

# ANNUAL REPORT 2021

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## ABOUT US

As the main international gateway to The Bahamas, Lynden Pindling International Airport (LPIA) is the fourth busiest airport in the Caribbean. Named after Sir Lynden Pindling, the first Prime Minister of the Commonwealth of The Bahamas, the airport sits just west of the city of Nassau and a short drive from some of the finest resorts and hotels in the world. Services include scheduled and charter flights to the United States, Canada, Europe and Latin America.

**Nassau Airport Development Company (NAD)**, the company that manages and operates LPIA, is a Bahamian company, owned by the government of The Bahamas and managed by Vantage Airport Group, making LPIA part of Vantage's worldwide network. NAD is responsible for the majority of LPIA's infrastructure including parking lots, terminals, runways and taxiways and all revenue generating and commercial development projects. As a private company, NAD receives no government guarantees or grants and is a self-sustaining, commercial entity based on international best practices.

**Vantage Airport Group** is a leading investor, developer, and manager of airports around the world. Since 1994, Vantage has been making airports more efficient, profitable, sustainable and connected to the communities they serve. Founded by Vancouver International Airport, Vantage has lent its expertise to 31 airports in its 26-year history, taking 20 from public to private management. Vantage's current network is composed of ten airports, including LPIA, LaGuardia Terminal B in New York and Midway International Airport in Chicago. As part of JFK Millennium Partners, Vantage has also been selected by the Port Authority of New York and New Jersey to redevelop John F. Kennedy International Airport's Terminal 6. Elsewhere, Vantage is part of a team redeveloping the historic Amtrak 30th Street Station in Philadelphia.

With corporate offices in New York, Chicago, and Vancouver, Vantage is always looking for opportunities to lend its expertise to challenging airport and transportation infrastructure projects, from complex terminal development to best-in-class commercial programming, delivered through its focus on People, Place and Performance. Vantage is a wholly owned strategic platform of Corsair Infrastructure Partners for capital deployment in the airport sector.



## BOARD OF DIRECTORS:

**Walter Wells** – *Chairman*

**Pastor Lyall Bethel** – *Deputy Chairman*

**Andrew Malone** – *Member*

**Megan Peet** – *Member*

**Siobhan Reilly-Laing** – *Member*

**Christiaan Sawyer** – *Member*

**Sami Teittinen**, Vantage Airport Group – *Member*

**Racardo Underwood** – *Member*

**Vincent Wallace-Whitfield** – *Member*

## EXECUTIVE MANAGEMENT

**Vernice Walkine** – *President & CEO*

**Deborah Coleby** – *VP of Operations*

**Jan Knowles** – *VP of Marketing and Commercial Development*

**Kevin McDonald** – *VP of Maintenance & Engineering*

**Paula Rigby** – *VP of Finance & Chief Financial Officer*





# CHAIRMAN'S MESSAGE

## NAD ANNUAL REPORT 2021

**F**Y 2021 began with LPIA readying for the reopening of the country's borders to international travel in the midst of an ongoing pandemic. The team at NAD had spent months engaging stakeholders to roll out new standard operating procedures including sanitization protocols and social distancing measures. By the start of Q1, LPIA had met or exceeded World Health Organization (WHO), the Centers for Disease Control and Prevention (CDC) and Bahamas Ministry of Health requirements for operating in a COVID-19 environment.

On July 1st, 2020, all passengers entering the country through LPIA were required to produce a negative COVID-19 PCR test and present a Bahamas Health Visa on arrival. After months of travel restrictions and evolving protocols, we welcomed passengers back with cautious optimism.

We saw a soft rebound in overall numbers in July 2020 with a total of 30,176 passengers traveling through our facilities. This amount doubled the total passengers processed between April-June of 2020. However, the numbers were still down 85% from the same period in FY 2019. During the previous peak summer travel period, LPIA processed more than 200,000 in July 2019.

A sharp increase in COVID-19 cases throughout the country and a resurgence of cases in our major source markets in the Southern USA prompted the government of The Bahamas to effectively shut down the industry once again for safety reasons. Heading into Q2, total numbers were down more than 90% YOY.

Moving into the fall and the traditionally busy travel period of Thanksgiving, Christmas and New Year, the government began implementing measures to safely reopen the sector with new travel requirements for visitors. Tourism partners also offered incentives to encourage travel. The pent-up demand by passengers in our traditional markets and amended travel protocols contributed to a slight bump in traffic in Q2. A total of 53,020 travellers were processed at LPIA between October – December, 2020 compared to more than 450,000 travellers for the same period in 2019.

By Q3, as local health officials continued to monitor the spread of COVID-19 and adjust travel protocols as needed, the first doses of vaccines arrived in country. Together with continued

vaccination drives in key source markets in the United States, there was greater optimism in the sector.

NAD's executive leadership team continued working closely with stakeholders to mitigate the financial fallout from the pandemic. A major boost came with the introduction of cruise lines homeporting from the destination.

With cruise service limited in the United States due to the pandemic, our industry partners from the Ministry of Tourism & Aviation began talks to commence cruise homeporting from Nassau. NAD's Operations team prepared to meet the demand and we saw the positive impact immediately. In June 2021, LPIA passenger numbers topped 100,000 for the first time since the onset of the global pandemic.

By the end of the fiscal period, our industry saw some signs of recovery. Seat capacity grew from Q3 to Q4, up 36%. In addition to all existing airline partners returning to service during the fiscal period, LPIA welcomed new service by Frontier Airlines in June, 2021. Our tourism partners also announced plans for Virgin Airways to commence new service to London in the Fall of 2021.

Despite the unpredictable circumstances placed on NAD's overall operations over the past fiscal period, the team remained consistent and unwavering in the face of seemingly insurmountable circumstances. Special thank you is extended to the staff at NAD who continued performing at exceptional levels while working on reduced pay and on reduced days. We appreciate your great sacrifices.

On behalf of the board of directors, I would also like to express sincerest thanks to NAD's executive management team for their steadfast leadership and their commitment to the success of LPIA. It was a pleasure to support such a professional team.

As we look to the future, even with the challenges that remain, we are now on a path to recovery and are positioned to continue to benefit from the foundation currently in place. I am confident that, under NAD's management, Lynden Pindling International Airport will continue to thrive and will continue to move towards its true potential.

**Walter Wells**  
*Chairman*



# PRESIDENT'S MESSAGE

## NAD ANNUAL REPORT 2021

**T**he past fiscal year has been the most challenging in our company's 14-year history. We began FY 2021 operating through cycles of open and closed borders due to the ongoing pandemic. We were also monitoring travel restrictions occurring in our major source markets.

Even with the challenges, our commitment remained the same—to operate Lynden Pindling International Airport (LPIA) in the safest and most efficient manner possible for airport passengers and workers. NAD worked closely with our Vantage partners and with key airport stakeholders to develop a new set of Standard operating procedures to guide the entire airport community. We focused on meeting and in some instances exceeding health protocols set out by the World Health Organization (WHO), the Centers for Disease Control and Prevention (CDC) and Bahamas Ministry of Health.

Mask mandates took immediate effect on airport property and physical distancing markers were visible throughout the facilities. NAD also began intense communications at LPIA to educate and sensitize airport workers on the need to engage in safe hygiene practices in order to reduce their risk of exposure to COVID-19.

More than 250 protective barriers were installed in key locations where airport staff and passengers interacted. Our team ramped up cleaning routines focusing on high touch point areas. Sanitizing stations were also strategically placed throughout the terminal buildings.

In September 2020, LPIA obtained the Airports Council International Latin America and the Caribbean (ACI-LAC) Health Accreditation as part of ACI's restart and recovery guidelines for the industry. This achievement was significant. It showed that the community at LPIA had adapted and embraced the new protocols needed to operate successfully in a COVID-19 environment.

Heading into the fall, our business prospects continued to dampen as major source markets for Nassau/Paradise Island struggled with outbreaks and travel restrictions. With mounting uncertainty in the industry and drastically reduced revenue for a prolonged period, we found ourselves in a tenuous financial position.

During this time, we called on our team members, asking them to make tremendous personal and financial sacrifices as the company navigated its way through the pandemic. As an executive management team, we made it a point to have one-on-one conversations to check-in with team members, thanking them personally for their commitment to this airport and to what we have built here at NAD.

