

Financial Statements of

**THE BAHAMAS PROTECTED AREAS FUND**

June 30, 2024

**THE BAHAMAS PROTECTED AREAS FUND**  
Financial Statements

June 30, 2024

**C O N T E N T S**

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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, 2024, 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, 2024, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

### *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**

March 31, 2026  
Nassau, Bahamas

# THE BAHAMAS PROTECTED AREAS FUND

## Statement of Financial Position

June 30, 2024

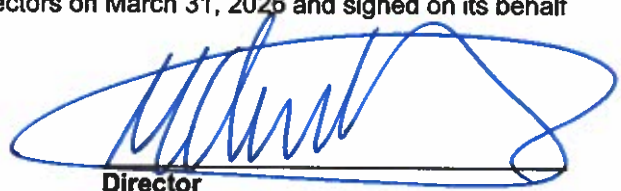
(Expressed in Bahamian dollars)

	2024	2023
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents (Note 4)	\$ 359,890	\$ 377,173
Cash at broker - restricted (Note 5)	52,472	24,899
Term deposit	5,000	5,000
Financial assets at fair value through profit or loss (Note 6)	3,074,330	2,921,536
Interest receivable	23,321	24,504
Prepayments	2,953	2,953
<b>Total current assets</b>	<b>3,517,966</b>	<b>3,356,065</b>
<b>Non-current assets</b>		
Fixed assets	13,376	16,024
<b>Total assets</b>	<b>3,531,342</b>	<b>3,372,089</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	30,288	31,049
<b>Total current liabilities</b>	<b>30,288</b>	<b>31,409</b>
<b>Non-current liabilities</b>		
Deferred grants (Note 7)	143,882	145,435
<b>Total liabilities</b>	<b>174,170</b>	<b>176,484</b>
<b>NET ASSETS</b>	<b>\$3,357,172</b>	<b>\$3,195,605</b>
<b>FUND BALANCES</b>		
General Fund (Note 8)	\$ 104,166	\$ 123,167
Endowment Fund (Note 8)	3,253,006	3,072,438
<b>FUND BALANCES</b>	<b>\$3,357,172</b>	<b>\$3,195,605</b>

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

These financial statements were approved by the Board of Directors on March 31, 2026 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, 2024

	2024	2023
<b>INCOME</b>		
Grants (Note 7)	\$211,628	\$ 348,635
Donations	204,377	182,149
Interest income	80,712	75,029
Unrealized gain on financial assets at FVTPL	51,806	60,069
Realized gain on sale of financial assets at FVTPL	31,068	10,361
Dividends	21,982	22,497
Miscellaneous Income	1,756	1,678
<b>Total income</b>	<b>603,329</b>	<b>700,418</b>
<b>EXPENSES</b>		
Grants disbursed	294,152	354,004
General and administrative (Note 9)	147,610	118,183
<b>Total expenses</b>	<b>441,762</b>	<b>472,187</b>
<b>Net income and total comprehensive income</b>	<b>\$161,567</b>	<b>\$ 228,231</b>
<b>Total comprehensive income is represented by:</b>		
Total comprehensive (loss)/income of the General Fund	(19,001)	65,275
Total comprehensive income of the Endowment Fund	180,568	162,956
	<b>\$161,567</b>	<b>\$228,231</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, 2024

	Endowment Fund	General Fund	Total
<b>FUND BALANCES AS AT JUNE 30, 2022</b>	\$2,909,482	\$ 57,892	\$2,967,374
Total comprehensive income	162,956	65,275	228,231
<b>FUND BALANCES AS AT JUNE 30, 2023</b>	3,072,438	123,167	3,195,605
Total comprehensive income/(loss)	180,568	(19,001)	161,567
<b>FUND BALANCES AS AT JUNE 30, 2024</b>	<b>\$3,253,006</b>	<b>\$ 104,166</b>	<b>\$3,357,172</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, 2024

