

Audited Financial Statements

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

December 31, 2021

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Audited Financial Statements

December 31, 2021

CONTENTS

	Page
Independent Auditors' Report	1-3
Statement of Financial Position	4
Statement of Changes in Members' Capital and Reserves	5
Statement of Changes in Members' Capital and Reserves	6
Statement of Cash Flows	7
Notes to Financial Statements	8-28

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Opinion

We have audited the financial statements of Lyford Cay Property Owners Association (1971) Limited ("the Association"), which comprise the statement of financial position as at December 31, 2021, and the statement of comprehensive income, statement of changes in members' capital and reserves and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Lyford Cay Property Owners Association (1971) Limited as at December 31, 2021, 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 Association in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal controls as management determines are 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

To the Board of Directors of
THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

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 ISA, 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 controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal controls.
- 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 Association'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 Association 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 also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

To the Board of Directors of
THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

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 controls that we identify during our audit.

April 13, 2022

Nassau, The Bahamas

A handwritten signature in cursive script that reads "Baker Tilly". Below the signature, the words "CHARTERED ACCOUNTANTS" are printed in a bold, uppercase, sans-serif font.

CHARTERED ACCOUNTANTS

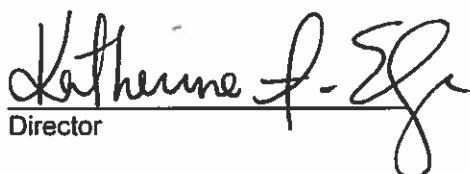
**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**


Statement of Financial Position
(Expressed in Bahamian dollars)

December 31, 2021

	Notes	2021 \$	2020 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5, 21	2,519,905	3,683,717
Accounts receivable, net	6, 21	2,240,108	1,318,169
Inventories	8	26,550	83,004
Deposits and prepayments	9	227,955	273,078
		5,014,518	5,357,968
NON-CURRENT ASSETS			
Property, plant and equipment, net	10	11,227,069	11,368,014
TOTAL ASSETS		16,241,587	16,725,982
LIABILITIES, MEMBERS' CAPITAL AND RESERVES			
CURRENT LIABILITIES			
Long-term borrowing, current portion	11, 21	149,489	306,256
Accounts payable and accrued expenses	12, 21	991,981	446,145
Value added tax payable	7	916,313	525,155
		2,057,783	1,277,556
NON-CURRENT LIABILITY			
Long-term borrowing, less current portion	11, 21	1,273,018	3,344,045
MEMBERS' CAPITAL AND RESERVES			
Members' capital subscriptions	13	51,146	51,146
Property, plant and equipment reserve contribution	14	774,834	774,834
Road reserve contribution	15	298,232	298,232
Seawall reserve contribution	16	704,000	673,564
Emergencies and contingencies reserve contribution	17	524,142	524,142
Accumulated surplus		10,558,432	9,782,463
		12,910,786	12,104,381
TOTAL LIABILITIES, MEMBERS' CAPITAL AND RESERVES		16,241,587	16,725,982

These financial statements were approved on behalf of the Board of Directors on April 13, 2022 by the following:


Director


Director

See accompanying notes. Independent Auditors' Report pages 1 through 3.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Statement of Comprehensive Income
(Expressed in Bahamian dollars)

Year ended December 31, 2021

	Notes	2021 \$	2020 \$
INCOME			
Members' assessments, net of discounts	19	7,762,014	7,710,588
Seawall assessment		181,964	179,072
Mailbox rentals		89,486	94,967
Mini-warehouse rental		11,310	9,570
Gain on disposal of property, plant and equipment		9,970	-
Mowing vacant land		2,177	2,145
		<u>8,056,921</u>	<u>7,996,342</u>
EXPENSES			
Expenses, excluding depreciation	20	6,431,862	6,216,383
Depreciation	10	818,654	707,295
		<u>7,250,516</u>	<u>6,923,678</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>806,405</u>	<u>1,072,664</u>

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Statement of Changes in Members' Capital and Reserves
(Expressed in Bahamian dollars)