By November 2020, all major hotels in Nassau/Paradise Island had reopened and the implementation of vaccines globally in early 2021 signaled the beginning of the travel recovery. Our airline partners responded to surging demand by passengers and scheduled additional seats to accommodate the uptick.

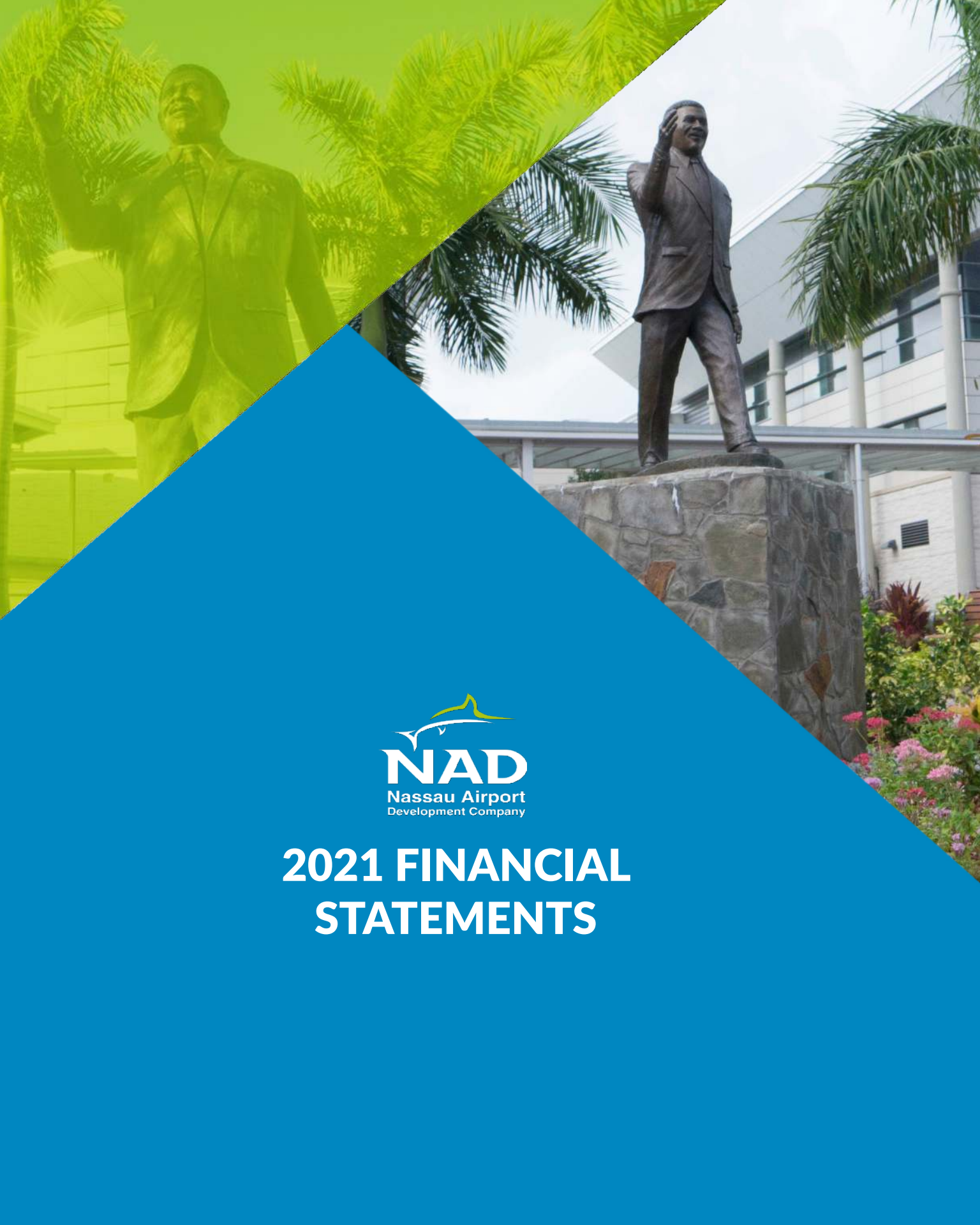
Once again, our competitive advantages as a destination proved beneficial in our recovery. The Bahamas' proximity to our source markets, strong airlift from key gateways and the range of accommodations were all factors that served us well as we welcomed visitors back to Nassau/Paradise Island.

In May 2021, the industry saw another opportunity to improve passenger numbers. The Ministry of Tourism & Aviation worked directly with cruise lines to facilitate homeporting from Nassau/Paradise Island, with the first passengers scheduled to arrive in June 2021. We seized the opportunity and in the first month passenger movement at LPIA was up more than 620% YOY from June 2020. We also recovered more than 50% of the traffic seen in June 2019.

NAD ended the fiscal year optimistic about the near-term future. Despite the immense challenges, our entire team proved to be focused, resilient and resourceful. Special thanks to our outgoing chairman and the board of directors who provided sound leadership over the past four years. Your guidance was critical to our ability to navigate during the highs and the extreme lows. We cannot show enough gratitude for your confidence in our team and for your unwavering support.

Finally to our team here at NAD, in 2007 we began to build the future of aviation in our country, to set the tone and to show what Bahamians could grow and maintain. For all of the successes, the awards and the accolades received by NAD, I am most proud of the fact that I lead a team who stuck together on the toughest days and did the work without applause or fanfare. Your loyalty, support and commitment to this company is why we are able to look forward, with hope, to a strong future at Lynden Pindling International Airport.

***Vernice Walkine***  
***President & CEO***



# 2021 FINANCIAL STATEMENTS



## Independent auditors' report

To the Board of Directors of Nassau Airport Development Company Limited

### Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Nassau Airport Development Company Limited (the Company) as at June 30, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

### *What we have audited*

The Company's financial statements comprise:

- the statement of financial position as at June 30, 2021;
- the statement of comprehensive (loss) income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

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### 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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### Material Uncertainty Relating to Going Concern

We draw attention to Note 2(r) in the financial statements, which explains that the Company has considered the potential impact that the ongoing COVID-19 pandemic could have on the Company's operations and how the Company obtained a waiver of its debt service covenant requirements under its senior financing arrangements [the "DSCR Covenant"] which is effective until June 30, 2022. As further stated in Note 2(r) the Company is forecasting to breach the DSCR Covenant beyond the expiration of the DSCR waiver on June 30, 2022 and in the absence of a further waiver of the DSCR Covenant, this would constitute an event of default under the senior financing arrangements. These events or conditions, along with other matters as set forth in Note 2(r), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.



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## **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 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.

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## **Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for 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, 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 Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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**Other matter**

This report, including the opinion, has been prepared for and only for the Company in accordance with the terms of our engagement letter and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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*PricewaterhouseCoopers*  
**Chartered Accountants**  
**Nassau, Bahamas**

**October 5, 2021**

**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**

**Statement of Financial Position**  
**As at June 30, 2021**  
*(Expressed in Bahamian dollars)*

	Notes	June 30, 2021 \$	June 30, 2020 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents:	16		
Operating accounts		2,830,316	5,258,592
Construction and controlled accounts		9,032,704	21,876,248
Restricted cash	7 & 16	11,673,324	24,672,649
Accounts receivable	3 & 16		
Private sector		9,490,671	2,243,016
Government		2,094,902	7,118,482
Inventories and supplies		2,186,930	2,440,336
Prepaid expenses and deposits		445,941	484,142
Receivable from Management Company	10 & 16	-	443,081
<b>Total current assets</b>		<b><u>37,754,788</u></b>	<b><u>64,536,546</u></b>
<b>NON-CURRENT ASSETS:</b>			
Fixed assets – operational	6	21,437,699	23,594,937
Intangible assets – leasehold and financing	4	26,284,747	27,949,217
Intangible assets – resurfacing runways	9	16,555,277	17,176,056
Intangible assets – operational	5	<u>305,588,124</u>	<u>317,405,456</u>
<b>Total non-current assets</b>		<b><u>369,865,847</u></b>	<b><u>386,125,666</u></b>
<b>TOTAL ASSETS</b>		<b><u>407,620,635</u></b>	<b><u>450,662,212</u></b>

The accompanying notes are an integral part of these financial statements.