	2024	2023
<b>CASH PROVIDED BY/(USED IN):</b>		
<b>Cash flows from operating activities:</b>		
Net income for the year	\$ 161,567	\$ 228,231
Adjustments to reconcile net income to net cash (used in)/provided by operating activities:		
Interest income	(80,712)	(75,029)
Depreciation	3,905	1,711
Realized gain	31,068	(10,361)
Net change in unrealized gain on financial assets at FVTPL	(51,806)	(60,069)
<b>Cash provided by operations before changes in operating assets and liabilities</b>	<b>1,886</b>	<b>84,483</b>
<b>Decrease/(increase) in operating assets:</b>		
Interest receivable	1,183	634
Grants receivable	-	154,248
<b>(Decrease)/increase in operating liabilities:</b>		
Accounts payable and accrued expenses	(762)	24,136
Deferred grants	(1,553)	66,616
<b>Net cash provided by operating activities</b>	<b>754</b>	<b>330,117</b>
<b>Cash flows from investing activities:</b>		
Interest received	80,712	75,029
(Increase) in cash at broker – restricted	(27,573)	(9,359)
Purchase of fixed assets	(1,257)	(11,014)
Payments on purchase of financial assets at FVTPL	(660,089)	(179,800)
Proceeds from sale of financial assets at FVTPL	590,170	96,600
<b>Net cash used in by investing activities</b>	<b>(18,037)</b>	<b>(28,544)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(17,283)</b>	<b>301,573</b>
Cash and cash equivalents, beginning of the year	377,173	75,600
<b>CASH AND CASH EQUIVALENTS, END OF THE YEAR</b>	<b>\$ 359,890</b>	<b>\$ 377,173</b>
<b>REPRESENTED BY:</b>		
Cash at banks (Note 4)	\$ 359,890	\$ 377,173

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

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2024

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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 March 31, 2026.

### 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:

- |                                |   |   |
|--------------------------------|---|---|
| IAS 21 (amendments)            | - | The Effects of Changes in Foreign Exchange Rates – the amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking – effective for annual periods beginning on or after January 1, 2025.   |
| IFRS 9 and IFRS 7 (amendments) | - | The amendments clarify that financial liabilities are derecognized on the settlement date, with an option to do so earlier if settled through electronic payment systems under specific conditions. Guidance is provided on assessing financial assets with ESG-linked or other contingent features, alongside clarifications regarding non-recourse assets and contractually linked instruments. Additionally, IFRS 7 requires enhanced disclosures for instruments tied to contingent events, including ESG-linked features, and equity instruments measured at fair value through other comprehensive income – effective for annual periods beginning on or after January 1, 2026. |

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2024

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

- IFRS 7 (amendments) - Financial Instruments: Disclosures - the amendments update the language on unobservable inputs in paragraph B38 of IFRS 7 and include a cross reference to paragraphs 72 and 73 of IFRS 13 Fair Value Measurement - effective for annual reporting periods beginning on or after January 1, 2026.
  
- IFRS 9 (amendments) - Financial Instruments - Paragraph 2.1 of IFRS 9 has been amended to clarify that, when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 and recognize any resulting gain or loss in profit or loss. However, the amendment does not address how a lessee distinguishes between a lease modification as defined in IFRS 16 and an extinguishment of a lease liability in accordance with IFRS 9 - effective for annual reporting periods beginning on or after January 1, 2026.
  
- IFRS 18 - Presentation and Disclosure in Financial Statements - replaces IAS 1 and enhances financial statement presentation and disclosure. It introduces new categories and subtotals in the statement of profit or loss, requiring entities to classify income and expenses into five categories: operating, investing, financing, income taxes, and discontinued operations. IFRS 18 also mandates disclosure of management-defined performance measures (MPMs) used in public communications, with specific requirements for their calculation and reconciliation. It distinguishes between presenting information in financial statements and disclosing it in notes while providing principles for aggregation and disaggregation. Consequential amendments impact IAS 7, IAS 33, IAS 8, and IAS 34, refining cash flow classifications, earnings per share disclosures, and financial statement preparation criteria - effective for annual periods beginning on or after January 1, 2027.
  
