

ANNUAL

REPORT 2020-2021

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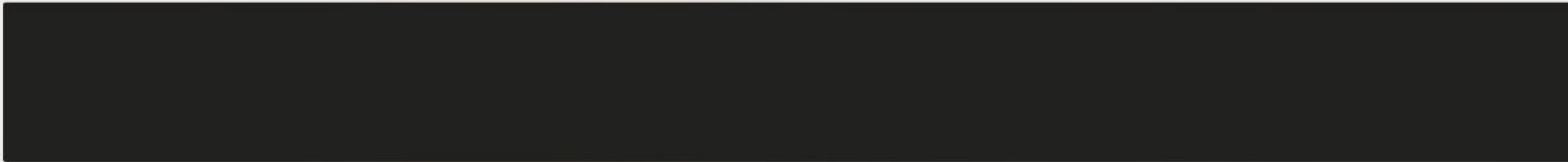
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OVERVIEW

Small Business Development Centre (SBDC) was founded with the goal of increasing employment and wealth generation opportunities in The Bahamas through the development and advancement of the Micro, Small and Medium-sized Enterprise (MSME) sector.

- Improving the environment to enable small businesses to flourish.
- Increasing direct financing to MSMEs.
- Creation and promotion of innovative programmes to support MSMEs.
- Fostering a culture of entrepreneurship and innovation, with a particular focus on marginalized groups.



MISSION & VISION

Mission: We will support the evolution of Micro, Small and Medium-sized Enterprises (“MSMEs”) in The Bahamas, maximise the creation of economic impact through strategic partnerships, and – by equipping and empowering MSMEs – increase the ability of our sector to provide employment, create wealth and drive development of a robust and resilient economy.

Vision: The Access Accelerator envisions a Bahamas where Bahamians can get into business and succeed.



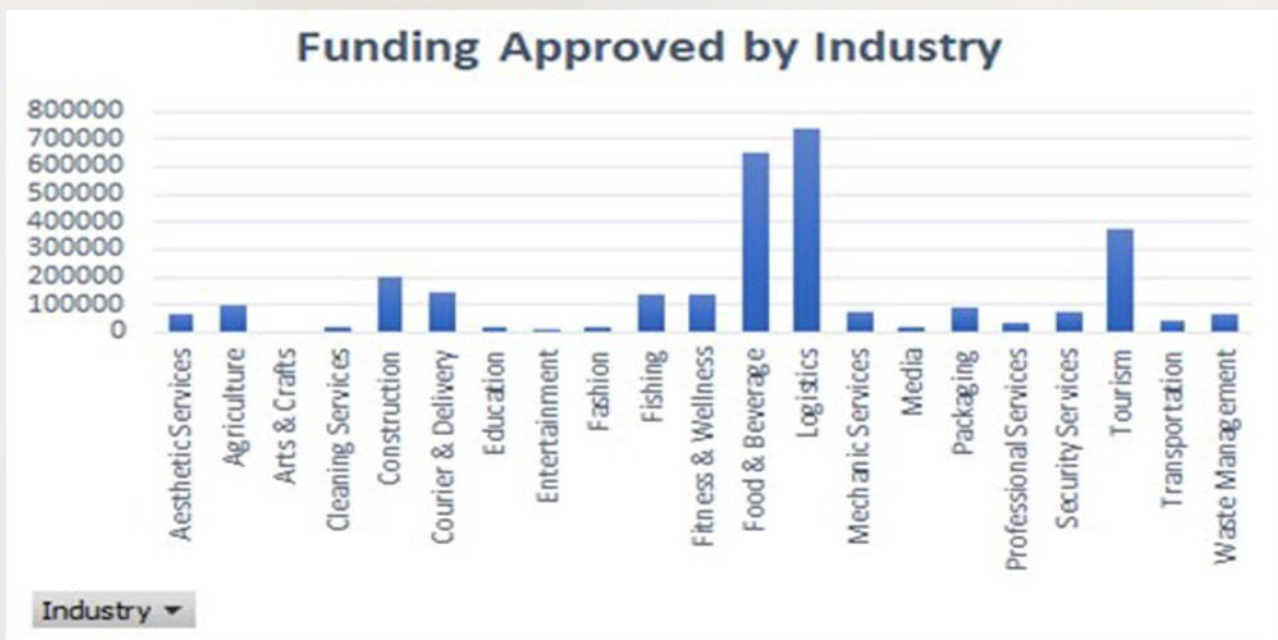
ECONOMIC **REPORT**

Overview

Access Accelerator is an essential resource for MSMEs in The Bahamas, providing a helping hand and working with businesses to find their success. The Access Accelerator's network comprises of 5 centre locations throughout The Bahamas, including: New Providence, Grand Bahama, Abaco, Andros and Eleuthera. During FY21 (July 2020 - June 2021), Access Accelerator serviced clients across 15 islands through the use of advisory services, training services, advocacy services and funding allocation services. The provision of these resources has better positioned Access Accelerator to be able to equip and empower MSME's throughout The Bahamas.

Programmes

Access Accelerator's resources are delivered through an array of programmes. Its core programme is offered to all entrepreneurs within the Bahamas whose businesses fit the description of an MSME. i.e. a business with less than 50 employees making revenues of less than \$5,000,000. This programme is available for all business types/industries and remains accessible for clients to sign up. In FY21, 950 clients were registered for The Guaranteed Loan Programme (GLP) and are actively engaged on our customer portal.



In FY21, 61 clients were approved through The Guaranteed Loan Programme (GLP) representing \$3,023,643.46 in approved funding. This amounted to capital injections within 21 different industries.

There were 8 additional programmes offered in FY21, which were restricted based on specific purposes, business types or timing. These programmes were created and implemented in response to the needs of the business economy or to an investors'/sponsors' request.