**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**


**Statement of Financial Position (Continued)**

**As at June 30, 2021**

*(Expressed in Bahamian dollars)*

<b>LIABILITIES AND EQUITY</b>	<b>Notes</b>	<b>June 30, 2021 \$</b>	<b>June 30, 2020 \$</b>
<b>CURRENT LIABILITIES:</b>			
Accounts payable and accrued liabilities:			
Construction project	5 & 16	163,570	166,566
Trade	16	4,478,048	4,597,889
Management fees payable	10 & 16	544,255	406,410
Provision for obligation to resurface runways	9	-	311,858
Payable to Government entities	8, 10, & 16	7,085,663	2,720,869
Current portion of long-term debts	7 & 16	22,845,000	20,107,500
<b>Total current liabilities</b>		<b><u>35,116,536</u></b>	<b><u>28,311,092</u></b>
<b>NON-CURRENT LIABILITIES:</b>			
Long-term debts	7 & 16	467,456,558	479,907,500
<b>Total non-current liabilities</b>		<b><u>467,456,558</u></b>	<b><u>479,907,500</u></b>
<b>Total liabilities</b>		<b><u>502,573,094</u></b>	<b><u>508,218,592</u></b>
<b>EQUITY:</b>			
Share capital			
Authorized issued and fully paid:			
5,000 ordinary shares of 5 shares		5	5
of par value 1.00 each			
Deficit		(94,952,464)	(57,556,385)
<b>Total Equity</b>		<b><u>(94,952,459)</u></b>	<b><u>(57,556,380)</u></b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b><u>407,620,635</u></b>	<b><u>450,662,212</u></b>

These financial statements were approved by the Board of Directors on October 5, 2021 and are signed on its behalf by:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

The accompanying notes are an integral part of these financial statements.



**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**

**Statement of Comprehensive (Loss) Income**  
**For the year ended June 30, 2021**  
*(Expressed in Bahamian dollars)*

	Notes	2021 \$	2020 \$
<b>OPERATING REVENUE:</b>			
Aeronautical operations revenue:			
Passenger facility charge		12,516,254	45,476,120
Passenger processing fee		2,989,730	11,142,200
Landing fees		3,669,136	6,099,916
Terminal fees		427,939	969,365
Loading bridges		221,799	501,176
Aircraft parking fees		84,200	106,311
<b>Total aeronautical operations revenue</b>	15	<b>19,909,058</b>	<b>64,295,088</b>
Commercial operations revenue:			
Terminal leases and concessions		7,800,346	11,909,235
Car parking		901,436	2,576,712
Refueling royalties		740,059	1,480,602
Interest and other income		208,116	428,435
<b>Total commercial operations revenue</b>	15	<b>9,649,957</b>	<b>16,394,984</b>
<b>TOTAL OPERATING REVENUE</b>		<b>29,559,015</b>	<b>80,690,072</b>
<b>OPERATING EXPENSES:</b>			
Material, supplies and services	12	7,059,225	12,745,864
Salaries and benefits	10 & 11	6,083,208	9,901,511
Management fees	10	1,185,102	2,802,122
Rent	10 & 14	591,180	1,613,801
(Reversal) / allowance for expected credit losses	3	(2,757,056)	2,926,271
<b>Total operating expenses</b>		<b>12,161,659</b>	<b>29,989,569</b>
<b>OPERATING INCOME</b>		<b>17,397,356</b>	<b>50,700,503</b>
<b>NON-OPERATING EXPENSES:</b>			
Interest	7	34,671,356	35,652,776
Amortization - operational	5	12,315,375	12,247,153
Amortization - leasehold and financing	4	1,664,470	1,664,470
Depreciation - operational	6	3,561,596	4,809,618
Amortization - resurfacing runways	9	464,218	485,838
Financing cost		639,847	283,785
Loss on disposal of fixed assets - operational		1,476,573	5,418
<b>Total non-operating expenses</b>		<b>54,793,435</b>	<b>55,149,058</b>
<b>NET LOSS AND TOTAL COMPREHENSIVE LOSS</b>		<b>(37,396,079)</b>	<b>(4,448,555)</b>

The accompanying notes are an integral part of these financial statements.

**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**

**Statement of Changes in Equity**  
**For the year ended June 30, 2021**  
*(Expressed in Bahamian dollars)*

	<b>Capital</b> <b>\$</b>	<b>Deficit</b> <b>\$</b>	<b>Total</b> <b>\$</b>
<b>Balance at June 30, 2019</b>	<b>5</b>	<b>(53,107,830)</b>	<b>(53,107,825)</b>
<i>Net loss and total comprehensive loss</i>	<u>-</u>	<u>(4,448,555)</u>	<u>(4,448,555)</u>
<b>Balance at June 30, 2020</b>	<b>5</b>	<b>(57,556,385)</b>	<b>(57,556,380)</b>
<i>Net loss and total comprehensive loss</i>	<u>-</u>	<u>(37,396,079)</u>	<u>(37,396,079)</u>
<b>Balance at June 30, 2021</b>	<u><b>5</b></u>	<u><b>(94,952,464)</b></u>	<u><b>(94,952,459)</b></u>

**The accompanying notes are an integral part of these financial statements.**

**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**

**Statement of Cash Flows**  
**For the year ended June 30, 2021**  
*(Expressed in Bahamian dollars)*

	<b>Notes</b>	<b>2021</b> \$	<b>2020</b> \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net loss		(37,396,079)	(4,448,555)
Adjustments to reconcile net loss to net cash provided by operating activities:			
Adjustments for items not involving use of cash:			
Interest expense		34,671,356	35,652,776
Amortization – operational	5	12,315,375	12,247,153
(Reversal) / allowance for expected credit losses	3	(2,757,056)	2,926,271
Depreciation – operational	6	3,561,596	4,809,618
Amortization – leasehold/financing	4	1,664,470	1,664,470
Amortization – resurfacing runways	9	461,031	485,838
Loss on disposal of fixed assets - operational		1,476,573	5,418
Adjustment to capital assets		-	17,630
Accounts receivable written-off		(507,809)	(477)
		<u>13,489,457</u>	<u>53,360,142</u>
Changes in operating assets and liabilities:			
Decrease/(increase) in restricted cash		12,999,325	(3,739,964)
Decrease in accounts receivable		1,040,790	12,695,724
Decrease/(increase) in receivable from management company		443,081	(443,081)
Decrease/(increase) in prepaid expenses and deposits		38,201	(8,428)
Decrease/(increase) in inventory and supplies		253,407	(157,288)
(Decrease) in accounts payable and accrued liabilities		(119,841)	(1,042,291)
Increase/(decrease) in payable to Government entities		4,364,794	(3,646,542)
Increase in management fees payable		<u>137,844</u>	<u>110,850</u>
Cash generated from operations		32,647,058	57,129,122
Interest paid		<u>(24,277,298)</u>	<u>(35,652,776)</u>
<b>Net cash from operating activities</b>		<b><u>8,369,760</u></b>	<b><u>21,476,346</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Investment in runway resurfacing	9	(152,110)	(14,863,019)
Investment in fixed assets – operational	6	(2,880,931)	(7,531,925)
Investment in intangible assets – operational	5	(498,043)	(4,808,776)
Decrease in construction payable		<u>(2,996)</u>	<u>(280,926)</u>
<b>Net cash used in investing activities</b>		<b><u>(3,534,080)</u></b>	<b><u>(27,484,646)</u></b>

**The accompanying notes are an integral part of these financial statements.**

**Nassau Airport Development Company Limited**  
**(Incorporated under the laws of The Commonwealth of The Bahamas)**

**Statement of Cash Flows (Continued)**  
**For the year ended June 30, 2021**  
*(Expressed in Bahamian dollars)*

	Notes	2021 \$	2020 \$
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Principal payment of senior notes	7	<u>(20,107,500)</u>	<u>(16,822,500)</u>
<b>Net cash used in financing activities</b>		<b><u>(20,107,500)</u></b>	<b><u>(16,822,500)</u></b>
<b>Net decrease in cash and cash equivalents</b>		<b>(15,271,820)</b>	<b>(22,830,800)</b>
<b>Cash and cash equivalents at beginning of year</b>		<b><u>27,134,840</u></b>	<b><u>49,965,640</u></b>
<b>Cash and cash equivalents at end of year</b>		<b><u>11,863,020</u></b>	<b><u>27,134,840</u></b>
<b>Cash and cash equivalents is represented by:</b>			
Operating accounts		2,830,316	5,258,592
Construction and controlled accounts		<u>9,032,704</u>	<u>21,876,248</u>
		<b><u>11,863,020</u></b>	<b><u>27,134,840</u></b>
<b>Non-cash transactions:</b>			
Interest capitalized to Participating Debt Notes	7	10,394,058	-

**The accompanying notes are an integral part of these financial statements.**



# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021

### 1. General

Nassau Airport Development Company Limited (the Company) was incorporated in The Commonwealth of The Bahamas on June 6, 2006, under the provisions of the Companies Act 1992. The Company is a wholly owned subsidiary of The Airport Authority (the Authority). The registered office and principal place of business is located at the Lynden Pindling International Airport (LPIA), Nassau, The Bahamas.