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures - allows eligible subsidiaries without public accountability to apply reduced disclosure requirements while still adhering to IFRS recognition, measurement, and presentation standards. Entities must disclose their application of IFRS 19 and provide an explicit statement of compliance with IFRS accounting standards. Eligibility requires being a subsidiary under IFRS 10, lacking public accountability, and having a parent that prepares consolidated IFRS-compliant financial statements. IFRS 19 excludes disclosure requirements from IFRS 8, IFRS 17, and IAS 33 but maintains others under specified IFRS subheadings - effective for annual periods beginning on or after January 1, 2027.

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, 2024

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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
- Note 10 - Fair value of financial instruments
- Note 11 - Financial risk management

d. 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, 2024

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

d. Financial assets (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.

e. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank.

f. Interest receivable

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

g. Investments in mutual funds

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

h. 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.

i. 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, 2024

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

#### j. 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.

#### k. 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.

#### l. 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, 2024

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

m. 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.

n. 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.

o. 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.

p. 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.

q. Income and expenses recognition

(i) 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.

(ii) Interest income

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

(iii) Dividend income

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

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2024

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

q. Income and expenses recognition (continued)

(iv) Donation income

Donations are recognized as income when received.

(v) Other income and expenses

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

r. 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, 2024, cash and cash equivalents are as follows:

	2024	2023
<b>General Fund:</b>		
<b>Cash on hand</b>	\$ 500	\$ 500
<b>Cash at bank</b>		
RBC Royal Bank (Bahamas) Limited - main account	331,554	278,714
RBC Royal Bank (Bahamas) Limited – other	14,484	59,893
RBC Royal Bank (Bahamas) Limited - general	3,647	21,857
RBC Royal Bank (Bahamas) Limited – operating	9,705	16,209
	359,390	376,673
	\$359,890	\$377,173

### 5. CASH AT BROKER - RESTRICTED

	2024	2023
<b>Endowment Fund:</b>		
<b>Cash at broker</b>		
CFAL - USD account	\$40,138	\$24,465
CFAL – FCIB	12,334	434
	\$52,472	\$24,899

As at June 30, 2024, cash at broker is restricted as it is part of the Endowment Fund (See Note 8).

# THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2024

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

As at June 30, 2024, financial assets at fair value through profit or loss are as follows:

	2024			2023		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>Equity Securities - (B\$)</b>						
J.S Johnson & Company Limited	4,595	\$ 65,338	\$ 76,966	4,595	\$ 65,338	\$ 72,508
FOCOL Holdings Limited	16,795	75,983	86,662	16,795	75,983	75,578
Commonwealth Bank Limited	15,818	74,726	82,412	15,818	74,726	56,787
CIBC First Caribbean Bank (Bahamas) Ltd.	3,400	34,680	48,620	3,400	34,680	44,710
Fidelity Bank (Bahamas) Limited	2,394	25,151	41,871	2,394	25,151	41,895
		275,878	336,531		275,878	291,478
<b>Equity Securities - (US\$)</b>						
CVS Health Corp.	487	40,278	28,762	487	40,278	33,666
Paypal Holding Inc.	-	-	-	145	40,200	9,676
Microsoft Corporation	121	50,362	54,081	-	-	-
Visa Inc	179	50,125	46,982	-	-	-
		140,765	129,825		80,478	43,342
		\$416,643	\$466,356		\$356,356	\$334,820
<b>Exchange-traded Funds - (US\$)</b>						
SPDR S&P 500 ETF Trust	201	\$100,602	\$109,388	-	\$-	\$-
iShares iBoxx Investment Grade Corporate Bond ETF	758	100,013	81,197	758	100,013	81,970
ishares ESG USD Corporate Bond ETF	1,836	50,163	41,714	1,836	50,163	41,751
iShares MSCI USA ESG select ETF	716	50,119	80,457	716	50,119	67,046
Schwab US Dividend Equity ETF	858	50,061	66,718	858	50,061	62,308
SPDR Gold Shares	223	37,023	47,947	223	37,023	39,754
SPDR Portfolio Intermediate Term Corporate Bond ETF	-	-	-	1,394	50,093	44,761
First Trust NASDAQ-100 Equal-Weighted Index Fund	-	-	-	1,285	100,276	137,367
		387,981	427,421		437,748	474,957
<b>Balance carried forward</b>		<b>\$804,624</b>	<b>\$893,777</b>		<b>\$794,104</b>	<b>\$809,777</b>