Disaster Recovery & Business Continuity Programme

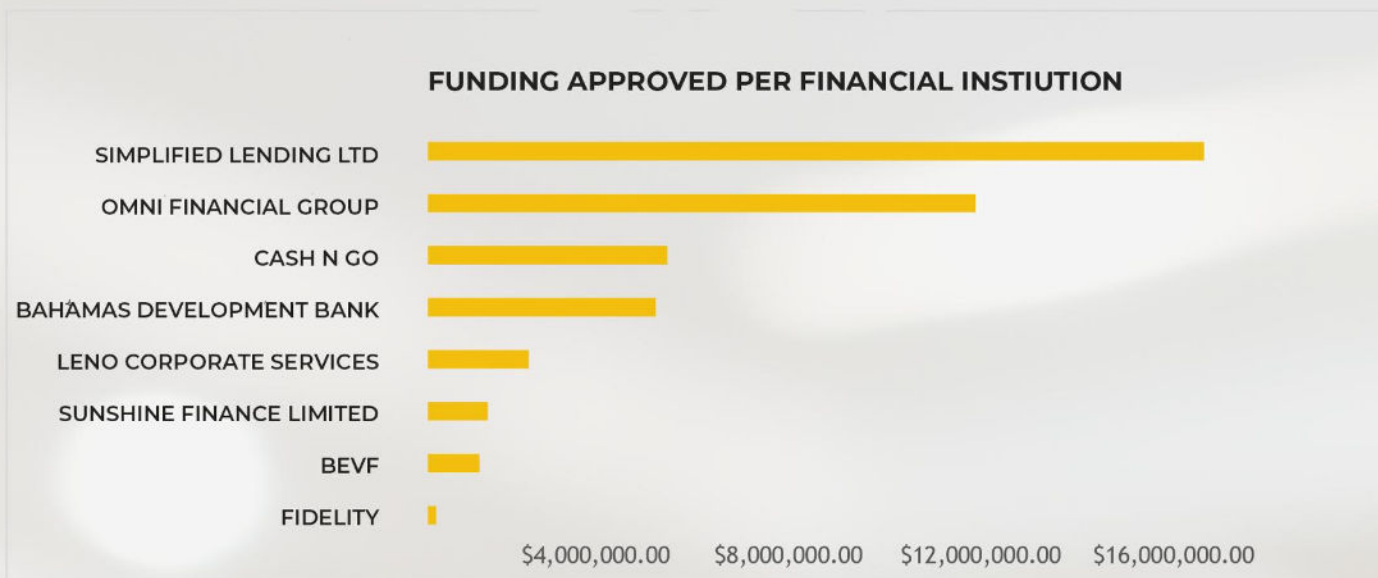
When an economic disaster strikes, Access Accelerator is on the front-line providing economic support for MSMEs. As seen with the institution of previous initiatives, such as the Disaster Recovery Programme and the Business Continuity Programme; both of these were started in FY21 in response to the economic blows MSME's in The Bahamas faced and are continuing to recover from into this fiscal year.

In FY21 85 clients received \$2,788,086 in total funding for their businesses through the Disaster Recovery Programme.

| Funding Approved by Island | Grant Approved | Micro Loan Approved |
|-----------------------------------|-----------------------|----------------------------|
| Abaco | \$893,966 | \$1,206,500 |
| Grand Bahama | \$128,000 | \$559,620 |
| Grand Total | \$1,021,966 | \$1,766,120 |

The Business Continuity Programme closed out in FY21 with funding approved totally \$41,716,786.86 between 8 financial institutions.





Grant Programmes

The effects of the Covid-19 global pandemic, much like the rest of the world had devastating impacts that led to significant business closures and high unemployment rates. In response to the effects of this Bahamian economic downturn, the Access Accelerator established numerous grant programmes. These programmes assisted in the rebuilding of severely impacted MSMEs as well as provided opportunities for business startups.

One such programme was The Standalone Grant Programme (SAG) which had three rounds. Each were opened to both startup and existing businesses with the provision of access to virtual training and grant funding. The purpose of the programme was to increase the number of job opportunities, facilitate better business management (efficiency, technology, productivity, profitability) and assist with losses incurred due to the global pandemic. Further, to encourage formalizing business practices (i.e. preparation of annual financial statements, current business licenses, current business bank account). A total of 4,107 clients applied, of which 1,807 were startups. The programme showed that even during the midst of the pandemic, a vast amount of new businesses were created. Through its three rounds of the Standalone Grant Programme, Access Accelerator made a capital injection of \$2,304,504.12 to MSME's, giving them the financial standing to sustain some of the loss they experienced as a result of the global pandemic.

SAG APPROVAL AMOUNTS

\$1,035,540.00

\$699,975.00

\$568,989.12

SAG ROUND 1 SAG ROUND 2 SAG ROUND 3



Preschool Grant Programme

The Preschool Grant Programme was created to assist with the expansion of the preschool education infrastructure within The Bahamas, through the provisions of grant funding to MSMEs offering or looking to offer these services. Thus equipping educators with the resources necessary to offer quality preschool programmes. There were 87 applicants who applied, of whom 49 were approved for a total funding of \$1,000,000.

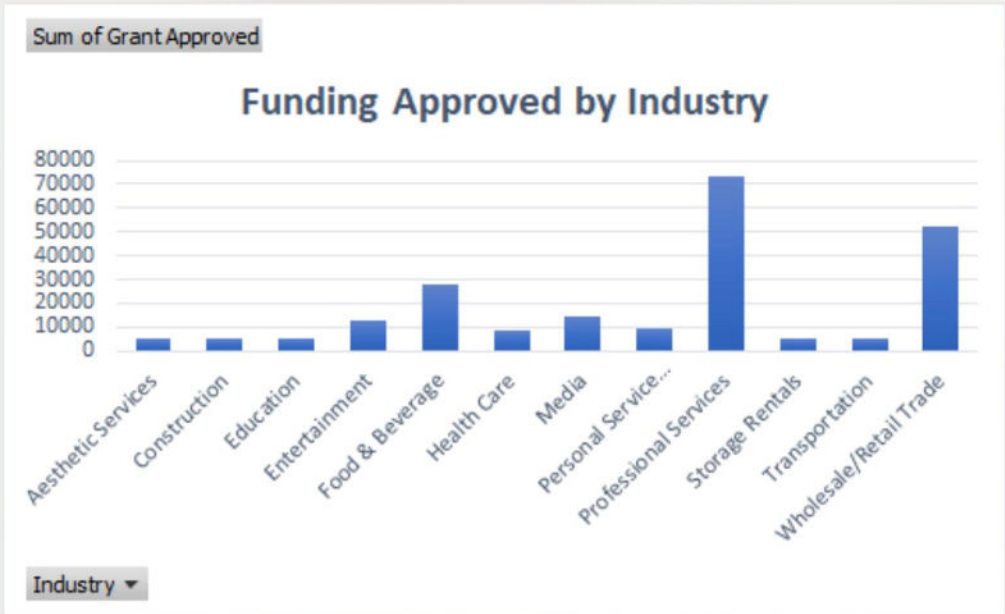
Fishing & Farming Grant Programme

The Fishing & Farming Grant Programme was created to support farming and fishing projects throughout The Bahamas. Through training and access to funding it was intended to equip businesses in the fishing and farming sectors with the resources and tools necessary to offer their products and services. This programme offered grants up to \$50,000 to businesses within the fishing and farming sectors.

| INDUSTRY | GRANT APPROVED |
|--------------------|-----------------------|
| ARGRICULTURE | \$2,196,855.31 |
| FISHING | \$2,832,731.68 |
| GRAND TOTAL | \$5,029,586,99 |

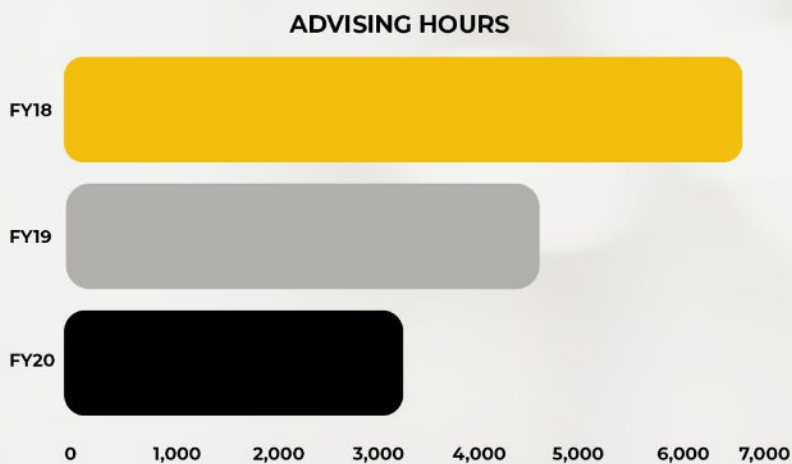
Technology Innovation Grant Programme

The Technology Innovation Grant Programme was created specifically to support micro, small, and medium enterprises (MSMEs) as they improve their management and the modernization of their technologies and other digital applications and services. This programme offered grants up to \$5,000 solely for the implementation of technology related resources.