Year ended December 31, 2021

	Members' capital subscriptions	Property, plant and equipment reserve contribution	Road reserve contribution	Seawall reserve contribution	Emergencies and contingencies reserve contribution	Accumulated surplus	Total
	\$	\$	\$	\$	\$	\$	\$
Balances at January 1, 2020	51,146	774,834	298,232	400,000	524,142	9,007,503	11,055,857
Prior year adjustments	-	-	-	-	-	(24,140)	(24,140)
Adjusted balances at January 1, 2020	51,146	774,834	298,232	400,000	524,142	8,983,363	11,031,717
Transfer to seawall reserve contribution				273,564		(273,564)	-
Total comprehensive income for the year	-	-	-	-	-	1,072,664	1,072,664
Balances at December 31, 2020	51,146	774,834	298,232	673,564	524,142	9,782,463	12,104,381
Transfer to seawall reserve contribution				30,436		(30,436)	-
Total comprehensive income for the year	-	-	-	-	-	806,405	806,405
Balances at December 31, 2021	51,146	774,834	298,232	704,000	524,142	10,558,432	12,910,786

See accompanying notes. Independent Auditors' Report pages 1 through 3.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Statement of Cash Flows (Expressed in Bahamian dollars)

Year ended December 31, 2021

	Notes	2021 \$	2020 \$
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Total comprehensive income for the year		806,405	1,072,664
Adjustments for non-cash items:			
Prior year adjustments		-	(24,140)
Reversal of provision for expected credit losses	6, 20	275,938	-
Reversal of bad debts written-off	20	10,075	-
Depreciation	10	818,654	707,295
Gain on disposal of property, plant and equipment	10	(9,970)	-
Interest paid	11	122,345	274,966
Changes in operating assets and liabilities:			
(Increase) decrease in accounts receivable, gross	6	(1,207,952)	130,098
Decrease (increase) in inventories		56,454	(49,320)
Decrease (increase) in deposits and prepayments		45,123	(205,597)
Increase (decrease) in accounts payable and accrued expenses		545,836	(152,740)
Increase in value added tax payable		391,158	393,762
Net cash provided by operating activities		1,854,066	2,146,988
INVESTING ACTIVITIES			
Purchase of property, plant and equipment	10	(677,709)	(209,326)
Proceeds from sale of property, plant and equipment	10	9,970	-
Net cash used in investing activities		(667,739)	(209,326)
FINANCING ACTIVITIES			
Interest paid	11	(122,345)	(274,966)
Repayment of long-term borrowing	11	(2,227,794)	(2,327,237)
Net cash used in financing activities		(2,350,139)	(2,602,203)
DECREASE IN CASH AND CASH EQUIVALENTS DURING THE YEAR			
		(1,163,812)	(664,541)
Cash and cash equivalents, beginning of the year		3,683,717	4,348,258
CASH AND CASH EQUIVALENTS, END OF THE YEAR	5	2,519,905	3,683,717

See accompanying notes. Independent Auditors' Report pages 1 through 3.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

The Lyford Cay Property Owners Association (1971) Limited (“the Association”) was incorporated under The Companies Act, 1992 of the Commonwealth of The Bahamas and is limited by guarantee. In the event of the Association being wound-up, each member is obligated to contribute an amount not exceeding one dollar. The Association provides services for the owners of properties in the Lyford Cay residential estate.

The registered office of the Association is situated on Harbour Road & Lyford Cay Drive, Nassau, The Bahamas. At the end of the year, there were 78 (2020: 84) persons employed by the Association.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Association’s financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”). The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise judgment in the process of applying the Association’s accounting policies. Actual results could differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS

New and revised standards that are effective for annual periods beginning on or after January 1, 2021

The Association has adopted the following new interpretations, revisions and amendments to IFRS issued by the IASB, which are relevant to and effective for the Association’s financial statements for the annual period beginning January 1, 2021:

- COVID-19-related rent concessions beyond June 30, 2021 (Amendments to IFRS 16);
- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)

These amendments do not have a significant impact on the financial statements of the Association, therefore the disclosures have not been made.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Association

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Association. Information on those expected to be relevant to the financial statements is provided below.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

3. NEW OR REVISED STANDARDS OR INTERPRETATIONS (continued)

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Association (continued)

Management anticipates that all relevant pronouncements will be adopted in the Association's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments that are not yet effective and have not yet been adopted by the Association are as follows:

- IFRS 17, *Insurance Contracts*;
- Amendments to IFRS 17, *Insurance Contracts* (Amendments to IFRS 17 and IFRS 4);
- References to the Conceptual Framework;
- Proceeds before Intended Use (Amendments to IAS 16);
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37);
- Annual Improvements to IFRS Standards 2018-2021 Cycle (Amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1); and
- Deferred Tax related to Assets and Liabilities from a Single Transaction.

