projects
Address the underlying causes of biodiversity loss by mainstreaming biodiversity across government and society.	1	Stakeholders were educated about the value of Bahamian ecosystems including mangrove habitats, native plants species and freshwater resources.

Reduce the direct pressures on biodiversity and promote sustainable use.	5, 6, 7, 8 and 10	Degradation and fragmentation of mangrove habitats were addressed through various mangrove restoration projects. A Dolphin Recovery Plan was developed and shared with policymakers. Invasive Alien Species (IAS) were removed and a Strategy to address long-term IAS removal was developed.
To improve the status of biodiversity by safeguarding ecosystems, species and genetic diversity.	11	Improved Protected Area Management was facilitated by the development of management plans, monitoring protocols, IAS removal programmes, and rebuilding infrastructure destroyed by Hurricane Dorian.
Enhance the benefits to all from biodiversity and ecosystem services.	14 and 15	Managed aquifer recharge (MAR) was evaluated and hydrogeologic and vegetation assessments were conducted in the Grand Bahama Pine Forest, which is known historically to provide 95% of the drinking water to the island.
Enhance implementation through participatory planning, knowledge management and capacity building.	19	The Bahamas' first-of-its-kind assessment on the health and function of mangrove ecosystems, a Mangrove Report Card, was produced and shared widely. A series of social media posts, television and radio interviews, blog posts, and journal articles were generated by the grantees throughout the grant period.

The first call for proposals for Hurricane Dorian Recovery Grant brought in a total of twelve applicants, all from established organizations that have experience in their fields as well as in managing large grants. Five applicants were subsequently invited to submit their full concept proposals, of which three were successful in receiving grants – the Bahamas National Trust, Bahamas Undersea Research Foundation and University of The Bahamas.

Bahamas National Trust

Rebounding from Hurricane Dorian, the Abaco National Parks Road to Recovery - \$99,997.80

The Abacos are a 120-mile-long island chain considered to be the second largest in The Bahamas. The island chain can be divided into north, central and south Abaco, with numerous offshore cays and islands. The Bahamas National Trust manages six national parks throughout the Abacos, covering more than 30,000 acres of terrestrial and marine biodiversity, stretching from Walker's Cay in the north, to Sandy Point in south Abaco. Protected areas continue to be the most effective tool for protecting global biodiversity. However, In September of 2019, the northern Bahamas particularly the islands of Abaco and Grand Bahama, were severely impacted by the powerful Category 5 Hurricane Dorian. The national parks sustained unimaginable damage. Both terrestrial and marine environments and other natural assets of the parks were severely damaged including key infrastructure and major equipment, resulting in the displacement of BNT's operations base for the six parks. The main objective of this project is to support activities aimed at restoring ecosys-



tem health and building resilience through effective monitoring and management of the national park system in The Abacos. It will also encourage the recovery of ecosystem health in the national parks through the removal of invasive species (particularly Casuarina trees) and debris.

Bahamas Undersea Research Foundation

Post-Dorian Damage Assessments and Strategic: Restoration of Mangrove shorelines of the Little Bahama Bank - \$100,000.00

Mangrove systems are among the most productive marine ecosystems in The Bahamas and serve as critical nursery habitat for many fish and invertebrates that inhabit coral reefs as adults, particularly commercially important snapper, grouper and crawfish which live in mangroves and mangrove fringed creek systems. Furthermore, they serve as a coastal buffer, protecting shorelines from wave energy and protecting coral reefs from sedimentation and other terrestrial inputs. While mangroves are adapted to survive inundation with seawater, large storms like Hurricane Dorian, can kill large areas of mangrove that may not be repopulated for decades, jeopardizing their ecosystem function and the ecosystem services they provide to coastal communities. This project involved a detailed assessment of Hurricane Dorian's impact to mangrove communities, including damage to the mangroves themselves and the marine life that depends on mangroves, and disruption in ecosystem function. The project also involves the development and implementation of restoration activities aimed at facilitating ecosystem recovery in key areas. Other project activities include capacity building for mangrove restoration within local communities as well as the actual restoration of mangrove ecosystems.