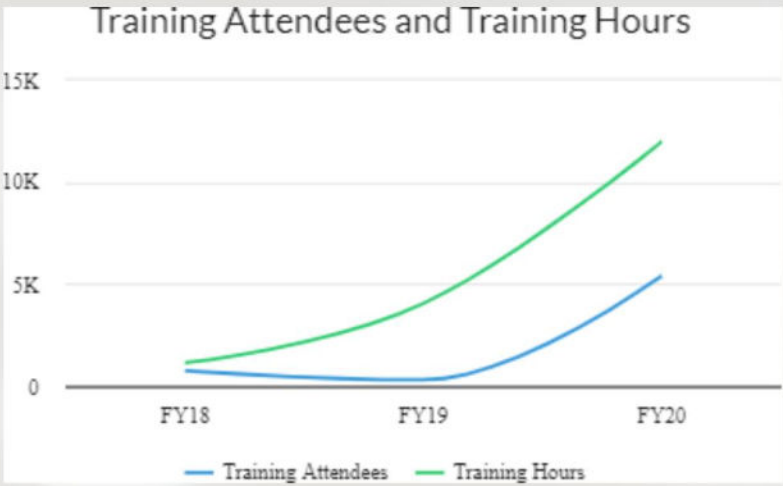
Advisory & Training Services

The advisory and training services offered by Access Accelerator are provided by experienced business advisors and experts through on-site and/or online avenues at no cost to clients. All clients approved through the Access Accelerator agree to a three (3) year relationship, in which the organization provides continuous support to businesses at every stage of their development cycle. In FY21, Access Accelerators' advisors spent 3,254.52 hours extending their knowledge and expertise to clients to ensure that they developed businesses that are successful. Advisory hours have gradually decreased over the past three years in line with a decrease in the number of advisors.



Training Services

With there being many restrictions due to Covid-19 protocols, this has resulted in there being a fast track with the organization's push to digitalize its training resources. All training done in FY21 were conducted virtually through online avenues. The virtual training allowed for the introduction of more specialized courses specific to the different programmes, industries, and statuses of clients. A total of 12 training events were conducted/streamed in FY21. Ultimately, 5,410 clients were able to attend the training provided, resulting in 11,982.09 training hours. This represents a drastic increase from results seen within past fiscal years.



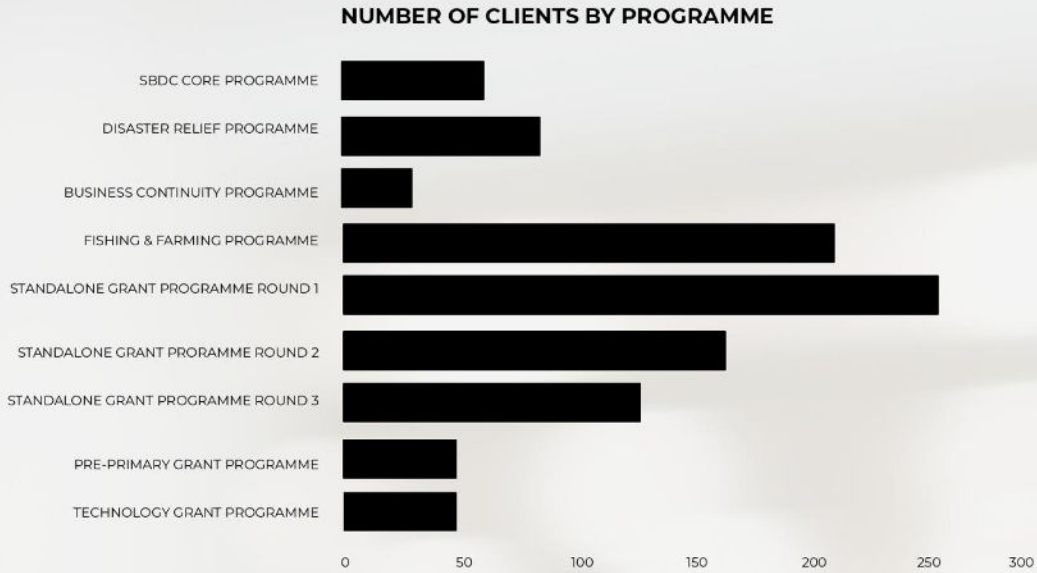
Direct Service Hours Ratio

The direct service hours ratio measures the percentage of time that Access Accelerator spends delivering counseling and training services to its clients. Advisory and training hours are added then divided by the total number of available hours to calculate the direct service hours. In FY21, Access Accelerator’s direct service hours ratio was 59%, which means that 59% of Access Accelerator’s time is spent delivering counseling and training assistance.

Impact

Economic prosperity in any economy depends on its ability to grow and create new and better job opportunities. Thus, Access Accelerators impact is measured based on the changes in sales, jobs, and financing obtained by a sample of 283 funded clients. The numbers presented are estimates based on responses to an economic impact survey taken August 2021. Respondents from the survey represent a sample of clients who received funding through our services. Our analysis from the survey shows that Access Accelerator’s clients reported revenues of \$14,823,475.43 for FY21. Additionally, clients surveyed reported to have contributed to the creation of 1,388 jobs. In FY21 Access Accelerator provided 1,033 clients with access

to funding resulting in a capital infusion totaling \$56,085,639.28.



| ECONOMIC IMPACT | |
|-------------------------|----------------------|
| SALES | \$14,823,475.43 |
| JOBS | 1,388 |
| CAPITAL INFUSION | 56,085,639.28 |

FINANCIAL REPORT

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of: **SBDC BAHAMAS**

Opinion

We have audited the accompanying financial statements of SBDC Bahamas (the "Company") which is comprised of the statement of financial position as at 30 June 2021 and the related statements of operations and retained funds and cash flows for the year ended 30 June 2021 and accompanying notes to the financial statements which contain a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company for the year ended



30 June 2021, its financial performance and its cash flows for the year ended 30 June 2021 in accordance with International Financial Reporting Standards (“IFRSs”) for MSMEs.

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 Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the Commonwealth of 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

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 Company’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 Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company’s financial reporting process.

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 ISA will always detect a material misstatement. 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.

FINANCIAL REPORT

As part of an audit in accordance with ISA, we exercise professional judgement 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 omission, misrepresentation 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 the purpose of expressing an opinion on the effectiveness of the Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our Auditors' Report to the related disclosure 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 Company to cease to continue as a going concern; and
- 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.

HLB Galanis & Co.