(continued)

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2024

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

	2024			2023		
	Quantity	Cost	Fair value	Quantity	Cost	Fair value
<b>Balance brought forward</b>		<b>\$ 804,624</b>	<b>\$ 893,777</b>		<b>\$ 794,104</b>	<b>\$ 809,777</b>
<b>Mutual Funds</b>						
CFAL Bond Fund, Ltd.	163,732	\$ 390,915	\$ 449,391	146,152	\$ 342,466	\$ 386,059
<b>Preference Shares</b>						
FOCOL Pref. A 1.75%	30,000	\$ 30,000	\$ 30,000	30,000	\$ 30,126	\$ 30,000
Colina Holdings Cumulative Redeemable Pref. 1.50%	20,000	20,000	20,000	20,000	20,000	20,000
	50,000	\$ 50,000	\$ 50,000		\$ 50,126	\$ 50,000
<b>Corporate Bond</b>						
Nassau Cruise Port Ltd BSD	100	\$ 100,000	\$ 100,000	100	\$ 100,000	\$ 100,000
<b>Debt Securities</b>						
<b>Bahamas Government Registered Stocks:</b>						
4.830% due 23/02/2028	250,000	250,000	258,050	250,000	250,000	258,263
4.760% due 05/31/2031	250,000	250,000	249,875	-	-	-
4.500% due 04/05/2024	-	-	-	250,000	250,000	251,532
4.333% due 26/04/2028	150,700	150,700	151,390	150,700	150,700	156,474
4.660% due 13/07/2028	150,000	150,000	154,350	150,000	150,000	154,165
5.060% due 13/07/2038	150,000	150,000	149,925	150,000	150,000	149,868
5.000% due 15/10/2038	150,000	150,000	139,155	150,000	150,000	138,849
4.250% due 15/07/2024	-	-	-	120,000	120,000	120,216
4.312% due 26/07/2033	100,000	100,000	100,100	100,000	100,000	100,464
6.050% due 15/06/2050	100,000	100,000	95,670	100,000	100,000	98,000
5.000% due 15/01/2039	69,100	69,100	63,676	69,100	69,100	64,729
5.600% due 15/07/2049	64,000	64,000	58,061	64,000	64,000	61,240
5.350% due 17/01/2040	21,900	21,900	20,762	21,900	21,900	21,900
4.100% due 18/01/2029	150,000	150,000	140,148	-	-	-
		1,605,700	1,581,162		1,575,700	1,575,700
		<b>\$2,951,239</b>	<b>\$3,074,330</b>		<b>\$2,862,396</b>	<b>\$2,921,536</b>

# THE BAHAMAS PROTECTED AREAS FUND

## Notes to Financial Statements

June 30, 2024

### 7. GRANTS RECEIVABLE/DEFERRED GRANTS

Grants' receivable/deferred grants as at June 30, 2024, are as follows:

Projects	Notes	July 1, 2023	Grants	Disbursements	June 30, 2024
<b>Deferred grants:</b>					
Re:Wild	(d)	\$ -	\$184,074	\$ (54,692)	\$129,382
The Caribbean Biodiversity Fund (under the Partnership Agreement)	(c)	94,500	-	(80,000)	14,500
The Caribbean Biodiversity Fund (under the Grant Agreement)	(a)	50,935	-	(50,935)	-
		\$145,435	\$184,074	\$(185,627)	\$143,882

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

- 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, 2024

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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.
- d) On January 1, 2024, the Fund entered into a grant agreement with Re:Wild, a nonprofit public benefit corporation organized under the laws of California, USA, to receive grant funding of \$265,000 to support the project titled "Repositioning Caribbean Trust Funds for Innovative Finance and Sustainable Development." The grant covers the period from January 1, 2024 to December 31, 2024 and is intended to strengthen the capacity of Caribbean Conservation Trust Funds and improve their investment readiness to attract long-term financing for biodiversity conservation and sustainable development initiatives. The funding is disbursed in installments subject to the submission and approval of required narrative and financial reports, and the Fund is responsible for implementing the approved project activities and meeting the reporting and deliverable requirements outlined in the agreement. The Fund received grants totaling \$184,074 during the year.