These amendments are not expected to have a significant impact on the Association's financial statements in the period of initial application and therefore the disclosures have not been made.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Presentation of financial statements

The financial statements are presented in accordance with IAS 1, *Presentation of Financial Statements* (Revised 2007). The Association has selected to present the "Statement of Comprehensive Income" in one statement.

Management's use of judgments and estimates

The Association uses accounting estimates and assumptions in the preparation of financial statements. Although these estimates are based on management's best knowledge of current events and transactions, actual results may ultimately differ from those estimates. The effect of any changes in estimates will be recorded in the Association's financial statements when determinable. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Management's use of judgments and estimates (continued)

The following presents a summary of these significant estimates and judgments:

Estimation of useful lives of property, plant and equipment

The Association estimates that the useful lives of its property, plant and equipment are estimated based on the period over which these assets are expected to be available for use. The estimated useful lives of property, plant and equipment are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. In addition, estimation of the useful lives of the property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets. It is possible, however, that future results of operations could be materially affected by changes in estimates brought about by changes in factors mentioned above.

Estimation of provisions for expected credit losses ("ECLs") on accounts receivables

The Association uses a provision matrix to calculate ECLs for accounts receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance, as applicable).

The provision matrix is initially based on the Association's historical observed default rates. The Association will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Association's historical credit loss experience and forecast of economic conditions may also not be representative of property owner's actual default in the future. The information about the ECLs on the Association's accounts receivables is disclosed in Note 6.

Financial instruments

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Association becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and initial measurement of financial assets

Except for those accounts receivable that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

In the periods presented the Association does not have any financial assets categorized as FVOCI.

The classification is determined by both:

- the Association's business model for managing the financial asset; and
- contractual cash flow characteristics of the financial asset

All income and expenses relating to financial assets that are recognized in the statement of comprehensive income are presented within income, or expenses.

Subsequent measurement of financial assets

Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial.

As at December 31, 2021, the Association's cash and cash equivalents and accounts receivable fall into this category.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Subsequent measurement of financial assets (continued)

Financial assets at fair value through other comprehensive income (FVOCI)

The Association accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective is to “hold to collect” the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

As at December 31, 2021, the Association had no financial assets at FVOCI.

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

Financial assets that are held within a different business model other than “hold to collect” or “hold to collect and sell” are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL. All derivative financial instruments fall into this category, except for those designated and effective as hedging instruments, for which the hedge accounting requirements apply.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss.

The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

As at December 31, 2021, the Association had no financial assets at FVTPL.

Classification and subsequent measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Association’s financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the Association designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Classification and subsequent measurement of financial liabilities (continued)

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within income or expense.

The Association's financial liabilities include accounts payable and accrued expenses, and long-term borrowings. These are measured at amortized cost using the effective interest rate method. Discounting, however, is omitted where the effect of discounting is immaterial.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses - the "expected credit loss (ECL) model". This replaces IAS 39's "incurred loss model". Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortized cost and FVOCI, accounts receivable, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Association first identifying a credit loss event. Instead the Association considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ("Stage 1"); and
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ("Stage 2").
- "Stage 3" would cover financial assets that have objective evidence of impairment at the reporting date. "12-month expected credit losses" are recognized for the first category while "lifetime expected credit losses" are recognized for the second category.

The Association recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Association expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets (continued)

The Association considers a financial asset in default when contractual payments are 120 days past due and are considered impaired and provided with allowance at 100%. However, in certain cases, the Association may also consider a financial asset to be in default when internal or external information indicates that the Association is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Association. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Accounts receivable and contract assets

The Association makes use of a simplified approach in accounting for accounts receivable as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Association uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Association assesses impairment of accounts receivable on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

Financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, cash at bank and short term deposits with contractual maturities of three months or less from the placement date.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounts receivable

Accounts receivable are carried at original invoice amount less provision for impairment. A provision for impairment of accounts receivable is established when there is objective evidence that the Association will not be able to collect all amounts due according to the original terms of the invoice. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate. When a receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against provision for impairment in the statement of comprehensive income.