April 10, 2023
Nassau, Bahamas



FINANCIAL REPORT

SBDC BAHAMAS
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2021
(Expressed in Bahamian Dollars)

| ASSETS | | 2021 | 2020 |
|---|----|---------------------|-------------------|
| Current assets | | | |
| Cash and cash equivalents (Note 5) | \$ | 4,282,344 | 5,972,093 |
| Accounts receivable (Note 6) | | 106,446 | 57,441 |
| Other assets (Note 7) | | 68,197 | 65,297 |
| Prepaid asset | | 73,409 | 82,513 |
| TOTAL CURRENT ASSETS | | 4,530,396 | 6,177,344 |
| Non-current assets | | | |
| Plant and equipment, net (Note 8) | | 116,372 | 54,201 |
| Long-term notes receivable (Note 9) | | 43,353,461 | 27,849,302 |
| TOTAL ASSETS | | \$48,000,229 | 34,080,847 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Accounts payable | | 358,788 | 112,585 |
| Other current liabilities | | 16,159 | 10,816 |
| TOTAL CURRENT LIABILITIES | | 374,947 | 123,401 |
| Non-current liabilities | | | |
| Loan guarantee fund (Note 10) | | 1,688,000 | 1,898,350 |
| TOTAL LIABILITIES | | 2,062,947 | 2,021,751 |
| NET ASSETS | | | |
| Retained fund - unrestricted | | (1,426,614) | (477,140) |
| Retained funds - restricted | | 47,363,896 | 32,536,236 |
| TOTAL NET ASSETS | | 45,937,282 | 32,059,096 |
| TOTAL LIABILITIES AND NET ASSETS | | \$48,000,229 | 34,080,847 |

The accompanying notes form an integral part of these audited financial statements.

SBDC BAHAMAS
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in Bahamian Dollars)

| | 2021 | 2020 |
|--|---------------------------------------|---------------------------------------|
| | Without Donor Restrictions | Without Donor Restrictions |
| REVENUE | | |
| Grants and contributions (Note 13) | \$ 3,265,534 | \$ 2,190,349 |
| In-kind donations (Note 13) | 60,000 | 61,096 |
| Interest income | 43,058 | - |
| Other revenues | 2,500 | 3,254 |
| TOTAL REVENUES | 3,371,092 | 2,254,699 |
| PROGRAMME EXPENSES | | |
| Client advisory and training services | 353,414 | 768,207 |
| Advertising and promotion | 46,363 | 22,890 |
| Travel expenses | 41,482 | 48,760 |
| TOTAL PROGRAMME EXPENSES | 441,259 | 839,857 |
| GENERAL AND ADMINISTRATIVE EXPENSES | | |
| Payroll and related expenses | 1,555,986 | 1,178,522 |
| Allowance for doubtful accounts | 1,246,753 | - |
| Repairs and maintenance Professional and consulting fees | 482,924 | 8,223 |
| | 195,933 | 167,631 |
| Dues and subscriptions | 92,392 | 40,990 |
| Rent | 68,405 | 74,448 |
| Licenses and permits | 66,544 | 48,233 |
| General operating expenses | 63,240 | 125,377 |
| Donations and sponsorships | 36,666 | 24,350 |
| Depreciation | 31,524 | 11,295 |
| VAT expense | 20,947 | 31,874 |
| Audit and accounting services | 20,750 | 34,750 |
| Bank service charges | 18,807 | 10,594 |
| Director's fees | 13,000 | 23,333 |
| Total general and administrative expenses | 3,913,871 | 1,779,620 |
| NET LOSS | \$ (984,038) | \$ (364,778) |

The accompanying notes form an integral part of these audited financial statements.

FINANCIAL REPORT

SBDC BAHAMAS
STATEMENT OF NET ASSETS
AS AT 30 JUNE 2021
(Expressed in Bahamian Dollars)

| | | | |
|---|----------------------|-----------------------|----------------------|
| Balance as at June 30, 2019 | \$ 526,015 | \$ (112,362) | \$ 413,653 |
| Donations/grants during the year | 35,234,911 | - | 35,234,911 |
| Funds released during the year | (3,224,690) | - | (3,224,690) |
| Net loss | - | (364,778) | (364,778) |
| Balance as at June 30, 2020 | 32,536,236 | (477,140) | 32,059,096 |
| Correction of error in prior period error | - | 34,564 | 34,564 |
| Balance as at June 30, 2020, as restated | 32,536,236 | (442,576) | 32,093,660 |
| Donations/grants during the year | 26,207,391 | - | 26,207,391 |
| Funds released during the year | (11,379,731) | - | (11,379,731) |
| Net loss | - | (984,038) | (984,038) |
| Balance as at June 30, 2021 | \$ 47,363,896 | \$ (1,426,614) | \$ 45,937,282 |

SBDC BAHAMAS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021
(Expressed in Bahamian Dollars)

| | 2021 | 2020 |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | \$ 13,843,622 | \$ 31,645,444 |
| Surplus of income | (49,005) | 75,786 |
| (Increase) / decrease in accounts receivable | (2,900) | (11,685) |
| Increase in other current assets | 9,104 | (77,607) |
| Decrease / (increase) in prepaid asset Increase in accounts payable | 246,203 | 77,400 |
| Increase in other current liabilities | 5,343 | 10,609 |
| Prior period adjustment | (269) | - |
| Depreciation | 31,524 | 10,064 |
| Net cash provided by operating activities | 14,083,622 | 31,730,011 |
| INVESTING ACTIVITIES | | |
| Increase in long term notes receivable | (15,504,159) | (27,732,676) |
| Purchase of plant and equipment | (58,862) | (25,211) |
| Net cash used in investing activities | (15,563,021) | (27,757,887) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| (Decrease) / increase in loan guarantees | (210,350) | 1,148,350 |
| Net cash (used in) provided by financing activities | (210,350) | 1,148,350 |
| NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS | (1,689,749) | 5,120,474 |
| Cash and cash equivalents, beginning of year | 5,972,093 | 851,619 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | 4,282,344 | \$5,972,093 |
| CASH AND CASH EQUIVALENTS IS COMPRISED OF THE FOLLOWING | | |
| Cash and cash equivalents | 4,282,344 | \$5,972,093 |
| TOTAL CASH AND CASH EQUIVALENTS | \$ 4,282,344 | \$ 5,972,093 |

GENERAL INFORMATION

SBDC Bahamas (the “Company” or “SBDC”) was established on 24 May 2018 in the Commonwealth of The Bahamas (“The Bahamas”) as a company limited by guarantee and a Non-Profit Organization. The founding members of the Company are the University of The Bahamas, The Bahamas Chamber of Commerce and Employers’ Confederation and the Ministry of Finance of the Commonwealth of The Bahamas. The Company’s registered address is University of The Bahamas, Bahamas Tourism Training Centre, Ground Floor, West Wing, University Drive, P. O. Box N-4912, New Providence, The Bahamas and the principal office is situated at Gladstone Freight Terminal, New Providence, The Bahamas.