The principal functions of the Company are to manage, develop and maintain LPIA and to transform the airport into a premier world-class facility operated in a most efficient and commercial manner.

The Company commenced its operations on October 1, 2006. The Company commenced the collection of revenue and management of the LPIA on April 1, 2007.

On October 19, 2006, the Company entered into a 10-year Management Agreement commencing April 1, 2007 (the Agreement) with Vantage Airport Group (Bahamas) Limited (Vantage) (formerly named, YVR Airport Services Ltd.), to manage, operate and maintain the LPIA and to place certain executives within the Company. The Agreement has been extended for two additional years until April 1, 2019 and further extended for 10 years to April 1, 2029. Fees paid to Vantage are based on a percentage of adjusted project gross revenue and adjusted operating income with an annual minimum of \$800,000 adjusted by the annual Consumer Price Index, plus the recovery of direct expenses including executive compensation.

On April 1, 2007, the Company entered into a 30-year Lease Agreement with the Authority. The Lease Agreement has been extended for an additional twenty (20) years to April 1, 2057. In accordance with the Lease Agreement, the Company is responsible to manage, maintain and operate LPIA and rent is paid to the Authority based on a percentage of gross revenue with an annual minimum.

On April 1, 2007, the Company also entered into a 30-year Transfer Agreement which provided for the transfer of certain assets, rights, and employees from the Authority to the Company. The Transfer Agreement has been extended for an additional twenty (20) years to April 1, 2057. In accordance with the Transfer Agreement, the Company was obligated to pay the Authority \$50,000,000 upon receipt of initial funding which occurred on April 17, 2007.

These agreements have been deemed as service concessions arrangements under IFRIC 12.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 1. General (Continued)

The redevelopment of LPIA updated the airport facilities to world-class standards and expanded LPIA's terminal capacity. The redevelopment was implemented in three stages as follows:

#### *Stage I*

The design, construction, and opening of a new United States (US) Departures Terminal. Stage I was completed on February 28, 2011 with a construction cost of \$191.2 million.

#### *Stage II*

A complete renovation, modernization and reconfiguring of the existing US Terminal to serve as the new US/International Arrivals Terminal. Stage II was completed on October 15, 2012 with a construction cost of \$145 million.

#### *Stage III*

The design, construction, and opening of a new International and Domestic Departures/Domestic Arrivals Terminal. Stage III was completed on October 23, 2013 with a construction cost of \$72.1 million.

### 2. 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 to all the years presented, unless otherwise stated.

#### (a) Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB). These financial statements have been prepared under the historical cost basis and are expressed in Bahamian dollars. The Bahamian dollar was equivalent to the US dollar for the period presented. Transactions denominated in US dollars have been translated to Bahamian dollars at this rate.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### *Critical accounting estimates and assumptions*

##### *Use of estimates*

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions change.

Management believes that the underlying assumptions are appropriate and that the Company's financial statements therefore present the financial position and results fairly.

Significant judgement and estimates include the following:

- Allowance for expected credit losses (Notes 2(e) and 3)
- Carrying value of intangible and fixed assets with respect to impairment (Notes 2(j), 2(k), 2(l), 4, 5, 6 and 9)
- Classification of leases (Notes 2(h) and 14)
- Revenue recognition with respect to reliable measurement (Note 2(i))
- Application of service concession arrangements, including provisions for obligations under the arrangements (Note 2(m))
- Going concern assumption (Note 2(r))

##### *Impairment of intangible and fixed assets*

At June 30, 2021, the Company's fixed assets and intangible assets were assessed for impairment using valuation techniques involving significant judgements and estimates. The assessment used fair value less costs of disposal to determine the recoverable amount and was based on discounted cash flows of the entire airport operation as a cash-generating unit (CGU) covering a period of five years. The discounted cash flow analysis included forecasts derived from the most recent financial budgets approved by management, incorporating growth rates based on management's past experience and industry growth forecasts.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 2. Significant Accounting Policies (Continued)

#### (a) Basis of preparation (continued)

##### *Impairment of intangible and fixed assets (continued)*

The key assumptions underpinning the financial budgets are passenger numbers, the discount rate and the terminal growth rate. Passenger numbers are based on market expectations adjusted for historical experience and for the effect of and subsequent recovery from COVID-19. In the initial year of the forecast, passenger numbers continue to gradually recover from the effects of COVID-19. Management then estimates that the global tourism industry will continue to normalize and an average increase of 16% for each of the remaining four years was incorporated. The terminal growth rate and discount rate used are 2% and 10% respectively.

#### (b) Changes in applicable accounting policies and disclosures

##### *(i) New standards, amendments and interpretation adopted by the Company*

Standards, amendments and interpretations to published standards that became effective for the Company's financial year beginning on July 1, 2020 were not relevant or not significant to the Company's operations and accordingly did not have a material impact on the financial statements.

##### *(ii) New standards, amendments and interpretations not yet adopted by the Company.*

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for June 30, 2021 reporting periods and have not been early adopted by the Company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### (c) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash and deposits held with financial institutions with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (d) Foreign currency translation

##### (i) *Functional and presentation currency*

The financial statements are presented in Bahamian dollars, which is the Company's functional and presentation currency, as it represents the currency of the primary economic environment in which the Company operates.

##### (ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of comprehensive (loss) income.

#### (e) Financial instruments

Financial instruments include financial assets and financial liabilities.

##### (i) *Financial assets*

The Company classifies its financial assets at amortized cost only if both of the following criteria are met:

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

The Company classifies all of its financial assets at amortized cost. Management determines the classification of its financial assets at initial recognition. The Company reclassifies its financial assets when and only when its business model for managing those assets changes.

##### *Recognition and derecognition*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular-way trades) are recognized on the trade date, which is the date that the Company commits to purchase or sell the asset.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (e) Financial instruments (continued)

##### (i) Financial assets (continued)

###### *Recognition and derecognition (continued)*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. If the Company has neither transferred nor retained substantially all the risks and rewards of ownership, an assessment is made whether the Company has retained control of the financial assets.

Gains or losses arising from sales of financial assets are recognized in the statement of comprehensive (loss) income as a part of net income in the financial period in which they arise.

###### *Measurement*

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

Accounts receivable, which generally has a 30 to 90 day term, is recognized and carried at the original invoice amount less an allowance for expected credit losses. The Company has an agreement with the International Airline Traffic Association (“IATA”) wherein payments may remain outstanding for smaller airlines up to 90 days.

The Company holds its financial assets with the objective to collect the contractual cash flows and these assets represent solely payments of principal and interest and therefore are subsequently measured at amortized cost using the effective interest method, less expected credit losses.

###### *Impairment of financial assets*

The Company 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 Company expects to receive, discounted at an approximation of the original effective interest rate.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (e) Financial instruments (continued)

##### (i) Financial assets (continued)

###### *Measurement (continued)*

ECLs are recognized in a three-stage model. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For accounts receivable, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The carrying amount of the financial asset is reduced through the use of an allowance account and the amount of the ECL is recognized in the statement of comprehensive (loss) income. If in a subsequent period the amount of the ECL decreases, the previously recognized ECL is reversed by adjusting the allowance account. The amount of the reversal is recognized in the statement of comprehensive (loss) income.

The Company writes off financial assets, in whole or in part, when it has exhausted all practical recovery efforts and has concluded there is no reasonable expectation of recovery. The write offs represent a derecognition event. The uncollectible financial asset is written off against the related allowance account. Recoveries of accounts previously written off are recognized directly in the statement of comprehensive (loss) income.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (e) Financial instruments (continued)

##### (ii) *Financial liabilities*

Accounts payable and accrued liabilities, management fees payable, and payable to government entities represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 to 60 day terms. These payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

#### (f) Inventories

Inventories are stated at the lower of cost and net realizable value using the weighted average basis.

