

Audited Financial Statements

**CENTRE FOR TRAINING AND
INNOVATION**

30 June 2016

CENTRE FOR TRAINING AND INNOVATION

Audited Financial Statements

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INDEPENDENT AUDITORS' REPORTTo the Members and Directors of
CENTRE FOR TRAINING AND INNOVATIONinfo@bakertilly.bs
www.bakertilly.bs**Opinion**

We have audited the accompanying financial statements of Centre for Training and Innovation ("the Organization"), which comprise the statement of financial position as at 30 June 2016, and the statements of income and retained funds and cash flows for the period from 4 May 2016 (date of incorporation) to 30 June 2016 and a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as at 30 June 2016 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards for Small and Medium-sized Entities ("IFRS for SMEs").

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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 IFRS for SMEs 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

To the Members and Directors of
CENTRE FOR TRAINING AND INNOVATION

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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 Members and Directors of
CENTRE FOR TRAINING AND INNOVATION

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.

5 November 2020

Nassau, The Bahamas


CHARTERED ACCOUNTANTS

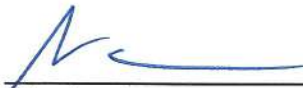
CENTRE FOR TRAINING AND INNOVATION

Statement of Financial Position
(Expressed in Bahamian dollars)

As at 30 June 2016

	Note	2016 \$
ASSETS		
CURRENT ASSET		
Due from related party	5	209,255
NON-CURRENT ASSET		
Property and equipment, net	6	2,741,613
TOTAL ASSETS		2,950,868
LIABILITIES AND ACCUMULATED FUNDS		
LIABILITIES		
CURRENT LIABILITY		
Accounts payable and accrued expenses	7	7,500
NON-CURRENT LIABILITY		
Mortgage payable	8	1,050,000
TOTAL LIABILITIES		1,057,500
ACCUMULATED FUNDS		
Unrestricted fund		1,696,289
Restricted fund	9	197,079
		1,893,368
TOTAL LIABILITIES AND ACCUMULATED FUNDS		2,950,868

These financial statements were approved on behalf of the Board of Directors on 5 November 2020 by:



Director



Director

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

CENTRE FOR TRAINING AND INNOVATION

Statement of Income and Retained Funds
(Expressed in Bahamian dollars)

For the period from 4 May 2016 (date of incorporation) to 30 June 2016

	Notes	Unrestricted fund	Restricted fund	Total funds
		2016	2016	2016
		\$	\$	\$
INCOME				
Donations	5	1,204,954	1,442,640	2,647,594
Tuition & Fees		16,452	-	16,452
Other income		747	-	747
Total Income		1,222,153	1,442,640	2,664,793
EXPENSES				
Salaries and wages	9	584,030	-	584,030
Professional fees		87,959	-	87,959
Office expense, supplies and postage		41,141	-	41,141
Utilities		23,326	-	23,326
Rent		20,001	-	20,001
Depreciation	6	9,855	-	9,855
Insurance		2,715	-	2,715
Advertisement and marketing		2,398	-	2,398
Total Expenses		771,425	-	771,425
SURPLUS OF INCOME OVER EXPENSES		450,728	1,442,640	1,893,368
Transfer from the restricted fund to the unrestricted fund	9	1,245,561	(1,245,561)	-
ACCUMULATED FUND BALANCE, beginning of the period		-	-	-
ACCUMULATED FUND BALANCE, end of the period		1,696,289	197,079	1,893,368

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

CENTRE FOR TRAINING AND INNOVATION

Statement of Cash Flows
(Expressed in Bahamian dollars)

For the period from 4 May 2016 to 30 June 2016

	Notes	2016 \$
CASH PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Surplus of income over expenses		1,893,368
Adjustment for non-cash item:		
Depreciation	6	9,855
Changes in operating asset and liability:		
Increase in due from related party		(209,255)
Increase in accounts payable and accrued expenses		7,500
Net cash provided by operating activities		1,701,468
INVESTING ACTIVITY		
Purchases of property and equipment	6	(2,751,468)
FINANCING ACTIVITY		
Increase in mortgage payable		1,050,000
NET INCREASE IN CASH DURING THE PERIOD		-
Cash, beginning of the period		-
CASH, END OF THE PERIOD		-

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

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

1. GENERAL INFORMATION AND NATURE OF OPERATIONS

The Centre for Training and Innovation (“CTI or the Organization”) was incorporated on 4 May 2016, in the Commonwealth of The Bahamas as a company limited by guarantee and the One Eleuthera Foundation (“OEF”) was appointed as its Founding Member. As a Founding Member, the OEF selects CTI’s Board of Directors and is therefore deemed to be CTI’s controlling entity.

CTI program provides tertiary level educational and vocational training to residents on Eleuthera providing personal and social skills development whilst instilling a spirit of independence, innovation and community development, and accommodates the needs of the labor market through its programs and courses.