BPAF's Board Chair K. Bostwick, signs grant with Bahamas Undersea Research Foundation represented by Senior Scientist – Dr. Krista Sherman.

University of The Bahamas and Forestry Unit

Establishment of a Seedling Nursery and Replanting for Forest Recovery and Restoration on Grand Bahama - \$99,987.28

University of The Bahamas (UB) and the Forestry Unit of the Ministry of the Environment and Natural Resources will establish a seedling nursery and replant forest species to address damages to forest reserves due to Hurricane Dorian. The post-Dorian rapid forest impact assessment (RFIA) completed by the Forestry Unit determined that there was a large amount of standing dead

trees, widespread loss of canopy and understory broadleaves, pine stem and branch breakage, and defoliation of mangrove stands. The loss of understory vegetation has led to widespread limestone exposure, which could lead to greater run-off and erosion of the limestone during wet and rainy periods, furthering denaturation of the landscape. The RFIA estimated that 22.5% and 100% of the forest resources on Abaco (148,797 acres) and Grand Bahama (70,289 acres), respectively, suffered severe to catastrophic damage due to hurricane-force winds, saltwater intrusion, tornadoes, and fires. The project will implement a forest recovery and restoration programme, particularly in Grand Bahama due to the level of damage.

The second call for proposals for the Hurricane Dorian Recovery Grant resulted in a total of nineteen applications. Thirteen applicants were invited to submit their full concept proposals and all were approved. Among the thirteen approved proposals are the following:

1. Friends of the Environment - Improving Sustainability and Building Resilience at an Abaco High School through the Installation of a Solar Photovoltaic System
2. Bahamas Marine Mammal Research Organization (BMMRO) – Saving Abaco’s Dolphins after Hurricane Dorian
3. Forestry Unit (Ministry of Environment and Natural Resources) – Strengthening of Forests Through Ground Water Restoration
4. University of The Bahamas North – Solarizing the UB-North Marine and Environment Science Field Station
5. Disaster Reconstruction Authority (DRA) – Hurricane Dorian Small and Medium Marine Debris Removal – Man-O-War Cay, Abaco
6. Bahamas National Trust (BNT) – Restoring and Building Climate Resilience at the Rand Nature Centre (RNC)
7. Waterkeepers Bahamas (WB) – Mangroves Harvesting and Replanting Project Dover’s Sound, Grand Bahama



BPAF and the University of The Bahamas (Dr. Carlton Watson) sign Hurricane Dorian Grant Agreement!

Stony Coral Tissue Loss Disease (SCTLD)

BPAF awarded The Bahamas Undersea Research Foundation (BURF) a \$50,000 grant to complete the research for treatment and abatement of the Stony Coral Tissue Loss Disease (SCTLD).

Stony Coral Tissue Loss Disease (SCTLD) was first identified in Grand Bahama and has now been found in the west of New Providence. Initial research completed by BURF has confirmed that it has also moved into Harbour Island and possibly as far as Inagua. It is an extremely destructive disease whose cause is unknown and has been attacking coral reefs at an estimated 50 metres per day. Discussions were held with the Department of Marine Resources (DMR) and DEPP to identify methods to treat and eradicate SCLTD-affected corals and to educate mariners on better practices to avoid further spread. The disease can adversely affect both the tourism and fisheries sectors if not abated.

BNT Discovery Club

BPAF continued its support for the Bahamas National Trust's youth programme – Discovery Club. The Fund became a Silver sponsor (\$3,000) for the 2021 BNT Teacher's Environmental Conference. BPAF was featured at the conference along with the Link Up: Protect the Mangroves Campaign video. The conference provided opportunities to connect with the public and increase visibility for the Fund.

Berry Islands Anchorage Damage support

The Fund lent its support to BNT to make assessments for damage to the seafloor by massive anchors from cruise ships anchored in the Berry Islands.