#### (g) Loans and borrowings

All loans and borrowings are initially recognized at the fair value of consideration received less directly attributable transaction costs, being issue costs associated with the borrowings which are amortized using the effective interest method.

General and specific borrowing costs directly attributable to the acquisition, and construction of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in the statement of comprehensive (loss) income in the period in which they are incurred.

#### (h) Leases

Leases, where the lessor retains substantially all the risks and benefits of ownership of the asset, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term in the same basis as rental income. The respective leased assets are included in the statement of financial position based on their nature. Operating lease receipts are recognized as income in the statement of comprehensive (loss) income on a straight-line basis over the lease term.



# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 2. Significant Accounting Policies (Continued)

#### (i) Revenue recognition

The Company recognizes revenue from contracts with customers when all of the following five criteria are met: (i) a contract is identified with a customer, (ii) a performance obligation is identified in the contract, (iii) the transaction price of the contract is determined, (iv) the transaction price is allocated to each identified performance obligation, and (v) a performance obligation has been wholly performed.

Fees earned for the provision of services over a period of time (e.g., monthly) are accrued over that period. These fees include prepaid car parking fees. Transaction based fees for passenger facility charge, passenger processing fee, landing fee, terminal fees, loading bridges, aircraft parking fees, terminal leases and concession, car parking, and refueling royalties are charged to individual customers when the transaction takes place. Revenue for these fees are recognized at a point in time.

Revenue contracts did not contain any variable consideration. Advance receipts are deferred and included in deferred revenue until services are provided to the customers.

All other income is recognized on the accrual basis.

#### (j) Fixed assets

Fixed assets for which a useful life has been assigned are depreciated on a straight-line basis over their assigned useful lives. Fixed assets are recognized on the statement of financial position at the cost determined at the date of acquisition, less any accumulated depreciation or impairment losses. Assets are categorized as follows:

Roads and parking lots	10 - 30 years
Terminal and structures	10 - 25 years
Leasehold improvements	10 - 25 years
Furniture and office equipment	5 - 10 years
Computer equipment and software	3 - 5 years
Vehicles and machinery	5 - 10 years
Equipment and systems	3 - 15 years

Subsequent costs are included in the asset's carrying amount or derecognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to the statement of comprehensive (loss) income during the reporting period in which they are incurred.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 2. Significant Accounting Policies (Continued)

#### (j) Fixed assets (continued)

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the assets carrying amount, is recognized in other income or expense in the statement of comprehensive (loss) income.

Fixed assets are reviewed for indicators of impairment or changes in estimated future benefits annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. If evidence exists, the asset is written down to its recoverable amount and the amount of the loss is included in the statement of comprehensive (loss) income. No such write downs were recorded during 2021 and 2020.

#### (k) Intangible assets

Intangible assets for which a useful life has been assigned are amortized on a straight-line basis over their assigned useful lives. Intangible assets are recognized on the statement of financial position at the cost determined at the date of acquisition, less any accumulated amortization or impairment losses. Assets are categorized as follows:

Artwork	10 - 37 years
Runways and taxiways	10 - 37 years
Roads and parking lots	10 - 37 years
Terminal and structures	10 - 37 years
Leasehold improvements	10 - 37 years
Furniture and office equipment	10 - 37 years
Equipment and systems	10 - 37 years

An item of intangible assets is derecognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset, calculated as the difference between net disposal proceeds and the assets carrying amount, is recognized in other income or expense in the statement of comprehensive (loss) income.

Intangibles are reviewed for indicators of impairment or changes in estimated future benefits annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. If evidence exists, the asset is written down to its recoverable amount and the amount of the loss is included in the statement of comprehensive (loss) income. No such write downs were recorded during 2021 and 2020.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 2. Significant Accounting Policies (Continued)

#### (l) Impairment of assets

An assessment is made at each statement of financial position date whether there is objective evidence that an asset or group of assets may be impaired. If such evidence exists, the carrying amount of the asset is reduced to its estimated recoverable amount either directly or through the use of an allowance account and the amount of the loss is included in the statement of comprehensive (loss) income.

#### (m) Service concession arrangement

This consists of concessions for the construction and operation of LPIA and is recognized according to the intangible asset model, since the Company receives the right to impose a charge on airport users in exchange for the obligation to provide construction and maintenance services.

The determination of the applicability of IFRIC 12 to the Company's operations was made based on the grantor regulating services and prices and the assets being returned to the grantor after the end of the term of the arrangement.

#### (n) Related-party balances and transactions

A party is related to the Company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
  - controls, is controlled by, or is under common control with, the Company;
  - has an interest in the Company that gives it significant influence over the Company;
- (ii) the party is a member of the key management personnel, including directors and officers, of the Company or its shareholders;
- (iii) the party is a close member of the family of any individual referred to in (ii) above; and
- (iv) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entities resides with, directly or indirectly, any individual referred to in (ii) or (iii) above.

All balances and transactions with related parties, including the Company's shareholder, other affiliated companies and Vantage, are disclosed in these financial statements.

#### (o) Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received, and the Company will comply with all attached conditions.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 2. Significant Accounting Policies (Continued)

#### (p) Employee pensions

The Company has a defined contribution pension plan for all eligible employees whereby the Company makes contributions to a privately administered pension plan. The Company has no legal or constructive obligations to pay further contributions if the plan does not hold sufficient assets to pay all employees the benefits relating to employee service in the current or prior years. The Company and employees make contributions based on eligible earnings, and the Company's contributions are recognized in the statement of comprehensive (loss) income in the financial period to which they relate. Enrolment in the defined contribution pension plan is mandatory for all employees following the successful completion of their probationary period.

#### (q) Taxation

Under the current laws of The Bahamas, the country of domicile of the Company, there are no income, capital gains or other corporate taxes imposed. The Company is subject to Value Added Tax (VAT) applied at a rate of 12% on services rendered.

#### (r) Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern. As part of management's consideration of the appropriateness of adopting the going concern basis in preparing the financial statements, a range of scenarios have been reviewed. The assumptions modelled over the next 12 months from the date of approval of these financial statements are based on the estimated recovery from the effects of COVID-19 restrictions and regulations. A downside scenario was also considered with estimated impacts primarily based on a slower start of recovery due to various levels of restrictions reimposed and the length of time these are in place and the severity of the consequent impact of those restrictions on the Company's operations. Under each scenario, mitigating actions are within management's control and can be initiated as they relate to discretionary spend. Further, under each scenario, the Company is expected to continue operations within available cash levels and continue to meet its senior debt repayment obligations, and subordinated debt interest is being capitalized. The Government of The Bahamas has expressed to the Noteholders of the Company's senior debt (the Senior Noteholders), through a letter dated November 25, 2020 (the Commitment Letter), a commitment to take such action as may be necessary to enable the Company to continue to meet its obligations under the senior financing agreements (Senior Financing Agreements, as more fully defined and explained in Note 18). The Government's obligations under the Commitment Letter extend to the earlier of a) June 30, 2022 b) the first date when the Company delivers a compliance certificate to the Senior Intercreditor Agent of the Senior Noteholders demonstrating the Company's compliance with the debt service

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 2. Significant Accounting Policies (Continued)

#### (r) Going concern (continued)

coverage ratio covenant requirement (the DSCR Covenant) and the debt service reserve account (refer to Note 7) is funded up to the requirements of the Senior Financing Agreements or c) an event of default has occurred under the Senior Financing Agreements and the Senior Noteholders exercise their respective rights thereon. The DSCR Covenant requires the Company to maintain a debt service coverage ratio of not less than 1.30 to 1.00 as at the end of each calendar quarter.