Total grants recognized as income during the year amounted to \$185,626 (2023: \$348,636).

### 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, 2024

### 9. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses for the year were as follows:

	2024	2023
Payroll	\$ 45,353	\$ 35,249
Other	28,531	6,475
Maintenance	22,138	12,495
Professional fees	19,830	23,840
Travel and accommodation	5,774	16,126
Utilities	5,751	4,756
Investment management fees	5,000	5,000
Depreciation	3,905	1,711
Bank charges	3,542	2,625
VAT	2,968	2,351
Insurance	2,510	1,802
Office supplies	1,177	2,097
Charitable contributions	595	1,250
Website hosting and update / software	508	437
Marketing and public relations	28	1,969
	\$147,610	\$118,183

### 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:

	2024			Total
	Level 1	Level 2	Level 3	
<b><u>Financial assets at FVTPL</u></b>				
Equity securities	\$ 466,356	\$ -	\$ -	\$ 466,356
Exchange-traded funds	427,421	-	-	427,421
Debt securities	-	1,581,162	-	1,581,162
Mutual funds	449,391	-	-	449,391
Preference shares	-	50,000	-	50,000
Corporate bond	-	-	100,000	100,000
	\$1,343,168	\$1,631,162	\$100,000	\$3,074,330

# THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2024

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

Fair value hierarchy (continued)

	2023			Total
	Level 1	Level 2	Level 3	
<b>Financial assets at FVTPL</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
	\$1,195,836	\$1,625,700	\$ 100,000	\$2,921,536

## 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 flow 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.

	2024		2023	
	Change in interest rates	Effect on net income	Change in interest rates	Effect on net income
Cash at broker - restricted	0.5%	\$ 262	0.5%	\$ 124
Term deposit	0.5%	\$ 25	0.5%	\$ 25
Debt securities	0.5%	\$7,906	0.5%	\$2,542

# THE BAHAMAS PROTECTED AREAS FUND

Notes to Financial Statements

June 30, 2024

## 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

Another 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 risks 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:

	2024		
	1%	5%	10%
<u>Financial assets at FVTPL</u>			
Exchange-traded funds	\$4,274	\$21,371	\$42,742
Equity securities	\$4,664	\$23,318	\$46,635
Mutual funds	\$4,494	\$22,470	\$44,939
Corporate bonds	\$1,000	\$ 5,000	\$10,000
	2023		
	1%	5%	10%
<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

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, 2024

### 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, 2024, the maximum exposure to credit risk before any credit enhancements is the carrying amount of the financial assets as set out below:

	2024	2023
<u>Financial assets at FVTPL</u>		
Debt securities	\$1,581,162	\$ 1,575,700
Corporate bonds	100,000	100,000
Preference shares	50,000	50,000
<u>Financial assets at amortized cost</u>		
Cash at bank	359,390	376,673
Cash at broker – restricted	52,472	24,899
Term deposit	5,000	5,000
Grants receivable	-	-
Interest receivable	23,320	24,504
	<u>\$2,171,344</u>	<u>\$ 2,156,776</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, 2024 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, 2024

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## 11. FINANCIAL RISK MANAGEMENT (continued)

### (c) Liquidity risk (continued)

2024		
	Less than 3 months	Total
<b>Financial liabilities</b>		
Accounts payable and accrued expenses	\$30,288	\$30,288

2023		
	Less than 3 months	Total
<b>Financial liabilities</b>		
Accounts payable and accrued expenses	\$31,049	\$31,049

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## 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

There are no events 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.