Mangrove Restoration Training Course

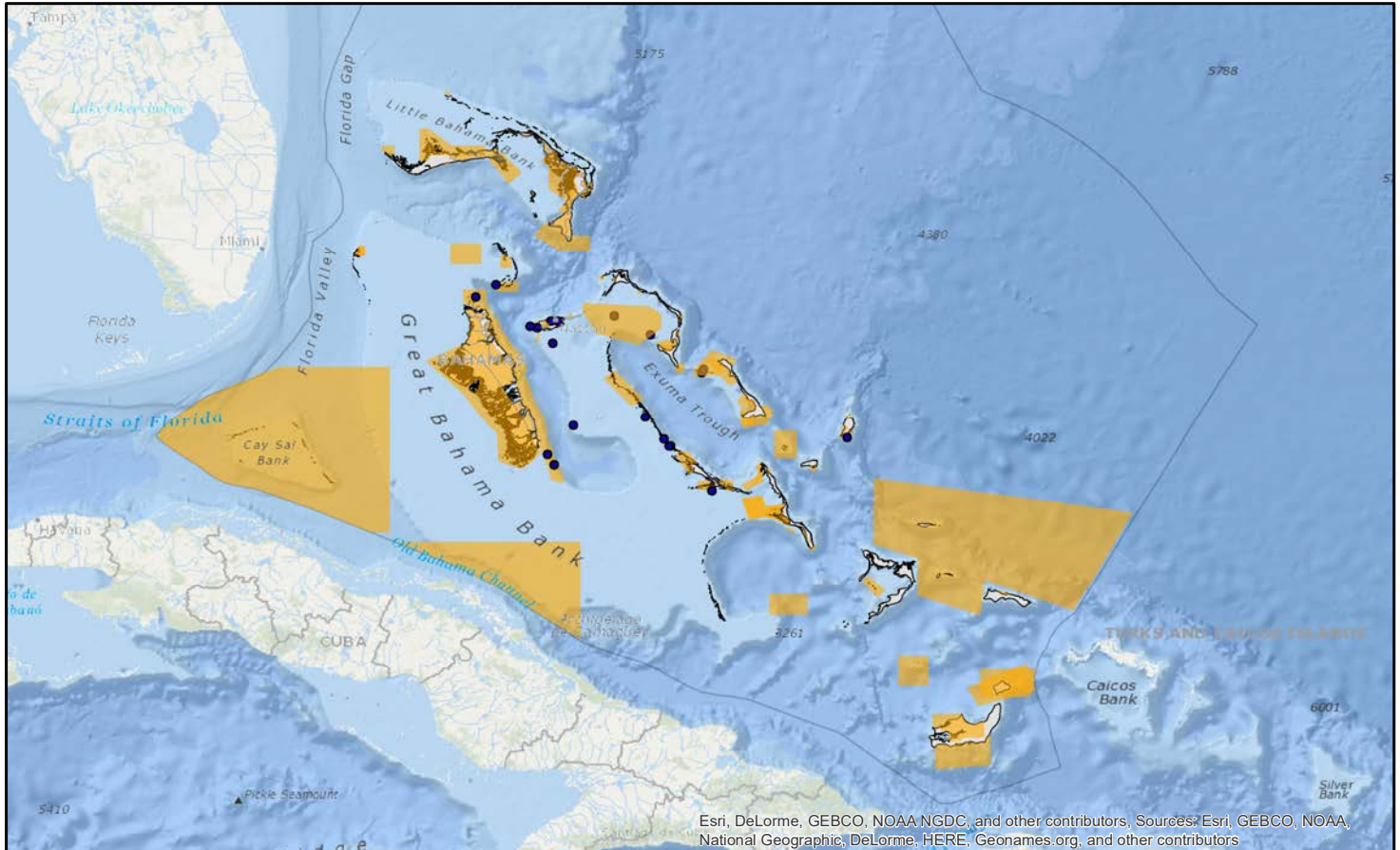
In April 2022, BPAF funded a mangrove restoration training course facilitated by Mangroves Action Project. The training course was conducted in Grand Bahama to build capacity within local communities to support the mangrove restoration project being implemented by Waterkeepers Bahamas.