The Company's cash flow projections for the period ending September 30, 2020, indicated that the DSCR Covenant was expected to be less than 1.30 to 1.00 for each of the consecutive calendar quarters in the period through to September 30, 2021, which would have resulted in a breach of the DSCR Covenant. Management obtained a waiver from the Senior Noteholders to temporarily waive the DSCR Covenant requirement for the calendar quarter of September 30, 2020. The temporary waiver was subsequently extended on November 25, 2020 through the execution of an amendment and waiver agreement (refer to Note 18) which provided for a waiver of the DSCR Covenant through to June 30, 2022, unless there is an Event of Default under the Senior Financing Agreements resulting in the termination of the DSCR waiver by the Senior Noteholders (the DSCR Waiver). The Company's updated cash flows indicate that the DSCR covenant is expected to be less than 1.30 to 1.00 for each of the consecutive calendar quarters in the period through to September 30, 2022. Management intends to seek a further extension to the DSCR Waiver.

Management has concluded, based upon its considerations outlined above, which include: a) the Company's forecast cash flows for the next twelve months under which it expects the Company to continue to meet its obligations to the Senior Noteholders as they fall due, and b) the Commitment Letter issued by the Government and the DSCR Waiver issued by the Noteholders on November 25, 2020, that it is appropriate for the Company's financial statements to be prepared on the going concern basis. Notwithstanding this, forecasts prepared by management project the Company to be in breach of the DSCR Covenant beyond the expiration of the current DSCR Waiver on June 30, 2022. In the absence of a further waiver of the DSCR Covenant, this would constitute an Event of Default under the Senior Financing Agreements and would give rise to a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

#### (s) Corresponding figures

Where necessary, certain corresponding figures have been adjusted to conform with changes in presentation in the current year. Accounts Receivable - Government in Note 3 has been adjusted to conform with the presentation used in the current year.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 3. Accounts Receivable

At June 30, 2021, accounts receivable comprise:

	2021 \$	2020 \$
<b>Private Sector</b>		
Trade receivables	11,163,555	3,635,008
Allowance for expected credit losses	<u>(1,672,884)</u>	<u>(1,391,992)</u>
	<b><u>9,490,671</u></b>	<b><u>2,243,016</u></b>
<b>Government</b>	<b>2021 \$</b>	<b>2020 \$</b>
<b>Trade receivables</b>		
Bahamasair	856,107	9,158,309
The Airport Authority	1,082,451	570,543
Bahamas Telecommunications Corporation	50,329	71,903
Bahamas Immigration	17,350	28,624
Others	<u>31,190</u>	<u>263,742</u>
<b>Total</b>	<b><u>2,037,427</u></b>	<b><u>10,093,121</u></b>
Allowance for expected credit losses	<u>(83,603)</u>	<u>(3,629,360)</u>
	<b>1,953,824</b>	<b>6,463,761</b>
<b>VAT receivable</b>		
Ministry of Finance – Value Added Tax (VAT)*	141,078	654,721
	<b><u>2,094,902</u></b>	<b><u>7,118,482</u></b>

\*During the fiscal year 2021, a \$300,000 (2020: \$300,000) non-reimbursable VAT credit was approved by The Department of Inland Revenue under the Government's Tax Credit and Tax Deferral Employment Retention Programme that launched in April 2020. The program aims to provide payroll support and encourage employee retention. This was approved in the amount of \$100,000 per month for July, August and September 2020 (2020: April, May and June 2020). The total tax credit granted in the amount of \$600,000 was utilized during the fiscal year. In accordance with IAS 20 *Accounting for Government Grants and Disclosure of Government Assistance*, the Company accounted for the tax credit in profit or loss as a reduction to salaries and wages for each corresponding month. At June 30, 2021, there were no unfulfilled conditions and contingencies attached to the recognized tax credits.



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 3. Accounts Receivable (Continued)

The expected credit loss allowance at June 30, 2021 and June 30, 2020 was determined as follows for accounts receivable:

#### Private

June 30, 2021	Current \$	31-60 days \$	61-90 days \$	Over 90 days \$	Total \$
Gross carrying amount	8,856,678	198,527	323,748	1,784,602	11,163,555
Expected credit losses	15,560	429	2,846	1,654,049	1,672,884

June 30, 2020	Current \$	31-60 days \$	61-90 days \$	Over 90 days \$	Total \$
Gross carrying amount	808,484	312,102	474,855	2,039,567	3,635,008
Expected credit losses	30,828	624	39,009	1,321,531	1,391,992

#### Government

June 30, 2021	Current \$	31-60 days \$	61-90 days \$	Over 90 days \$	Total \$
Gross carrying amount	694,567	28,534	172,141	1,142,185	2,037,427
Expected credit losses	2,520	158	1,989	78,936	83,603

June 30, 2020	Current \$	31-60 days \$	61-90 days \$	Over 90 days \$	Total \$
Gross carrying amount	287,388	70,994	81,325	9,653,414	10,093,121
Expected credit losses	19,892	18,516	18,122	3,572,830	3,629,360

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 3. Accounts Receivable (Continued)

The closing loss allowances for trade receivables at June 30, 2021 reconcile to the opening loss allowances as follows:

	Private Sector \$	Government \$	Total \$
Beginning balance	1,391,992	3,629,360	5,021,352
Increase/(Decrease) in the allowance for expected credit losses*	788,701	(3,545,757)	(2,757,056)
(Write-offs)/Recoveries	(507,809)	-	(507,809)
<b>Ending balance</b>	<b>1,672,884</b>	<b>83,603</b>	<b>1,756,487</b>

\*At June 30, 2020, the Company had outstanding receivables from Government entities totaling \$10 million. On October 13, 2020, the Company received \$4.5 million as payment against a portion of the amount outstanding. Additionally, on October 20, 2020, the Company received an additional payment of \$4.6 million against this balance. Subsequently, the Company reassessed the Allowance for Expected Credit Losses and this resulted in the reversal of \$2.8 million of the previously recorded provision on the outstanding receivable balance.

### 4. Intangible Assets – Leasehold and Financing

	Leasehold Acquisitions \$	Financing Cost \$	Total \$
<b>COST</b>	<b>49,230,000</b>	<b>704,085</b>	<b>49,934,085</b>
<b>AMORTIZATION:</b>			
Balance at June 30, 2019	(20,033,875)	(286,523)	(20,320,398)
Charge for the year	(1,641,000)	(23,470)	(1,664,470)
Balance at June 30, 2020	(21,674,875)	(309,993)	(21,984,868)
Charge for the year	(1,641,000)	(23,470)	(1,664,470)
Balance at June 30, 2021	(23,315,875)	(333,463)	(23,649,338)
<b>CARRYING VALUE:</b>			
<b>As at June 30, 2021</b>	<b>25,914,125</b>	<b>370,622</b>	<b>26,284,747</b>
<b>As at June 30, 2020</b>	<b>27,555,125</b>	<b>394,092</b>	<b>27,949,217</b>

# **Nassau Airport Development Company Limited**

## **Notes to the Financial Statements**

**June 30, 2021**

**(Continued)**

### **4. Intangible Assets – Leasehold and Financing (Continued)**

Intangible assets include \$50,000,000 paid to the Authority as per the Transfer Agreement (Note 1) less all tangible assets transferred to the Company by the Authority. Also included in intangible assets are financing costs for debts raised to fund the Transfer Agreement obligation.

### **5. Intangible Assets – Operational**

Capital assets in progress represent amounts paid in relation to contracts undertaken with respect to the Terminal Redevelopment project for LPIA and refurbishment of airport facilities. Included in accounts payable and accrued liabilities are balances totaling \$163,570 (2020: \$166,566).