The objects for which the Company is established are:

- a.** To support the development of Micro, Small and Medium-sized Enterprises (“MSMEs”) in The Bahamas and maximise the creation of economic impact;
- b.** To educate MSMEs by providing information that would sustain their growth and development;
- c.** To offer training programmes to MSMEs on how to start, manage, expand their businesses, and engage in international trade;
- d.** To foster collaboration among students, the faculty of the University of The Bahamas, The government the private sector and the public at large to encourage the growth of MSMEs;
- e.** To conduct research that would facilitate and support MSMEs;
- f.** To advocate for the growth and development of MSMEs including advocating for improving the ease of doing business;
- g.** To purchase, take on lease or in exchange, hire or otherwise acquire

or otherwise acquire any real and personal estate which may be deemed necessary or convenient for any of the objects of the Company; and

h. To do all things necessary or convenient to carry out the objects of the Company.

SBDC aims to increase the ability of this sector to provide employment, diversity, wealth and drive the development of a robust economy.

SBDC partners with the following institutions:

- Bahamas Chamber of Commerce and Employers' Confederation
- University of The Bahamas
- Ministry of Finance
- Venture Coworking
- Over-The-Hill Community Development Partnership

These financial statements represent the results of the Company's operation for the period from 1 July 2020 to 30 June 2021.

STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") for SMEs as issued by the International Accounting Standards Board ("IASB") and are presented in Bahamian Dollars ("BSD\$"), the Company's functional currency.

BASIS OF PREPARATION

Management's use of judgments and estimates

The Company uses accounting estimates and assumptions in the preparation of the 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 Company'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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash and other assets that are readily convertible into cash.

ACCOUNTS RECEIVABLE

Accounts receivable are incurred during the normal course of business and are amounts due to the Company as at the date of the statement of financial position.

RECOGNITION AND INITIAL MEASUREMENT OF FINANCIAL ASSETS

Financial assets are recognized when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets is described below.



CLASSIFICATION AND SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is subsequently measured and whether any resulting operations and expense is recognized in the statement of operations or directly in equity.

For subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

- Amortized cost;
- Financial assets at fair value through profit or loss (FVTPL);
- Financial assets at fair value through other comprehensive income (FVOCI).

All financial assets except for those at FVTPL are reviewed at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets.

All operations and expenses relating to financial assets are recognized in the statement of operations.

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 30 June 2021, none of the Company's investments fall into this category.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The company classifies its investments as financial assets at FVTPL. These are held for trading investments acquired principally for the purposes of selling in the short term. This category includes debt securities acquired principally for generating a profit from short term fluctuations in price. All derivatives and liabilities from short sales of financial instruments are classified as held for trading.

Regular way purchases and sales of investments are recognized on the trade date - the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value, and transaction costs for all financial assets at FVTPL are expensed as incurred.

After initial recognition, all financial assets at FVTPL are measured at fair value. The fair value of financial instruments traded in active markets (such as a national securities exchange) is determined by reference to the last traded price for financial assets quoted on the last business day of the financial reporting period.

Gains and losses arising from sale and changes in the fair value of financial assets at FVTPL are included in the statement of operations in the period in which they arise. Realized gains and losses are determined on the identified cost basis after amortizing the discount earned from the date of sale.

At 30 June 2021 the Company's investments fall into this category of financial instruments.

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

- They are held under a business model whose objective it is “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 30 June 2021, the Company had no financial assets at FVOCI.

FAIR VALUE MEASUREMENT HIERARCHY

This hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted in active markets for identical assets or liabilities);

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (as prices) or indirectly (derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (observable inputs).

As at 30 June 2021, the Company’s investments in debt and equity securities fall into Level 2 of the hierarchy.



Level 3: Inputs for the asset or liability that are not based on observable market data (observable inputs).

As at 30 June 2021, the Company's investments in debt and equity securities fall into Level 2 of the hierarchy.

DERECOGNITION OF FINANCIAL ASSETS

Financial assets

A financial asset or, where applicable, a part of a financial asset or a part of a group of similar financial assets is derecognized when:

- The rights to receive cash flows from the asset have expired;
- The Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement;
or

- The Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

IMPAIRMENT OF FINANCIAL ASSETS

The Company assesses at each financial position date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

NET GAIN OR LOSS ON FINANCIAL ASSETS AT FVTPL

This includes changes in the fair value of financial assets at FVTPL and excludes interest income. Unrealized gains and losses comprise the changes in the fair value of financial instruments for the period. Realized gains and losses on disposal of financial instruments classified as financial assets at FVTPL represent the difference between an instrument's initial carrying amount and disposal amount, or cash payments or receipts.



PREPAID ASSET

Prepaid asset are expenses paid in advance.

PLANT AND EQUIPMENT

The Company plant and depreciation policy provides that all assets will be depreciated over their estimated useful life using the straight-line depreciation basis. The estimated useful lives for the Company's plant and equipment are as follows:

- | | |
|--------------------------------|---------|
| • Computers and devices | 3 years |
| • Furniture and equipment | 5 years |
| • Leasehold improvements | 3 years |
| • Fintech platform development | 3 years |
| • Branding and signage | 5 years |
| • Vehicles | 5 years |

ACCOUNTS PAYABLE

Accounts payable are incurred in the normal course of business and are amounts that the Company owes to other institutions or individuals as at the date of the statement of financial position.

GRANTS, DONATIONS AND CONTRIBUTIONS

The Company obtains its funding from external grants, donations and contributions. Grants, donations and contributions are recorded as income at the time of receipt in accordance with IAS 20.

Factor B 15%
10%

EXPENSES

Expenses are accounted for on the accrual basis.

TAXATION

Under existing legislation of the Commonwealth of The Bahamas, there is no income, capital gains, corporate taxes payable by the Company. Taxes recorded in the Company's statement of operations and retained funds represents value added taxes paid out to vendors during the normal course of business.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at 30 June 2021 are as follows:

| | 2021 | | | 2020 | | |
|----------------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| | UNRESTRICTED | RESTRICTED | TOTAL | UNRESTRICTED | RESTRICTED | TOTAL |
| BOB-4911 | \$ - | \$ 1,594,989 | \$ 1,594,989 | \$ - | \$ 1,249,955 | \$ 1,249,955 |
| RBC-6758 | - | 946,535 | 946,535 | - | 268,243 | 268,243 |
| BOB-5629 | - | 498,674 | 498,674 | - | - | - |
| BOB-0202 | 459,961 | - | 459,961 | 4,287,349 | - | 4,287,349 |
| BOB-5630 | - | 440,019 | 440,019 | - | - | - |
| BOB- 5184 | - | 155,218 | 155,218 | - | 693 | 693 |
| RBC-6741 | - | 91,076 | 91,076 | - | 148,267 | 148,267 |
| RBC-7723 | 87,747 | - | 87,747 | - | - | - |
| BOB-2400 | 6,775 | - | 6,775 | 1,082 | - | 1,082 |
| BOB-5183 | - | 1,044 | 1,044 | - | - | - |
| CFAL-INVESTMENT ACCOUNT | 156 | - | 156 | - | - | - |
| FCIB-5675 | - | 150 | 150 | - | - | - |
| SCOTIA | - | - | - | 16,504 | - | 16,504 |
| CASH AND CASH EQUIVALENTS | \$ 554,639 | \$ 3,727,705 | \$ 4,282,344 | \$ 4,304,935 | \$ 1,667,158 | \$ 5,972,093 |

Restricted and Unrestricted funds

Funds in restricted accounts are allocated for client disbursements under specific programmes and special projects only.