Inventories

Inventories include supplies to be consumed in the rendering of services to the members and are stated at cost, which is determined using the first-in, first-out (FIFO) method.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impaired loss if any.

Freehold land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Building	25 years
Gatehouse	20 years
Fire station	25 years
Vehicles and equipment	3 years to 15 years
Road development and improvements	30 years

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in the statement of comprehensive income.

Repairs and maintenance costs are charged to the statement of comprehensive income during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Association. Major renovations are depreciated over the remaining useful life of the related asset.

Deferred revenue

Deferred revenue arises from owners assessments paid in advance and is amortized in the statement of comprehensive income over the assessment period.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

An assessment is made at each financial position date to determine whether there is any indication of impairment of any assets, or whether there is any indication that an impairment loss previously recognized for an asset in prior years may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An asset's recoverable amount is computed as the higher of the asset's value in use or its net selling price.

An impairment loss is recognized only if the carrying amount of an asset exceeds its recoverable amount. An impairment loss is charged to operations in the period in which it arises unless the asset is carried at a revalued amount in which case the impairment is charged to the revaluation increment of the said asset.

A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount of an asset, however, not to an amount higher than the carrying amount that would have been determined (net of any depreciation), had no impairment loss been recognized for the asset in prior years.

A reversal of an impairment loss is credited to current operations.

Related party balances and transactions

Transactions between related parties are based on terms similar to those offered to non-related parties. Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Foreign currency translation

Functional and presentation currency

Items included in the financial statements of the Association are measured using the currency of the primary economic environment in which the Association operates (the functional currency). The financial statements are presented in Bahamian dollars ("BSD"), which is the Association's functional and presentation currency.

Transactions and balances

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the rate of exchange prevailing at the statement of financial position date. Non-monetary assets and liabilities in currencies other than ("BSD") are translated to ("BSD") at the rate of exchange on the transaction date. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transaction.

All exchange differences arising on translation are included in the statement of comprehensive income as expenses excluding depreciation.

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and expenses

Income comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Association's activities. Income is shown net of discounts.

The Association recognizes income when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for the Association's activities as described below.

The Association provides services, including property maintenance, fire and security, landscaping, seawall maintenance, road paving and mail services, to owners of Lyford Cay residential estate. These services are provided at a fixed-rate based on square footage of buildings, per acreage of undeveloped land, linear footage of canal wall and size of mail box. Income from delivering services is recognized in the period the services are provided.

Other income and expenses are accounted for on an accrual basis.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Provisions, contingent liabilities and contingent assets

Provisions are recognized when present obligations as a result of a past event will probably lead to an outflow of economic resources from the Association and amounts can be estimated reliably. Timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events, for example, product warranties granted legal disputes or onerous contracts. Restructuring provisions are recognized only if a detailed formal plan for the restructuring has been developed and implemented, or management has at least announced the plan's main features to those affected by it. Provisions are not recognized for future operating losses. Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are discounted to their present values, where the time value of money is material.

Any reimbursement that the Association can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provision.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions, contingent liabilities and contingent assets (continued)

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities are recognized on the acquisition date when there is a present obligation that arises from past events and the fair value can be measured reliably, even if the outflow of economic resources is not probable. They are subsequently measured at the higher amount of a comparable provision as described above and the amount recognized on the acquisition date, less any amortization.

Possible inflows of economic benefits to the Association that do not yet meet the recognition criteria of an asset are considered contingent assets.

Events after the reporting date

Events after the reporting date that provide additional information about the Association's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events, if any, are disclosed when material to the Association's financial statements.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2021 are comprised of the following:

	2021	2020
	\$	\$
Cash at bank	992,940	2,460,752
Term deposits	1,526,465	1,222,465
Cash in hand	500	500
	2,519,905	3,683,717

The term deposits earn interest of Nil per annum (2020: Nil) and cash at bank does not earn any interest. Term deposits are placed on a 30-day period depending on the immediate cash requirements of the Association.

6. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net, as at December 31, 2021 is comprised of the following:

	2021	2020
	\$	\$
Accounts receivable, gross (Note 19)	3,407,363	2,761,362
Less: Allowance for expected credit losses	(1,167,255)	(1,443,193)
	2,240,108	1,318,169

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

6. ACCOUNTS RECEIVABLE, NET (continued)

The following table shows the movement in the allowance for expected credit losses:

	2021	2020
	\$	\$
Balance, beginning of the year	1,443,193	1,443,193
Reversal of provision for expected credit losses	(275,938)	-
Balance, end of the year	1,167,255	1,443,193

7. VALUE ADDED TAX

On January 1, 2015, the Government of The Bahamas implemented the Value Added Tax ("VAT") regime, with three (3) categories for goods and services, which includes two rates of VAT of 7.5% and 0%, and a third category classified as Exempt. The Association has registered with the Ministry of Finance and is a VAT registrant with a VAT certificate and Tax Identification Number 100157792. The Association as a result, charges VAT on assessment income and other services on behalf of the Government and is required to submit the net taxes collected on a quarterly basis. The VAT rate was increased to 12% effective July 1, 2018.

As a VAT registrant, the Association is allowed to apply its input tax against its output tax, and net the amount of VAT outstanding. As of December 31, 2021, the net amount of VAT due to The Bahamas Government amounted to \$916,313 (2020: \$525,155).

8. INVENTORIES

Inventories as at December 31, 2021 consist of can liners amounting to \$26,550 (2020: \$83,004).

9. DEPOSITS AND PREPAYMENTS

Deposits and prepayments as at December 31, 2021 are comprised of the following:

	2021	2020
	\$	\$
Prepayments	212,850	257,973
Utility deposits	15,105	15,105
	227,955	273,078

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

10. PROPERTY, PLANT AND EQUIPMENT, NET

The movement in property, plant and equipment, net, consists of the following:

	Freehold land	Road development & improvement	Building	Gatehouse	Fire station	Vehicles & equipment	Total
	\$	\$	\$	\$	\$	\$	\$
Cost:							
Balances January 1, 2020	788,646	6,751,175	1,641,106	1,952,755	1,387,668	4,130,447	16,651,797
Additions	-	19,563	-	-	-	189,763	209,326
Balance December 31, 2020	788,646	6,770,738	1,641,106	1,952,755	1,387,668	4,320,210	16,861,123
Additions	-	-	-	-	64,650	613,059	677,709
Disposals / write - offs	-	-	-	-	-	(265,435)	(265,435)
Balances December 31, 2021	788,646	6,770,738	1,641,106	1,952,755	1,452,318	4,667,834	17,273,397
Accumulated depreciation:							
Balances January 1, 2020	-	431,270	743,785	388,247	254,855	2,967,657	4,785,814
Depreciation	-	224,930	65,969	84,854	49,588	281,954	707,295
Balances December 31, 2020	-	656,200	809,754	473,101	304,443	3,249,611	5,493,109
Depreciation	-	225,333	65,969	84,854	50,934	391,564	818,654
Disposals / write-offs	-	-	-	-	-	(265,435)	(265,435)
Balances December 31, 2021	-	881,533	875,723	557,955	355,377	3,375,740	6,046,328
Carrying value:							
December 31, 2021	788,646	5,889,205	765,383	1,394,800	1,096,941	1,292,094	11,227,069
December 31, 2020	788,646	6,114,538	831,352	1,479,654	1,083,225	1,070,599	11,368,014

During the year, fully depreciated vehicles were sold for \$9,970 (2020: Nil), which resulted in a gain on disposal of property, plant and equipment. The Land and building of the Association were pledged as security for long term borrowing (Note 11).

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

11. LONG-TERM BORROWING

On July 24, 2017, the Association obtained a long-term borrowing facility of US\$7,000,000 from CIBC FirstCaribbean International Bank (Bahamas) Limited (“the Bank”). The purpose of the loan was to finance the costs of an Association’s infrastructural improvement project.