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 5. Intangible Assets – Operational (Continued)

	Artwork \$	Runways and Taxiways \$	Roads and Parking Lots \$	Terminal and Structure \$	Leasehold Improvements \$	Furniture and Office Equipment \$	Equipment and Systems \$	Capital Assets in Progress \$	Total \$
<b>COST:</b>									
Balance at June 30, 2019	1,680,805	19,265,387	21,379,170	404,746,919	2,607,402	3,609	5,077,379	361,574	455,122,245
Additions	9,392	2,171,253	31,753	-	-	-	38,502	2,557,876	4,808,776
Transfers	-	99,025	-	-	-	-	57,913	(156,938)	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2020</b>	<b><u>1,690,197</u></b>	<b><u>21,535,665</u></b>	<b><u>21,410,923</u></b>	<b><u>404,746,919</u></b>	<b><u>2,607,402</u></b>	<b><u>3,609</u></b>	<b><u>5,173,794</u></b>	<b><u>2,762,512</u></b>	<b><u>459,931,021</u></b>
Additions	-	311,066	-	-	-	-	-	186,977	498,043
Transfers	-	1,636,517	-	-	-	-	-	(1,636,517)	-
Disposals	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<b><u>1,690,197</u></b>	<b><u>23,483,248</u></b>	<b><u>21,410,923</u></b>	<b><u>404,746,919</u></b>	<b><u>2,607,402</u></b>	<b><u>3,609</u></b>	<b><u>5,173,794</u></b>	<b><u>1,312,972</u></b>	<b><u>460,429,064</u></b>

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 5. Intangible Assets – Operational (Continued)

	Artwork \$	Runways and Taxiways \$	Roads and Parking Lots \$	Terminal and Structure \$	Leasehold Improvements \$	Furniture and Office Equipment \$	Equipment and Systems \$	Capital Assets in Progress \$	Total \$
<b>ACCUMULATED AMORTIZATION:</b>									
Balance at June 30, 2019	(474,589)	(6,044,161)	(6,515,581)	(115,378,182)	(433,279)	(1,468)	(1,431,152)	-	(130,278,412)
Amortization	(32,336)	(1,894,643)	(2,065,612)	(7,709,697)	(124,692)	(60)	(420,113)	-	(12,247,153)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2020</b>	<b>(506,925)</b>	<b>(7,938,804)</b>	<b>(8,581,193)</b>	<b>(123,087,879)</b>	<b>(557,971)</b>	<b>(1,528)</b>	<b>(1,851,265)</b>	-	<b>(142,525,565)</b>
Amortization	(32,904)	(1,954,750)	(2,066,103)	(7,709,694)	(124,692)	(60)	(427,172)	-	(12,315,375)
Transfers	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<b>(539,829)</b>	<b>(9,893,554)</b>	<b>(10,647,296)</b>	<b>(130,797,573)</b>	<b>(682,663)</b>	<b>(1,588)</b>	<b>(2,278,437)</b>	-	<b>(154,840,940)</b>
<b>CARRYING VALUE:</b>									
As at June 30, 2021	<u>1,150,368</u>	<u>13,589,694</u>	<u>10,763,627</u>	<u>273,949,346</u>	<u>1,924,739</u>	<u>2,021</u>	<u>2,895,357</u>	<u>1,312,972</u>	<u>305,588,124</u>
As at June 30, 2020	<u>1,183,272</u>	<u>13,596,861</u>	<u>12,829,730</u>	<u>281,659,040</u>	<u>2,049,431</u>	<u>2,081</u>	<u>3,322,529</u>	<u>2,762,512</u>	<u>317,405,456</u>

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 6. Fixed Assets - Operational

	Roads and Parking Lots	Terminal and Structure	Leasehold Improvements	Furniture and Office Equipment	Computer Equipment	Computer Software	Vehicles and Machinery	Equipment and Systems	Capital Assets in Progress	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>COST:</b>										
Balance at June 30, 2019	-	-	549,927	2,488,660	4,175,692	1,616,395	1,816,630	45,191,350	3,977,071	59,815,725
Additions	-	17,106	85,838	29,086	240,094	134,007	166,142	1,952,344	4,907,308	7,531,925
Transfers	109,134	-	-	68,639	371,999	-	55,210	2,731,617	(3,336,599)	-
Disposals	-	-	-	-	(139,879)	-	(100,917)	-	-	(240,796)
Adjustments	(17,630)	-	-	-	-	-	-	-	-	(17,630)
<b>Balance at June 30, 2020</b>	<b>91,504</b>	<b>17,106</b>	<b>635,765</b>	<b>2,586,385</b>	<b>4,647,906</b>	<b>1,750,402</b>	<b>1,937,065</b>	<b>49,875,311</b>	<b>5,547,780</b>	<b>67,089,224</b>
Additions	-	-	-	-	12,661	-	84,007	142	2,784,121	2,880,931
Transfers	-	-	-	-	349,348	-	69,400	58,011	(476,759)	-
Disposals	-	-	(11,048)	(200)	-	(114,182)	-	(3,846,535)	-	(3,971,965)
Adjustment	-	-	-	-	-	-	-	-	-	-
<b>Balance at June 30, 2021</b>	<b>91,504</b>	<b>17,106</b>	<b>624,717</b>	<b>2,586,185</b>	<b>5,009,915</b>	<b>1,636,220</b>	<b>2,090,472</b>	<b>46,086,929</b>	<b>7,855,142</b>	<b>65,998,190</b>



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 6. Fixed Assets – Operational (Continued)

	Roads and Parking Lots \$	Terminal and Structure \$	Leasehold Improvements \$	Furniture and Office Equipment \$	Computer Equipment \$	Computer Software \$	Vehicles and Machinery \$	Equipment and Systems \$	Capital Assets in Progress \$	Total \$
<b>ACCUMULATED DEPRECIATION:</b>										
Balance at June 30, 2019	-	-	(443,594)	(2,371,231)	(3,775,510)	(1,523,940)	(1,293,573)	(29,512,199)	-	(38,920,047)
Depreciation	(5,262)	(1,405)	(37,147)	(68,617)	(299,072)	(79,848)	(144,274)	(4,173,993)	-	(4,809,618)
Disposals	-	-	-	-	139,879	-	95,499	-	-	235,378
<b>Balance at June 30, 2020</b>	<b>(5,262)</b>	<b>(1,405)</b>	<b>(480,741)</b>	<b>(2,439,848)</b>	<b>(3,934,703)</b>	<b>(1,603,788)</b>	<b>(1,342,348)</b>	<b>(33,686,192)</b>	<b>-</b>	<b>(43,494,287)</b>
Depreciation	(9,153)	(1,712)	(43,463)	(50,464)	(421,852)	(50,731)	(153,572)	(2,830,649)	-	(3,561,596)
Disposals	-	-	2,322	200	-	114,182	-	2,378,688	-	2,495,392
<b>Balance at June 30, 2021</b>	<b>(14,415)</b>	<b>(3,117)</b>	<b>(521,882)</b>	<b>(2,490,112)</b>	<b>(4,356,555)</b>	<b>(1,540,337)</b>	<b>(1,495,920)</b>	<b>(34,138,153)</b>	<b>-</b>	<b>(44,560,491)</b>
<b>As at June 30, 2021</b>	<b>77,089</b>	<b>13,989</b>	<b>102,835</b>	<b>96,073</b>	<b>653,360</b>	<b>95,883</b>	<b>594,552</b>	<b>11,948,776</b>	<b>7,855,142</b>	<b>21,437,699</b>
<b>As at June 30, 2020</b>	<b>86,242</b>	<b>15,701</b>	<b>155,024</b>	<b>146,537</b>	<b>713,203</b>	<b>146,614</b>	<b>594,717</b>	<b>16,189,119</b>	<b>5,547,780</b>	<b>23,594,937</b>

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts

Long-term debts consist of the following:

	Interest rates	Maturity dates	Balance at 30 June 2021 \$	Balance at 30 June 2020 \$
Current portion				
Senior debt notes:				
USD senior notes	8.50%	December 31, 2031	720,000	720,000
USD senior notes	7.00%	November 30, 2033	9,075,000	8,250,000
USD senior notes	6.34%	March 31, 2035	5,650,000	4,802,500
USD senior notes	6.44%	June 30, 2035	4,500,000	3,600,000
BSD senior notes	8.50%	December 31, 2031	1,800,000	1,800,000
BSD senior notes	6.34%	March 31, 2035	1,100,000	935,000
Participating debt notes:				
USD Global Note	7.50%	December 31, 2035	-	-
BSD Global Note	7.50%	December 31, 2035	-	-
Total			22,845,000	20,107,500

	Interest rates	Maturity dates	Original Loan Amount \$	Balance at 30 June 2021 \$	Balance at 30 June 2020 \$
Long-term portion					
Senior debt notes:					
USD senior notes	8.50%	December 31, 2031	12,000,000	7,200,000	7,920,000
USD senior notes	7.00%	November 30, 2033	165,000,000	118,800,000	127,875,000
USD senior notes	6.34%	March 31, 2035	113,000,000	88,987,500	94,637,500
USD senior notes	6.44%	June 30, 2035	90,000,000	72,000,000	76,500,000
BSD senior notes	8.50%	December 31, 2031	30,000,000	18,000,000	19,800,000
BSD senior notes	6.34%	March 31, 2035	22,000,000	17,325,000	18,425,000
Participating debt notes:					
USD Global Note	7.50%	December 31, 2035	44,097,067	47,498,533	44,097,067
BSD Global Note	7.50%	December 31, 2035	90,652,933	97,645,525	90,652,933
Total				467,456,558	479,907,500