5. Ensuring the effective operations of the Fund

BPAF continues to ensure that the Fund operates efficiently and successfully by completing the following activities in the 2021-2022 period:

- Addition of two new Board members
- Opening of a new bank account as per CBF requirements

Commonwealth of The Bahamas Proposed and Existing Protected Areas



Funding provided by:



- Protected Areas
- Wild Bird Reserves
- Islands
- Exclusive Economic Zone

0 62.5 125 250 375 500 Kilometers

0 40 80 160 240 320 Miles





The Bahamas Protected Areas Fund
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 2022

The Deanery
#28 Cumberland Street
P.O. Box N-1991
Nassau, The Bahamas

T: +1 (242) 356-4114
F: +1 (242) 356-4125

info@bakertilly.bs
www.bakertilly.bs

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, 2022, 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, 2022, 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

August 15, 2023
Nassau, Bahamas

THE BAHAMAS PROTECTED AREAS FUND

Statement of Financial Position


June 30, 2022

(Expressed in Bahamian dollars)

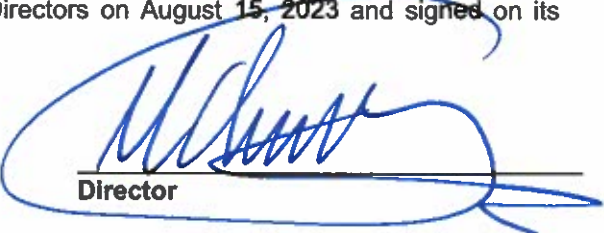
	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents (Note 4)	\$ 131,260	\$ 303,410
Cash at broker - restricted (Note 5)	15,540	118,356
Term deposit	5,000	5,000
Financial assets at fair value through profit or loss (Note 6)	2,767,905	2,670,361
Interest receivable	25,139	27,148
Grants receivable (Note 7)	154,248	-
Prepayments	2,953	2,752
Total current assets	3,102,045	3,127,027
Non-current assets		
Fixed assets	6,721	8,888
Total assets	3,108,766	3,135,915
LIABILITIES		
Bank overdraft (Note 4)	55,660	-
Accounts payable and accrued expenses	6,913	10,593
Deferred grants (Note 7)	78,819	297,946
Total liabilities	141,392	308,539
NET ASSETS	\$2,967,374	\$2,827,376
FUND BALANCES (Note 8)	\$2,967,374	\$2,827,376

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

These financial statements were approved by the Board of Directors on August 15, 2023 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, 2022

	2022	2021
INCOME		
Grants (Note 7)	\$ 823,375	\$250,135
Donations	243,288	94,302
Interest income	70,164	78,368
Dividends	18,106	16,160
Realized gain on sale of financial assets at FVTPL	2,988	3,287
Net change in unrealized gain on financial assets at FVTPL	-	70,147
Total income	1,157,921	512,399
EXPENSES		
Grants disbursed	840,378	150,340
General and administrative (Note 9)	138,765	147,011
Net change in unrealized loss on financial assets at FVTPL	38,780	-
Total expenses	1,017,923	297,351
Net income and total comprehensive income	\$ 139,998	\$215,048
Total comprehensive income is represented by:		
Total comprehensive income of the General Fund	\$ 51,728	\$ 50,373
Total comprehensive income of the Endowment Fund	88,270	164,675
	\$ 139,998	\$215,048

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, 2022

	Endowment Fund	General Fund	Total
FUND BALANCES AS AT JUNE 30, 2020	\$2,656,537	\$(44,209)	\$2,612,328
Total comprehensive income	164,675	50,373	215,048
FUND BALANCES AS AT JUNE 30, 2021	2,821,212	6,164	2,827,376
Total comprehensive income	88,270	51,728	139,998
FUND BALANCES AS AT JUNE 30, 2022	\$2,909,482	\$ 57,892	\$2,967,374