The breakdown of long-term borrowing as at December 31, 2021 is as follows:

	2021	2020
	\$	\$
Current	149,489	306,256
Non-current	1,273,018	3,344,045
	<u>1,422,507</u>	<u>3,650,301</u>

The loan bears interest only for a period of 24 months, and thereafter the loan is being amortized over 180 months with regular quarterly payments at interest rate of US Dollar (USD) LIBOR plus 3.5% per year. As at December 31, 2021, the stated interest rate is 3.6% (2020: 3.7%). Interest expense incurred during the year is \$95,099 (2020: \$255,646) and paid during the year amounted to \$122,345 (2020: \$274,966).

The bank loan is secured by a first legal mortgage over the Association’s land and buildings, together with an assignment of the buildings and their contents insurance coverage.

12. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following:

	2021	2020
	\$	\$
Accounts payable	490,199	142,956
Accrued expenses	501,782	303,189
	<u>991,981</u>	<u>446,145</u>

13. MEMBERS’ CAPITAL SUBSCRIPTIONS

From 1983, capital subscriptions were no longer levied on new members. Included in capital subscriptions of \$51,146 (2020: \$51,146) are subscriptions received from past members, which will be refunded on demand. There were no refunds made during the years ended December 31, 2021 and 2020, respectively.

14. PROPERTY, PLANT AND EQUIPMENT RESERVE CONTRIBUTION

In 1984, the Board of Directors considered it appropriate to establish a permanent reserve as a means to fund past and future property, plant and equipment purchases. Total property, plant and equipment reserve contribution at year-end amounted to \$774,834 (2020: \$774,834) and there were no transfers to this account during the year (2020: Nil).

THE LYFORD CAY PROPERTY OWNERS ASSOCIATION (1971) LIMITED

Notes to Financial Statements

December 31, 2021

15. ROAD RESERVE CONTRIBUTION

In 1993, the Board of Directors considered it appropriate to establish a permanent reserve as a means to fund past and future road works. Total road reserve contribution at year-end amounted to \$298,232 (2020: \$298,232); and there were no transfers to this account during the year (2020: Nil).

16. SEAWALL RESERVE CONTRIBUTION

In 1992, the Board of Directors considered it appropriate to establish a permanent reserve as a means to fund past and future seawall repairs. Total seawall reserve contributions at year-end amounted to \$704,000 (2020: \$673,564); and transfers to this account during the year were \$30,436 (2020: 273,564).

17. EMERGENCIES AND CONTINGENCIES RESERVE CONTRIBUTION

In 1993, the Board of Directors considered it appropriate to establish a permanent reserve as a means to cover emergency expenses. Total emergencies and contingencies reserve contribution at year-end amounted to \$524,142 (2020: \$524,142); and there were no transfers to this account during the year (2020: Nil).

18. PENSION PLAN, RETIREMENT PROVISION AND HEALTH INSURANCE

On February 1, 1988, the Association adopted a defined contribution pension plan, administered by an insurance company, for all employees under the age of 60 on that date. The Association contributes an amount equal to 5% of employees' gross salaries to the plan with the member employees contributing an equal sum. During the year, the Association's costs amounted to \$144,273 (2020: \$115,843), which includes administrative fees of \$10,764 (2020: \$10,464).

On April 1, 1998, the Association adopted a defined health insurance plan, administered by an insurance company, for all employees on that date. The health plan for the employees is fully funded by the Association. The Association's employees pay 100% of the premiums for any dependent coverage under this plan. The Association's costs for the year amounted to \$473,821 (2020: \$449,998).

19. RELATED PARTY BALANCES AND TRANSACTIONS

The financial statements include various balances and transactions with companies within Lyford Cay having directors or officers in common with the Association. These are summarized as follows:

	2021	2020
	\$	\$
Balances:		
Accounts receivable, net (Note 6)	3,759	4,560
Transactions:		
Members' assessments	456,339	436,283

The expenses, excluding depreciation, relate to security wages recharged to the Association's members for services rendered.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

20. EXPENSES, EXCLUDING DEPRECIATION

Expenses, excluding depreciation, during the year are comprised of the following:

	2021	2020
	\$	\$
Sanitation		
Wages - garbage collection and garden cuttings	649,741	620,683
Vehicle and equipment operating (net of transportation recovery)	204,373	120,992
Garbage dump cost	157,163	154,756
Staff medical	106,365	101,531
Garbage can liners	56,454	68,943
National insurance	30,686	27,858
Repairs & maintenance	30,102	-
Pension	28,396	25,304
Uniforms and sundry expenses	18,055	17,786
Tools and equipment	225	-
	1,281,560	1,137,853
Landscape maintenance		
Wages	408,982	320,989
Verge maintenance and improvements	120,122	71,283
Mosquito control	86,732	63,015
Staff medical	71,212	51,516
Vehicle and equipment operating	53,735	41,879
Tools and equipment	29,043	17,732
National insurance	15,897	15,201
Pension	15,281	13,410
Sundry expenses	4,155	6,632
Uniforms	3,847	5,258
Soil	2,126	1,274
Repairs and maintenance	483	-
Water - Irrigation	(3,476)	30,233
	808,139	638,422
Mail service		
Wages	67,240	64,610
Staff medical	11,751	11,426
National insurance	3,618	3,537
Pension	3,411	3,324
Transportation Allowance	2,964	3,120
Sundry	181	127
	89,165	86,144

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

20. EXPENSES, EXCLUDING DEPRECIATION (continued)

	2021	2020
	\$	\$
Security		
Salaries and wages	1,233,971	1,266,803
Staff medical	193,631	183,448
Vehicle and equipment operating	128,991	133,040
Repairs and maintenance	99,136	140,050
Access control supplies (net ID credit)	87,981	31,225
Guard dogs and dog house	57,642	65,061
National insurance	53,224	52,572
Pension	42,787	42,308
Sundry security expenses	34,447	57,865
Security consultants	15,000	-
Gates and fences	10,980	27,006
Transportation allowance	9,662	10,890
Uniforms	8,408	3,949
Training	1,050	3,150
Club security recovery	(24,243)	(10,630)
	1,952,667	2,006,737
Fire		
Salaries and wages	360,242	318,038
Staff medical	53,723	59,285
Fire vehicle & equipment operating	51,863	10,735
Fire allowance & transportation allowance	19,233	21,645
Pension	12,456	14,821
National insurance	11,288	12,302
Sundry fire expenses	7,904	960
Fire extinguishers	2,260	-
Uniforms	400	1,243
	519,369	439,029
Road maintenance		
Patching & paving	38,172	1,463
Drainage	26,405	26,352
Supplies, sign etc.	8,586	53,308
	73,163	81,123
Seawall maintenance		
Seawall maintenance	128,000	49,717

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

20. EXPENSES, EXCLUDING DEPRECIATION (continued)

	2021	2020
	\$	\$
Administration and operations		
Special project fund	431,424	25,152
Salaries and wages	362,795	419,647
Telephone and utilities	258,700	229,893
Insurance and license	181,582	164,781
Interest expense	100,729	261,564
Real property tax	92,336	89,460
Computer loading/training	89,225	75,841
Legal and audit fees	84,425	91,076
Supplies and sundry expenses	80,594	113,270
Lyford Cay hospital subsidy	60,000	60,000
Pension	41,942	16,676
Staff medical	37,140	42,792
Repairs and maintenance	14,005	3,471
National insurance	10,412	11,069
Miscellaneous	8,693	71,298
Transportation allowance	7,704	10,188
Severance settlement	3,784	41,397
Newsletter and publications	3,331	35,123
Bank charges	(3,009)	14,660
Reversal of bad debts written-off	(10,075)	-
Reversal of provision for expected credit losses	(275,938)	-
	1,579,799	1,777,358
Total expenses, excluding depreciation	6,431,862	6,216,383

21. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Association is exposed to various types of risks in the normal course of business, including credit and liquidity risks. The Association's financial performance is dependent on its ability to understand and effectively manage these risks.