The registered office of the Organization is located at 3 Bayside Executive Park, West Bay Street and Blake Road, P.O. Box N-4875 New Providence, The Bahamas.

2. STATEMENT OF COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Organization’s first financial statements are presented in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (“IFRS for SMEs”) as issued by the International Accounting Standards Board (“IASB”), and prepared under the historical cost convention and are presented in Bahamian dollars, the Organization’s functional currency. The Board of Directors determined that IFRS for SMEs is the appropriate financial reporting standard because the Organization’s activities are fairly simple and limited in scope and do not encompass the wide array of business activities that is contemplated by full IFRS.

3. NEW OR REVISED STANDARDS AND INTERPRETATIONS

Overall considerations

In May 2015, IASB issued the 2015 Amendments to the International Financial Reporting Standard for Small and Medium-sized Entities. Entities reporting using the IFRS for SMEs are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted.

Each individual amendment only affects a few paragraphs and in many cases only few words except for the following:

- allowing an option to use the revaluation model for property, plant and equipment in Section 17: Property, Plant and Equipment;
- aligning the main recognition and measurement requirements for deferred income tax with IAS 12, Income Taxes; and
- aligning the main recognition and measurement requirements for exploration and evaluation assets with IFRS 6, Exploration for and Evaluation of Mineral Resources.

Management anticipates that the other relevant amendments will be adopted in the Foundation’s accounting policies for the first period beginning after the effective date and are not expected to have a material impact on the Organization’s financial statements.

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Management's use of judgments and estimates

The Organization uses accounting estimates and assumptions in the preparation of these 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 Organization'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 following presents a summary of these significant estimates and judgments:

Estimation of useful lives of property and equipment

Useful lives of property and equipment are estimated based on the period over which these assets are expected to be available for use.

Property and equipment, net

Property and equipment are tangible assets like land, buildings, machinery and equipment, vehicles and construction in progress. Land is stated at cost and not depreciated. When acquiring land, certain costs are ordinary and necessary and are capitalized as part of the total cost of the real property. These costs include the cost of the land, title fees, legal fees, survey costs and zoning fees. Also included are site preparation costs like grading and draining, or the cost to raze an old structure. All of these costs may be considered ordinary and necessary to get the land ready for its intended use.

Buildings, machinery and equipment and vehicles are initially recorded at cost less depreciation in the statement of financial position. All costs associated with the purchase or construction shall be considered, including ancillary costs such as freight and transportation charges, site preparation expenditures, installation charges, professional fees, and legal costs directly attributable to asset acquisition.

Where an item of property, and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment, net (continued)

When significant components of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Repair costs for property and equipment will be subject to capitalization when the repair extends the useful life of the related fixed asset. The cost is recorded as an increase to the appropriate asset account. CTI capitalizes all fixed assets with a cost greater than or equal to \$2,500 and a useful life of at least three (3) years, unless otherwise stipulated by a grant. When an asset is purchased through a grant, the grant's capitalization rules apply. CTI will conduct a regular inventory of its property and equipment and maintain a central list which includes date of purchase, registration numbers, warranty information, original cost, and the assets' estimated useful lives.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are included in the statement of income and retained funds.

Capital projects will be capitalized as "construction in progress" until completed. Costs to be capitalized include direct costs, such as labor, materials, and transportation and indirect costs such as engineering and construction management. Construction in progress relates to assets not yet placed in service. In addition, preliminary planning, professional fees and other costs which are, or are anticipated to be, associated with acquiring and developing the project are also capitalized in construction in progress. In the event alternative schemes are implemented, aborted construction in progress costs will be expensed. No depreciation is charged on construction in progress, as there is no consumption of the economic benefit until the asset reaches practical completion.

Donated assets and capitalized donated leases are recorded at their estimated fair market values at the date of donation.

Depreciation and amortization are computed on a straight-line basis using the assets' estimated useful lives as follows:

	<u>Years</u>
Buildings	20 - 50 years
Machinery and equipment	10 - 25 years
Vehicles	3 - 6 years

When assets are retired or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is credited or charged to operations.

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

An assessment is made at each reporting date to determine whether there is any indication of impairment of any assets. 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 for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

Impairment of non-financial assets

An assessment is made at each reporting date to determine whether there is any indication of impairment of any assets. 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).

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

Accounts payable and accrued expenses

Accounts payable and accrued expenses are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

Restricted funds

Restricted funds are the assets and liabilities administered by the Organization for a specific program or social purpose.

Unrestricted funds

Unrestricted funds are the funds administered by the Organization for general purpose and its daily operations.

Income and gifts

Income arises mainly from donations and gifts.

Income is recognized to the extent that it is probable that the economic benefits will flow to the Organization and the income can be reliably measured. The following specific recognition criteria must also be met before income is recognized:

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income and gifts (continued)

Donations and gifts

Donation and gifts income are recognized upon cash receipt from the respective donors throughout the period.