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, 2022

	2022	2021
Cash flows from operating activities:		
Net income	\$ 139,998	\$ 215,048
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Interest income	(70,164)	(78,368)
Donation	-	(3,774)
Depreciation	2,167	2,334
Realized loss/(gain) on sale of financial assets at FVTPL	4,406	(3,287)
Net change in unrealized loss/(gain) on financial assets at FVTPL	38,780	(70,147)
Cash provided by operations before changes in operating assets and liabilities	115,187	61,806
Decrease/(increase) in operating assets:		
Interest receivable	2,009	1,077
Grants receivable	(154,248)	-
Prepayments	(201)	2,556
(Decrease)/increase in operating liabilities:		
Accounts payable and accrued expenses	(3,680)	(13,955)
Deferred grants	(219,127)	9,527
Net cash (used in)/provided by operating activities	(260,060)	61,011
Cash flows from investing activities:		
Interest received	70,164	78,368
Decrease/(increase) in cash at broker - restricted	102,816	(110,903)
Purchase of fixed assets	-	(3,102)
Payments on purchase of financial assets at FVTPL	(192,230)	(144,031)
Proceeds from sale of financial assets at FVTPL	51,500	167,746
Net cash provided by/(used in) investing activities	32,250	(11,922)
Net (decrease)/increase in cash and cash equivalents	(227,810)	49,089
Cash and cash equivalents, beginning of the year	303,410	254,321
CASH AND CASH EQUIVALENTS, END OF THE YEAR	\$ 75,600	\$ 303,410
Represented by (Note 4):		
Cash on hand	\$ 733	\$ 498
Cash at bank	130,527	302,912
Bank overdraft	(55,660)	-
	\$ 75,600	\$ 303,410

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



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

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 August 15, 2023.

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 3 (amendments)	-	Business Combinations - amendments to update a reference to the Conceptual Framework - effective from January 1, 2022
IFRS 9 (amendment)	-	Financial Instruments - amendment to clarify which fees an entity includes when it applies the 10% test in assessing whether to derecognize a financial liability - effective from January 1, 2022
IFRS 16 (amendment)	-	Leases - amendment to Illustrative Example 13 accompanying IFRS 16 that clarifies the treatment of lease incentives - effective from January 1, 2022
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



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

2. ADOPTION OF NEW STANDARDS AND AMENDED INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

- IAS 16 (amendments) - Property, Plant and Equipment - amendments accounting for proceeds from sale of items produced while bringing an asset into the location and condition necessary for it to be capable of operating in the manner intended by management - effective from January 1, 2022
- IAS 37 (amendments) - Provisions, Contingent Liabilities and Contingent Assets - amendments to specify costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous - effective from January 1, 2022

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.

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



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

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.

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 BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d. Financial assets and liabilities (continued)

Fair value hierarchy (continued)

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.

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.



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Related parties

Related parties represent entities or individuals that can exercise significant influence or control over the operations and policies of the Fund. All related party transactions are shown in these financial statements as such.

g. 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.

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

No corporate or capital gains taxes are 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.



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

4. CASH AND CASH EQUIVALENTS

As at June 30, 2022, cash and cash equivalents are as follows:

	2022	2021
General Fund:		
Cash on hand	\$ 733	\$ 498
Cash at bank		
RBC Royal Bank (Bahamas) Limited - main account	94,415	240,906
RBC Royal Bank (Bahamas) Limited - general	36,112	47,363
RBC Royal Bank (Bahamas) Limited - operating	-	14,643
	130,527	302,912
Cash and cash equivalents in the statement of financial position	131,260	303,410
Bank overdraft		
RBC Royal Bank (Bahamas) Limited - operating	(55,660)	-
Cash and cash equivalents in the statement of cash flows	\$75,600	\$303,410

5. CASH AT BROKER - RESTRICTED

	2022	2021
Endowment Fund:		
Cash at broker		
CFAL - USD account	\$15,540	\$117,437
CFAL - FCIB	-	919
	\$15,540	\$118,356

As at June 30, 2022, 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, 2022, financial assets at fair value through profit or loss are as follows:

	2022			2021		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
Equity Securities - (B\$)						
J.S Johnson & Company Limited	4,595	\$ 65,338	\$ 71,223	4,595	\$ 65,338	\$ 71,222
FOCOL Holdings Limited	16,795	75,983	66,844	16,795	75,983	62,142
Commonwealth Bank Limited	15,818	74,726	56,945	15,818	74,726	43,341
CIBC FirstCaribbean Bank (Bahamas) Ltd.	3,400	34,680	54,400	3,400	34,680	34,680
Fidelity Bank (Bahamas) Limited	2,394	25,151	41,320	2,394	25,151	33,492
		275,878	290,732		275,878	244,877
Balance carried forward		\$275,878	\$290,732		\$275,878	\$244,877

(continued)



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

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

	2022			2021		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
Balance brought forward		\$275,878	\$290,732		\$275,878	\$244,877
Equity Securities - (US\$)						
CVS Health Corp.	487	40,278	45,125	-	-	-
Paypal Holding Inc.	145	40,200	10,127	-	-	-
		80,478	55,252		-	-
		356,356	345,984		-	-
Exchange-traded Funds - (US\$)						
First Trust NASDAQ-100 Equal-Weighted Index Fund	1,285	100,276	112,219	1,285	100,276	144,177
ishares iBoxx Investment Grade Corporate Bond ETF	758	100,013	83,403	758	100,013	101,845
ishares MSCI USA ESG select ETF	716	50,118	57,774	716	50,118	68,407
Schwab US Dividend Equity ETF	858	50,060	61,549	858	50,060	64,882
SPDR Portfolio Intermediate Term Corporate Bond ETF	1,394	50,093	45,486	1,394	50,093	51,160
ishares ESG USD Corporate Bond ETF	1,836	50,163	42,503	1,836	50,163	50,894
SPDR Gold Shares SPDR	223	37,024	37,567	64	9,971	10,600
		437,747	440,501		410,694	491,965
Mutual Funds						
CFAL Bond Fund, Ltd.	151,107	346,305	384,271	137,404	308,066	335,703
Preference Shares						
FOCOL Pref. A 1.75%	30,000	30,126	30,000	30,000	30,000	30,000
Colina Holdings Cumulative Redeemable Pref. 1.50%	20,000	20,113	20,000	20,000	20,000	20,000
		50,239	50,000		50,000	50,000
Debt Securities						
Bahamas Government Registered Stocks:						
4.830% due 23/02/2028	250,000	250,672	255,317	250,000	250,672	255,317
Prime + 0.2500% due 04/05/2024	250,000	250,000	251,675	250,000	250,000	251,675
Prime + 0.0833% due 26/04/2028	150,700	151,308	151,559	150,700	151,308	151,559
4.660% due 13/07/2028	150,000	150,000	149,640	150,000	150,000	149,640
5.060% due 13/07/2038	150,000	150,000	137,535	150,000	150,000	137,535
5.000% due 15/10/2038	150,000	150,000	136,455	150,000	150,000	136,455
4.250% due 15/07/2024	120,000	120,484	122,064	120,000	120,484	122,064
Prime + 0.0625% due 26/07/2033	100,000	100,403	100,300	100,000	100,403	100,300
6.050% due 15/06/2050	100,000	100,000	95,350	100,000	100,000	95,350
5.000% due 15/01/2039	69,100	69,100	66,484	69,100	69,100	67,151
5.600% due 15/07/2049	64,000	64,000	57,670	64,000	64,000	57,670
5.350% due 17/01/2040	21,900	21,900	20,446	21,900	21,900	20,446
4.250% due 15/10/2022	2,600	2,654	2,654	2,600	2,654	2,654
		1,580,521	1,547,149		1,580,521	1,547,816
		\$2,771,077	\$2,767,905		\$2,625,159	\$2,670,361



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

7. GRANTS RECEIVABLE/DEFERRED GRANTS

Grants receivable/deferred grants as at June 30, 2022 are as follows:

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

Projects	Note	July 1, 2020	Grants	Disbursements	June 30, 2021
Deferred grants:					
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)	\$150,000	\$200,000	\$(150,000)	\$200,000
The Caribbean Biodiversity Fund (under the Partnership Agreement)	(c)	-	59,662	-	59,662
Waitt Foundation Fund	(b)	138,419	-	(100,135)	38,284
		\$288,419	\$259,662	\$(250,135)	\$297,946

- 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) 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.
- 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 grant is available for approved expenditures, including operational and project implementation activities. The Fund is responsible for certain deliverables as outlined in the agreement.