Credit risk

Credit risk arises from the failure of a counterparty to perform according to the terms of the contract. The Association's exposure to credit risk arises from its cash at bank, term deposits and accounts receivable. Credit risk is managed by restricting counterparties to approved, well-established, high quality financial institutions.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

21. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Credit risk (continued)

An analysis of the credit quality of the Association's accounts receivables as at December 31, 2021 is as follows:

Classification	2021				Total
	Current	Up to 30 days	30 - 90 Days	Over 90 days	
	\$	\$	\$	\$	
Neither past due nor impaired	960,017	(1,084)	-	-	958,933
Past due, but not impaired	-	-	52,949	-	52,949
Past due and impaired	-	-	-	2,395,481	2,395,481
Gross receivables	960,017	(1,084)	52,949	2,395,481	3,407,363
Allowance for expected credit losses	-	-	-	(1,167,255)	(1,167,255)
Total	960,017	(1,084)	52,949	1,228,226	2,240,108

Classification	2020				Total
	Current	Up to 30 Days	30 - 90 days	Over 90 days	
	\$	\$	\$	\$	
Neither past due nor impaired	959,333	(42,128)	-	-	917,205
Past due, but not impaired	-	-	102,051	-	102,051
Past due and impaired	-	-	-	1,742,106	1,742,106
Gross receivables	959,333	(42,128)	102,051	1,742,106	2,761,362
Allowance for expected credit losses	-	-	-	(1,443,193)	(1,443,193)
Total	959,333	(42,128)	102,051	298,913	1,318,169

Liquidity risk

The objective of liquidity management is to ensure the availability of sufficient funds to honor all of the Association's financial commitments. Management is responsible for maintaining an adequate level of liquid assets which could be sold immediately to meet cash requirements for normal operating activities. All recorded liabilities are due within one year.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

21. RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

	2021			Total \$
	Due on demand \$	Less than 1 year \$	Over 1 year \$	
Financial assets				
Cash and cash equivalents (excluding cash in hand)	2,519,405	-	-	2,519,405
Accounts receivable, net	-	2,240,108	-	2,240,108
	2,519,405	2,240,108	-	4,759,513
Financial liability				
Long-term borrowing	-	149,489	1,273,018	1,422,507
Accounts payable and accrued expenses	-	991,981	-	991,981
	-	1,141,470	1,273,018	2,414,488
Liquidity gap	2,519,405	1,098,638	(1,273,018)	2,345,025
2020				
	Due on demand \$	Less than 1 year \$	Over 1 year \$	Total \$
Financial assets				
Cash and cash equivalents (excluding cash in hand)	3,683,217	-	-	3,683,217
Accounts receivable, net	-	1,318,169	-	1,318,169
	3,683,217	1,318,169	-	5,001,386
Financial liability				
Long-term borrowing	-	306,256	3,344,045	3,650,301
Accounts payable and accrued expenses	-	446,145	-	446,145
	-	752,401	3,344,045	4,096,446
Liquidity gap	3,683,217	565,768	(3,344,045)	904,940

The Association's objectives when managing capital are to safeguard the Association's ability to continue as a going concern in order to facilitate the payment of expenses and capital expenditure for maintaining the Lyford Cay area for the homeowners.

In order to maintain or adjust the capital structure the Association may establish reserves by assessing a capital charge on its members, returning capital to the members or selling assets to reduce financial liabilities.

**THE LYFORD CAY PROPERTY OWNERS
ASSOCIATION (1971) LIMITED**

Notes to Financial Statements

December 31, 2021

22. IMPACT OF CORONAVIRUS 2019 (“COVID-19”) PANDEMIC

In March 2020, the World Health Organization declared a pandemic with regards to the global outbreak of the 2019 Novel Coronavirus (COVID-19), which resulted in Governments around the world issuing directives, and establishing quarantine measures in their respective jurisdictions, to help manage and control the spread of the virus. Subsequent to year end, global markets experienced significant declines in value resulting from uncertainty caused by the pandemic.

The Association is closely monitoring its liquidity and is actively working to minimize the impact of these declines. While there is uncertainty regarding the short term effects, the Association does not anticipate that this pandemic will have a significant impact or lasting effect on business, or have a material impact on its financial statements, in the foreseeable future.

23. EVENTS AFTER THE REPORTING DATE

The Association evaluated the impact of all post-reporting date events through April 13, 2022, which is the date the financial statements were available to be issued.

Effective January 1, 2022, the VAT Bill and Regulations was amended, changing the rate from 12% to 10%.

Independent Auditors' Report pages 1 through 3.