Funds in unrestricted accounts are used for the day-to-day operations of the SBDC and its programmes.

ACCOUNTS RECEIVABLE

Accounts receivable as at 30 June 2021 are as follows:

| | 2021 | 2020 |
|---------------------------------|------------------|-----------------|
| Due from third parties | \$ 99,754 | \$ - |
| Receivable from clients | 31,811 | 52,743 |
| Due from employees | 4,500 | 4,698 |
| Total accounts receivable | 136,065 | 57,441 |
| Allowance for doubtful accounts | 29,619 | - |
| Adjusted accounts receivable | \$106,446 | \$57,441 |

The aging of accounts receivable is comprised of the following balances:

| | 2021 | 2020 |
|------------------------|------------------|-----------------|
| Current | \$ - | \$11,401 |
| 1 - 30 days | | 440 |
| 31 - 60 days | 5,750 | 26,559 |
| 61 - 90 days | 99,754 | 308 |
| 91 days and over | 30,561 | 18,733 |
| Balance, end of period | \$136,065 | \$57,441 |



OTHER ASSETS

Other assets as at 30 June 2021 are as follows:

| | 2021 | 2020 |
|---|-----------------|-----------------|
| Social media development | \$ 22,000 | \$ 22,000 |
| Database development | 18,572 | 18,572 |
| Royal Bank of Canada credit card security deposit | 15,000 | 15,000 |
| Website development | 9,725 | 9,725 |
| Security deposit Andros | 2,900 | - |
| Other assets | \$68,197 | \$65,297 |

PLANT & EQUIPMENT

Other assets as at 30 June 2021 are as follows:

| | | | | | | | |
|------------------------------|------------------|------------------|------------------|-----------------|------------------|-----------------|-------------------|
| Computers and devices | \$ 31,426 | \$ 23,333 | \$ 54,759 | \$ 8,551 | \$ 13,518 | \$ 22,069 | \$ 32,690 |
| Furniture and equipment | 13,669 | 25,329 | 38,998 | 2,189 | 1,250 | 3,439 | 35,559 |
| Fintech platform development | 9,500 | - | 9,500 | 3,167 | 4,861 | 8,028 | 1,472 |
| Branding and signage | 5,884 | - | 5,884 | 983 | 1,177 | 2,160 | 3,724 |
| Vehicles | 73,624 | 10,200 | 83,824 | 30,179 | 10,718 | 40,897 | 42,927 |
| Totals 2021 | \$134,103 | \$ 58,862 | \$192,965 | \$45,069 | \$31,524 | \$76,593 | \$ 116,372 |
| Totals for 2020 | \$46,623 | \$ 25,211 | \$ 71,834 | \$ 7,569 | \$ 10,064 | \$17,633 | \$ 54,201 |

NOTES RECEIVABLE

Amounts listed under notes receivable represents total micro loan disbursements made on behalf of approved business continuity, SBDC and disaster relief clients. Clients approved under the SBDC and the Disaster Relief Micro Loan Funding Programmes were awarded low interest micro loans up to BSD \$50,000 with a payback period of seven years maximum rate at 5% interest per annum. Clients approved under the Business Continuity Loan Programme were awarded low interest loans up to \$300,000 with a payback period of seven years and interest of 5%.

Loans issued under the SBDC and the Disaster Relief Micro Loan Programmes are administered and managed by The Bahamas Development Bank. Loans issued under the Business Continuity Loan Programme are administered and managed by a group of financial institutions and small loan lenders.

| HURRICANE DORIAN DISASTER RELIEF MICRO LOAN PROGRAMME | 2021 | 2020 |
|--|-----------------------------|----------------------------|
| Bahamas Development Bank | \$3,369,479 | \$1,423,543 |
| Total Business Continuity Loan Programme | <u>\$3,369,479</u> | <u>\$1,423,543</u> |
| | | |
| SBDC / BAHAMAS DEVELOPMENT BANK MICRO LOAN PROGRAMME | | |
| Bahamas Development Bank | \$410,223 | \$ 301,246 |
| Omni Financial | 1,690,173 | 305,368 |
| Total SBDC/Bahamas Development Bank Micro Loan Programme | <u>\$2,100,396</u> | <u>\$606,614</u> |
| | | |
| BUSINESS CONTINUITY LOAN PROGRAMME | | |
| Simplified Lending | \$13,371,577 | \$9,163,675 |
| Omni Financial | 11,720,715 | 6,392,970 |
| Cash N Go Ltd | 5,161,680 | 3,250,000 |
| Bahamas Development Bank | 4,345,785 | 3,462,500 |
| Leno Corporate Services | 2,175,955 | 750,000 |
| Sunshine Finance Limited | 1,105,240 | 1,300,000 |
| Bahamas Entrepreneurial Venture Fund | 1,060,273 | 1,000,000 |
| Fidelity Bank | 157,494 | 500,000 |
| Total business continuity loan programme | <u>\$39,098,719</u> | <u>\$25,819,145</u> |
| | | |
| TOTAL NOTES RECEIVABLE | <u>\$44,568,594</u> | <u>27,849,302</u> |
| | | |
| Allowance for doubtful accounts | 1,215,133 | - |
| ADJUSTED NOTES RECEIVABLE | <u>\$ 43,353,461</u> | <u>\$27,849,302</u> |
| | | |
| Current | \$446,049 | \$ 29,355 |
| 1 - 30 days | 82,375 | 272,379 |
| 31 - 60 days | 339,702 | 115,922 |
| 61 - 90 days | 191,825 | 235,225 |
| 91 days and over | 3,174,499 | 553,567 |
| Impaired (366 days and over) | - | 30,162 |
| Disbursements in progress | 40,334,143 | 26,612,692 |
| | <u>\$ 44,568,593</u> | <u>\$27,849,302</u> |



LOAN GUARANTEE FUND

The SBDC serves as guarantor for its clients who receive loans from local banks and other financial institutions in excess of the SBDC's Micro Loan and the Disaster Relief's Micro Loan Programmes maximum allowed loan amount of \$50,000.

Under the Loan Guarantee Programmes, for most sectors, SBDC clients are eligible to obtain loans up to \$500,000 and the SBDC guarantees up to 75% of the loan amount. The loan guarantee amounts recorded are the amounts placed with various banks to collateralize guarantees pledged under the programme. The funds enable the SBDC to immediately fund any guarantees called.

FACILITY ONE

Guarantees provided under the SBDC's Micro Loan and Disaster Relief's Micro Loan Programmes Guarantee Programmes are recorded on SBDC's books as a contingent liability in accordance with IAS 37. Total reserve established for the guarantee programmes initially stood at \$2,000,000 (\$1,000,000 each). The movement on the facility is as follows:

| | 2021 | 2020 |
|--------------------------|---------------------|---------------------|
| Opening balance | \$ 1,898,350 | \$ 1,750,000 |
| Addition | - | 250,000 |
| Charge against provision | (210,350) | (101,650) |
| Loan guarantee | \$ 1,688,000 | \$ 1,898,350 |



FACILITY TWO

To expand the loan guarantee programme, on 5 August 2020, the Inter-American Bank (IDB) and the Government of The Bahamas (the Government) signed an additional facility up to US\$25 million primarily to assist Micro, Small and Medium-Sized Enterprises (MSMEs) with obtaining credit facilities from financial institutions. The Government appointed the SBDC Bahamas as the Executing Agency for the Programme and the SBDC assigned management control of the Programme to its Programme Executing Unit (PEU).