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

7. GRANTS RECEIVABLE/DEFERRED GRANTS (continued)

- 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 \$823,375 (2021: \$250,135).

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.

9. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year were as follows:

	2022	2021
Payroll	\$ 28,993	\$ 62,182
Travel and accommodation	25,595	-
Professional fees	20,842	9,750
Maintenance	12,352	14,443
Other	9,475	985
Marketing and public relations	6,468	-
Office supplies	6,013	1,367
Investment management fees	5,567	5,890
Utilities	4,895	4,930
Fundraising	4,454	23,723
VAT	3,515	6,295
Charitable contributions	3,250	4,000
Bank charges	3,164	2,530
Depreciation	2,167	2,334
Insurance	1,601	2,051
Website hosting and update	414	2,235
Government meetings	-	4,296
	\$138,765	\$147,011

THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

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:

	2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
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

	2021			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Equity securities	\$ 244,877	\$ -	\$ -	\$ 244,877
Exchange-traded funds	491,965	-	-	491,965
Debt securities	-	1,547,816	-	1,547,816
Mutual funds	335,703	-	-	335,703
Preference shares	-	50,000	-	50,000
	\$1,072,545	\$1,597,816	\$ -	\$2,670,361

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.



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

11. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(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 of 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.

	2022		2021	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Cash at broker - restricted	0.5%	\$ 78	0.5%	\$ 592
Term deposit	0.5%	\$ 25	0.5%	\$ 25
Debt securities	0.5%	\$2,518	0.5%	\$2,518

(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.



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

11. FINANCIAL RISK MANAGEMENT (continued)

(a) Market risk (continued)

(iii) Other price risk (continued)

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:

2022			
	1%	5%	10%
<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
2021			
	1%	5%	10%
<u>Financial assets at FVTPL</u>			
Exchange-traded funds	\$4,920	\$24,598	\$49,196
Equity securities	\$2,449	\$12,244	\$24,488
Mutual funds	\$3,357	\$16,785	\$33,570

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

(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, 2022, the maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:



THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2022

11. FINANCIAL RISK MANAGEMENT (continued)

(b) Credit risk (continued)

	2022	2021
<u>Financial assets at FVTPL</u>		
Debt securities	\$1,547,149	\$1,547,816
Preference shares	50,000	50,000
<u>Financial assets at amortized cost</u>		
Cash at bank	130,527	302,912
Cash at broker - restricted	15,540	118,356
Term deposit	5,000	5,000
Grants receivable	154,248	-
Interest receivable	25,139	27,148
	<u>\$1,927,603</u>	<u>\$2,051,232</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, 2022 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.

2022	Less than 3 months	Total
<u>Financial liabilities</u>		
Bank overdraft	\$55,660	\$55,660
Accounts payable and accrued expenses	6,913	6,913
	<u>\$62,573</u>	<u>\$62,573</u>
<hr/>		
2021	Less than 3 months	Total
<u>Financial liabilities</u>		
Accounts payable and accrued expenses	\$10,593	\$10,593

12. CAPITAL MANAGEMENT

The Fund manages its capital to ensure that it will be able to continue as a going concern. 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.

See Independent Auditor's Report on pages 27 to 29



OUR PARTNERS

Thank you to all our partners, donors and stakeholders who have supported us during the 2021-2022 period.

We especially thank the Minister of Environment - the Honourable Vaughn Miller and his team at the Ministry of the Environment and Natural Resources, Department of Environmental Planning and Protection, The Nature Conservancy, Bahamas National Trust, Bahamas Reef Environment Educational Foundation and Clifton Heritage Authority.

Thank you to Yabanex Batista, and Karen McDonald Gayle of the Caribbean Biodiversity Fund for their continued support of the work of BPAF.

To the WAITT Foundation - your continued support makes our work possible. Thank you!

Funding provided by:



Bahamas Protected Areas Fund
204 Marina Lane, Sandyport, Nassau Bahamas

(242) 605 5033 or 698 1152