Social purpose trading activities

These are donations and gifts received by the Organization and are restricted for specific purpose or activity and are recorded upon cash receipt from the respective donors throughout the period.

Expenses

Expenses are recognized in the statement of income and retained funds upon utilization of the service or at the date of their origin.

Other income and expenses

Other income and expenses are recorded on the accrual basis.

Income Taxes and Value Added Tax

There are no income taxes imposed on the Organization in the Commonwealth of The Bahamas. On 1 January 2015, the Value Added Tax (VAT) Act came into force and essentially all goods and services in The Bahamas became subject to VAT at the rate of 7.5%. The organization as a not-for-profit entity, is not considered assessable to VAT on its revenue but is subject to VAT on the purchase of goods and services.

Related party transactions

Transactions between related parties are based on terms similar to those offered to nonrelated 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.

Post-reporting date events

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

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

5. DUE FROM RELATED PARTY

For the period from 4 May 2016 to 30 June 2016, CTI did not have banking facilities and therefore relied upon the banking facilities of OEF for receipt of its donations and payment of its expenditures. The referenced transactions for the period were as follows:

	Unrestricted	With Donor Restrictions	Total
	\$	\$	\$
Receipt of donations	1,222,151	1,442,640	2,664,791
Payments for capital assets and expenses	1,209,976	1,245,560	2,455,536
	12,175	197,080	209,255

Therefore, as at 30 June 2016 OEF was holding \$209,255 on behalf of CTI.

6. PROPERTY AND EQUIPMENT, net

Property and equipment, net as at 30 June 2016 are comprised of the following:

	Land	Buildings	Machinery & Equipment	Vehicle	Construction in Progress	Total
	\$	\$	\$	\$	\$	\$
Cost:						
Balance at 4 May 2016	-	-	-	-	-	-
Additions during the period	986,228	1,289,332	21,692	11,784	442,432	2,751,468
Balance at 30 June 2016	986,228	1,289,332	21,692	11,784	442,432	2,751,468
Accumulated depreciation:						
Balance at 4 May 2016	-	-	-	-	-	-
Depreciation for the period	-	2,294	2,019	5,542	-	9,855
Balance at 30 June 2016	-	2,294	2,019	5,542	-	9,855
Net carrying value:						
At 30 June 2016	986,228	1,287,038	19,673	6,242	442,432	2,741,613

The allocation of the purchase price of the land and buildings from the Rock Sound Plantation Company Limited is based on an appraisal of the land and buildings performed by Godfrey A. Bethell Appraisals on August 20, 2020, with the total appraised value of \$6.7 million. The purchase price of \$2,050,000 was allocated to land (\$986,228) and to buildings (\$1,289,332), respectively.

CENTRE FOR TRAINING AND INNOVATION

Notes to Financial Statements

30 June 2016

7. ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses as at 30 June 2016 consist of the following:

	2016
	\$
Accrual of professional fees	7,500

8. MORTGAGE PAYABLE

On 17 May 2016, the Rock Sound Plantation Company Limited (the Seller) conveyed to CTI land and buildings known as the Rock Sound Club, Rock Sound Nursery, Rock Sound Field, the office and house on the island of Eleuthera for a total purchase price of \$2,050,000. Of this amount \$1,000,000 was payable at the closing and the Seller gave a mortgage of \$1,050,000 to CTI. The mortgage bears interest at 5% per annum and requires CTI to make quarterly payments of \$102,793 (principal and interest) commencing 1 June 2016 and expiring on 28 February 2019.

9. RESTRICTED FUND

The Restricted Fund comprises donations received to assist with the purchase of the property from the Rock Sound Plantation Company Limited. The property purchase was completed in May 2016 and \$1,245,561 of the Restricted Fund was used for the purchase. Accordingly, an equivalent amount was transferred from the Restricted Fund to the Unrestricted Fund.

10. OTHER RELATED PARTY TRANSACTIONS

Other related party transactions are comprised of the following:

Transactions	Related party	2016
		\$
Salaries and wages	Key management personnel	93,500

11. POST-REPORTING DATE EVENTS

The Organization evaluated the impact of all post-reporting date events from 1 July 2016 and up to 5 November 2020, the date of authorization of these financial statements that require adjustments in the financial statements.

The mortgage payable with Rock Sound Plantation Company Limited was fully settled on 15 February 2019.

On 11 March 2020, The World Health Organization declared the outbreak of the Novel Coronavirus 2019 (COVID-19), a pandemic. The Organization has not experienced an immediate impact to its operations. Also, it is unclear whether the impact that the global recession will have on the Organization's operations and strategic direction, however, given the nature of its business, and the fact that many of its clients are outside the tourism sector, which has been most hard hit as a result of COVID-19, lends encouragement to the Organization's outlook. The situation nonetheless is dynamic, therefore the extent and duration of the impact of these current conditions on the Organization's operations remain uncertain, and depend largely on future developments that cannot be accurately predicted or measured at this time.