The disbursement period is 5 years, and the loan is repayable in semi-annual, consecutive, and equal instalments commencing 66 months from the loan contract date (5 February 2026).

As at the Balance Sheet date, \$2,406,421 is held by the PEU in escrow in support of loans guaranteed under the programme. Warranties totaling \$1,438,729 have been issued under the programme.

RELATED PARTIES

Parties are related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.

Related parties include directors and senior management level employees as they could affect the financial or operating policies of the Company through the presence of control or significant influence.

CAPITAL

The Company has no authorised share capital but is limited by guarantee. Each Member has agreed that in the event of the Company's winding up and its liabilities exceed its assets, to contribute up to one dollar (B\$1.00) each. As at 30 June 2021, the Company had three (3) Members.

GRANTS, DONATIONS AND CONTRIBUTIONS

Grants, donations and contributions for the year is comprised of the following:

| GRANTS AND CONTRIBUTIONS | | | | | | |
|--|--------------------|---------------------|----------------------|---------------------|----------------------|----------------------|
| COVID-19 MSME Business Continuity Programme\$ | - | \$ 13,100,000 | \$ 13,100,000\$ | - | \$ 30,000,000 | \$ 30,000,000 |
| Economic Recovery Funding Programmes | - | 4,940,000 | 4,940,000 | - | - | - |
| Hurricane Dorian disaster relief program | - | 3,925,000 | 3,925,000 | - | 4,220,242 | 4,220,242 |
| Government contributions | 3,265,534 | - | 3,265,534 | 2,190,349 | - | 2,190,349 |
| IDB Credit Enhancement Project | - | - | - | - | - | - |
| Micro loan fund | - | 1,921,477 | 1,921,477 | - | 500,000 | 500,000 |
| Grant fund | - | 1,565,000 | 1,565,000 | - | 331,564 | 331,564 |
| Royal Caribbean Program | - | 500,000 | 500,000 | - | - | - |
| Disney Programme Funding | - | 155,568 | 155,568 | - | - | - |
| IDB Lab - Accelerate Bahamas | - | 75,591 | 75,591 | - | - | - |
| In-kind donations | 60,000 | - | 60,000 | 61,096 | - | 61,096 |
| Other miscellaneous income | 45,558 | - | 45,558 | 3,254 | - | 3,254 |
| Academy for Women Entrepreneuers programme funding | - | 24,755 | 24,755 | - | 14,105 | 14,105 |
| Grand Bahama Technical Grant | - | - | - | - | 149,000 | 149,000 |
| Buckeye Bahamas Limited Grant | - | - | - | - | 20,000 | 20,000 |
| Total Income | \$3,371,092 | \$26,207,391 | \$ 29,578,483 | \$ 2,254,699 | \$ 35,234,911 | \$ 37,489,610 |

Funds were received from The Government of The Bahamas, The IDB and from private donations to fund the following programmes:

a. COVID – 19 MSME Business Continuity Programme

The COVID - 19 Business Continuity Loan Programme was launched in March 2020 in response to the national lockdowns that took place as a result of the covid pandemic. The SBDC partnered with various financial institutions and small loan lenders who facilitated the disbursement of funds to clients. Funding for this programme was received from The Government of The Bahamas.

The goal of this programme is to ensure business continuity for MSMEs domiciled in The Bahamas. Under this programme, 593 eligible MSMEs are able to obtain funding up to \$300,000 in low interest working capital loans to help overcome the temporary loss of revenues and up to \$20,000 in grant funding to be used for salaries only.

b. Economic Recovery Grant Programme

The Economic Recovery Programme was developed to stimulate various industries in our economy and includes several programmes developed by the SBDC and is funded by The Government of The Bahamas. Under the Economic Recovery umbrella, the following programmes were launched during the 2021 fiscal year:

The Economic Recovery Programme was developed to stimulate various industries in our economy and includes several programmes developed by the SBDC and is funded by The Government of The Bahamas. Under the Economic Recovery umbrella, the following programmes were launched during the 2021 fiscal year:

Fishing and Farming: In partnership with the Ministry of Agriculture and Marine resources, the SBDC launched the Fishing and Farming Grant Programme in April 2021. Funding for this programme were disbursed to registered MSMEs throughout The Bahamas that operate within the agriculture and fisheries industries for the purchase of equipment and supplies needed for operations. 213 approved MSMEs were awarded grants up to \$50,000 to be used for equipment, supplies and other business-related expenses.

Standalone Grants: The aim of the Standalone Grant programme was to assist in the development of the small business community within The Bahamas through mentorship, training, and access to funding. Under this program, there were three cohorts launched in December 2020, January 2021 and April 2021 where 547 existing and start-up MSMEs were awarded grants up to \$5,000 to be used for the purchase of supplies, business start-up, and other business-related expenses.

c. Hurricane Dorian Disaster Relief Programme

The Hurricane Dorian Disaster Relief Loan Programme was developed and launched in September 2019 with the goal of assisting existing MSMEs in Freeport and Abaco obtain access to funding to re-establish their businesses. Under this programme, MSME's were eligible for four funding streams:

- Stand alone grants up to \$5,000
- Farming and fishing grants up to \$50,000 (these grants were available only to MSMEs that operated within the agriculture and fisheries industries)
- Micro loans up to \$50,000 (low interest working capital loans)
- Matching grants up to \$20,000 (tied to micro loans only)

d. SBDC/BDB Micro Loan Fund

The SBDC/BDB Micro Loan Programme is a partnership with the Bahamas Development Bank. Under this programme, approved SBDC clients are eligible for low interest loans with the Bahamas Development Bank (BDB). These loans are approved in-house through SBDC and are booked/administered by BDB on SBDC's behalf. Initially, the maximum loan amount allowed under this programme was \$15,000. In October 2019, this amount was increased to \$50,000 in response to the number of small loans being requested by clients.

e. Grant Fund

The grant fund relates to the SBDC's Micro Loan Programme. Under this programme, all approved SBDC clients can be awarded up to a maximum of \$20,000 in grant funding which must be matched with debt or equity investment from other sources.

f. Grand Bahama Technical Grant

The Grand Bahama technical grant programme was a programme developed and launched by the Prime Minister's Office in Grand Bahama. Funding was provided to the SBDC for disbursement to approved MSMEs in Grand Bahama that were found to be in need of technical assistance in the form of website development and other marketing needs, POS (point of sale) system, other accounting software and business management systems. MSMEs were eligible for grants up to \$5,000 under this programme.

g. Buckeye Bahamas Limited Grant

The Buckeye Bahamas Limited grant was a \$20,000 donation received by the SBDC from Buckeye Bahamas Ltd., a Grand Bahama based business. With this donation, the Buckeye economic stimulus grant for Grand Bahamian MSMEs was created. Under this programme, five grants in the amount of \$4,000 each were awarded to businesses on the island that were able to adapt and continue operations during the pandemic.

h. Academy for Women Entrepreneurs' Programme Funding

The AWE (Academy for Women Entrepreneurs) programme was a partnership between the SBDC Bahamas and the US Embassy. The focus of this



programme was to provide its participants with educational, mentorship and networking opportunities through weekly online sessions, facilitated by SBDC staff and female clients. Sessions were held in both Nassau and Freeport over a period of eighteen weeks and allowed participants the ability to learn ways to develop and promote their businesses internationally. Funding received for this programme was used to pay facilitators and for rental of session spaces.

i. Preschool Grant Programme

The Preschool Grant Programme was developed in partnership with the Ministry of Education, and launched by the SBDC, with the goal of assisting registered preschools obtain grant funding to assist with upgrading their premises, purchasing books and other supplies, etc. Under this programme, 49 eligible preschools were awarded up to \$20,000 in grant funding.

j. SBR Grant Programme

The SBR Grant Programme was developed through partnership with The Grand Bahama Port Authority (GBPA). The GBPA pledged and disbursed \$100,000 to this programme and the SBDC matched this pledge. The purpose of this programme was to assist small businesses on the island purchase supplies and with other related business costs. In total, 20 MSMEs located in Grand Bahama were approved and received grants up to \$5,000 from the SBDC beginning October 2020.

EXPENSES

The expenses from the year ended 30 June 2021 were as follows:

| | UNRESTRICTED FUNDS | 2021 RESTRICTED FUNDS | TOTAL | UNRESTRICTED FUNDS | 2020 RESTRICTED FUNDS | TOTAL |
|---|--------------------|-----------------------|---------------------|---------------------|-----------------------|---------------------|
| SOCIAL PURPOSE ACTIVITIES | | | | | | |
| Disaster relief loan and grant programmes | \$- | \$ 2,033,663 | \$2,033,663 | \$- | \$2,002,707 | \$ 2,002,707 |
| Economic recovery grant programmes | - | 6,932,937 | 6,932,937 | - | - | - |
| Preschool grant programme | - | 918,786 | 918,786 | - | - | - |
| SBDC grant programmes | - | 627,115 | 627,115 | - | 420,486 | 420,486 |
| Programme administrative fees | - | 629,580 | 629,580 | - | 476,260 | 476,260 |
| Advisory and training | 353,414 | - | 353,414 | 768,207 | - | 768,207 |
| SBR grant programmes | - | 91,613 | 91,613 | - | - | - |
| Consulting services | 77,748 | - | 77,748 | 138,760 | - | 138,760 |
| SBDC special projects | - | 107,579 | 107,579 | - | 71,274 | 71,274 |
| Advertising and promotion | 46,363 | - | 46,363 | 22,890 | - | 22,890 |
| Advisors travel | 41,481 | - | 41,481 | 48,760 | - | 48,760 |
| Accounting services | 20,750 | - | 20,750 | 34,750 | - | 34,750 |
| Grand Bahama Grant Cohort | - | 20,512 | 20,512 | - | 133,706 | 133,706 |
| Buckeye grant programme | - | 20,000 | 20,000 | - | - | - |
| Over the Hill Programme | - | (2,054) | (2,054) | - | 120,257 | 120,257 |
| Total social purpose activities | \$ 539,756 | \$11,379,731 | \$11,919,487 | \$ 1,013,367 | \$3,224,690 | \$4,238,057 |
| OPERATING EXPENSES | | | | | | |
| Salaries and wages | \$ 1,378,028 | \$ - | \$1,378,028 | \$ 1,061,944 | \$- | \$1,061,944 |
| Bad debt expense | 1,244,753 | - | 1,244,753 | - | - | - |
| Employee benefits | 177,957 | - | 177,957 | 116,578 | - | 116,578 |
| Consulting services | 118,186 | - | 118,186 | 28,871 | - | 28,871 |
| Rent | 68,405 | - | 68,405 | 74,448 | - | 74,448 |
| Telephone expense | 25,540 | - | 25,540 | 16,184 | - | 16,184 |
| Taxes paid (value added tax) | 20,947 | - | 20,947 | 31,874 | - | 31,874 |
| Other expense | 9,222 | - | 9,222 | 7,949 | - | 7,949 |
| Promotional events | 5,458 | - | 5,458 | 51,398 | - | 51,398 |
| Total operating expenses | \$3,048,496 | \$ - | \$ 3,048,496 | \$ 1,389,246 | \$ - | \$ 1,389,246 |
| ADMINISTRATIVE EXPENSES | | | | | | |
| Repairs and maintenance | \$482,925 | \$ - | \$482,925 | \$ 8,223 | \$- | \$8,223 |
| Dues and subscriptions | 92,392 | - | 92,392 | 40,990 | - | 40,990 |
| Licenses and permits | 66,544 | - | 66,544 | 48,233 | - | 48,233 |
| Donations and sponsorships | 36,666 | - | 36,666 | 24,350 | - | 24,350 |
| Depreciation | 31,524 | - | 31,524 | 11,295 | - | 11,295 |
| Bank service charges | 18,807 | - | 18,807 | 10,594 | - | 10,594 |
| Office supplies | 16,970 | - | 16,970 | 24,426 | - | 24,426 |
| Other expenses | 8,050 | - | 8,050 | 25,418 | - | 25,418 |
| Total administrative expenses | \$753,878 | \$ - | \$753,878 | \$193,529 | \$- | \$193,529 |
| DIRECTORS' FEES | \$13,000 | \$ - | \$13,000 | \$23,335 | \$- | \$23,335 |
| TOTAL EXPENSES | \$4,355,130 | \$11,379,731 | \$15,734,861 | \$ 2,619,477 | \$ 3,224,690 | \$5,844,167 |

SUBSEQUENT EVENTS

Subsequent to the year-end, the Company has continued the disbursement of funding under its existing programmes. The Company also continues to be impacted by the world-wide events including Coronavirus pandemic and the more recent Russian government large-scale military invasion of Ukraine. The Company is closely monitoring its operations, liquidity and capital resources and is actively working to minimize the current and future impact of these unprecedented events.

With respect to the recovery or startup nature of the SBDC's clients, management continues to closely monitor the performance of the Company's loan portfolios and delinquency rate, and where it is deemed necessary, book provisions against delinquent accounts.

As at June 30, 2022, the Company had approved 869 loans (June 30, 2021 – 858 loans) with a value of \$42,670,612.

As at June 30, 2021, an allowance for doubtful accounts for the loan portfolio was provided for in the amount \$1,215,133. For the year ended June 30, 2022, the allowance for doubtful accounts increased to \$19,170,119. The provision is calculated as follows:

| | 0-30 days | 31-60days | 61-90 days | 91-120 days | more than 120 days | Total |
|----------------|-----------|-----------|-------------|-------------|--------------------|--------------|
| Provision Rate | 10% | 25% | 38% | 50% | 100% | |
| Provision | \$428,711 | \$642,465 | \$1,122,761 | \$1,274,572 | \$15,701,610 | \$19,170,119 |





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