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts (Continued)

Movement in debt is as follows:

	<b>Senior Debt Notes</b>	<b>Participating Debt Notes</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at June 30, 2020	365,265,000	134,750,000	500,015,000
Principal payments	(20,107,500)	-	(20,107,500)
Capitalized interest	-	10,394,058	10,394,058
Balance at June 30, 2021	345,157,500	145,144,058	490,301,558
Ending balance comprised of:			
Current portion	22,845,000	-	22,845,000
Long-term portion	322,312,500	145,144,058	467,456,558
<b>Total</b>	<b>345,157,500</b>	<b>145,144,058</b>	<b>490,301,558</b>
	<b>Senior Debt Notes</b>	<b>Participating Debt Notes</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at June 30, 2019	382,087,500	134,750,000	516,837,500
Principal payments	(16,822,500)	-	(16,822,500)
Balance at June 30, 2020	365,265,000	134,750,000	500,015,000
Ending balance comprised of:			
Current portion	20,107,500	-	20,107,500
Long-term portion	345,157,500	134,750,000	479,907,500
<b>Total</b>	<b>365,265,000</b>	<b>134,750,000</b>	<b>500,015,000</b>

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts (Continued)

#### *Financing 2009*

##### *Senior debt notes*

In March 2009, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$30 million BSD and \$12 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 8.5% per annum. Interest expense on these facilities during the year amounted to \$2,490,075 (2020: \$2,697,581) and have been included in the statement of comprehensive (loss) income. The senior debt notes are secured by a first priority security interest in all assets of the Company.

As a part of the debt covenants of the financing arrangements, the Company must maintain a debt service coverage ratio of not less than 1.30 to 1.00 commencing the earlier of the date that is six months after the completion of Stage I, or if approved Stage II, or if approved Stage III. This debt service coverage ratio debt covenant became effective June 30, 2014 and at June 30, 2021, the Company is not in compliance (See Note 18).

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises of 3 months' principal and interest on the senior debt notes (2020: 12 months). The debt service reserve account for the outstanding debt at June 30, 2021, amounted to \$1,536,820 (2020: \$5,010,075).

##### *Subordinated participating debt notes*

In March 2009, the Company entered into an agreement with several syndicated lenders, to provide subordinated participating debt notes in the amount of \$70 million to fund the Terminal Redevelopment project costs. The subordinated participating debt notes consist of Series A and Series B Notes. Series A in the amount of \$10 million USD and \$10 million BSD bear interest at 13% per annum. The interest is split with a 2% cash pay and the remaining 11% payment in kind. Series B in the amount of \$50 million USD bear interest at 13% per annum with the full 13% payment in kind. The subordinated participating debt notes have no scheduled principal repayment but are repayable, by way of excess cash sweeps after the earlier of the completion of Stage I, or if approved Stage II, or if approved Stage III or 72 months after financial close, at any time without penalty provided that any prepayment includes a premium as necessary to achieve the target internal rate of collateral securing the senior notes. Interest expense on this facility amounted to \$Nil (2020: \$ Nil).

In December 2018, the Company repaid the syndicated lenders to the subordinated participating debt lenders and refinanced the debt at an interest rate of 7.5%.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts (Continued)

#### *Financing 2010*

In June 2010, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$165 million USD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 7% per annum. The senior notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to \$9,312,188 (2020: \$9,868,031) and has been included in the statement of comprehensive (loss) income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises of 3 months' principal and interest on the senior debt notes (2020: 6 months). The debt service reserve account for the outstanding debt at June 30, 2021, amounted to \$4,300,313 (2020: \$8,853,281).

#### *Financing 2012*

In May 2012, the Company entered into an agreement with several syndicated lenders, to provide senior debt notes in the amount of \$113 million USD and \$22 million BSD to fund the Terminal Redevelopment project costs. The senior debt notes have a 23-year maturity and bear interest at 6.34% per annum.

The senior notes are secured by a first priority interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest expense on this facility amounted to \$7,403,535 (2020: \$7,713,799) and has been included in the statement of comprehensive (loss) income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank, New York. The account balance comprises 3 months' principal and interest on the senior debt notes (2020: 6 months). The debt service reserve account for the outstanding debt at June 30, 2021, amounted to \$3,479,541 (2020: \$6,444,563).

#### *Financing 2013*

In August 2012, the Company entered into an agreement with several syndicated lenders to provide senior debt notes in the amount of \$90 million USD to fund the Terminal Redevelopment project costs.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts (Continued)

The senior debt notes have a 23-year maturity and bear interest at 6.44% per annum. The senior debt notes are secured by a first priority security interest in all assets of the Company and rank pari passu in priority of payment with the other senior debt. Interest on this facility amounted to \$5,071,500 (2020: \$5,267,115) and has been included in the statement of comprehensive (loss) income.

As an additional requirement of the financing, the Company has established a restricted debt service reserve account with Citibank New York. The account balance comprises 3 months' principal and interest on the senior debt notes (2020: 6 months). The debt service reserve account for the outstanding debt at June 30, 2021 amounted to \$2,356,650 (2020: \$4,364,730).

### Financing 2018

In December 2018, the Company entered into an agreement with several syndicated lenders, to provide subordinated participating debt notes in the amount of \$134.75 million to refinance the Terminal Redevelopment project costs. The subordinated participating debt notes consist of BSD Global Notes 1 and USD Global Notes 1. BSD Global Note 1 in the amount of \$90.75 million and USD Global Note 1 in the amount of \$44 million, both Notes bear interest at 7.5% per annum. The subordinated participating debt notes have no scheduled principal repayment but are repayable, at any time without penalty provided that any prepayment includes a premium as necessary to achieve the target internal rate of collateral securing the senior notes. Interest expense on this facility amounted to \$10,394,058 (2020: \$10,106,250) and has been included in the statement of comprehensive (loss) income. This interest has been capitalized to the participating debt notes during the year.

Total restricted cash included in the debt reserve account is comprised of the following:

	2021 \$	2020 \$
Senior debt notes:		
Financing 2009 – \$12 million USD/BSD \$30 million 8.50%; December 31, 2031	1,536,820	5,010,075
Financing 2010 – \$165 million USD 7.00%; November 30, 2032	4,300,313	8,853,281
Financing 2012 – \$113 million USD/BSD \$22 million 6.34%; March 31, 2035	3,479,541	6,444,563
Financing 2013 – \$90 million USD 6.44%; June 30, 2035	2,356,650	4,364,730
	<u>11,673,324</u>	<u>24,672,649</u>



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 7. Long-Term Debts (Continued)

Total interest expense on these facilities amounted to \$34,671,356 (2020: \$35,652,776) as follows:

	2021 \$	2020 \$
Financing 2009	2,490,075	2,697,581
Financing 2010	9,312,188	9,868,031
Financing 2012	7,403,535	7,713,799
Financing 2013	5,071,500	5,267,115
Financing 2018	10,394,058	10,106,250
	<u>34,671,356</u>	<u>35,652,776</u>

### 8. Payable to Government Entities

At June 30, 2021, the following amounts were payable to Government entities:

	2021 \$	2020 \$
The Airport Authority (security fees)	1,984,987	1,847,623
Ministry of Finance	281,729	355,288
Bahamas Power & Light	3,118,419	328,635
Ministry of Finance (VAT)	638,920	135,979
Bahamas Telecommunications Corporation	170,824	28,717
Water & Sewerage	145,468	24,627
The Airport Authority (other)	744,621	-
Public Treasury	695	-
	<u>7,085,663</u>	<u>2,720,869</u>

### 9. Provision for Resurfacing Runways

Provision for resurfacing runways included the present value of the initial estimated \$32,000,000 to resurface the airport runways in 2023 at a discount rate of 13%. As per the Transfer Agreement, the Company is required to “maintain the airport at a world class standard” before it is handed over to the grantor at the end of the service arrangement and the Company must provide for an annual estimate of the expenditures that would be required to settle the present obligation. In accordance with IFRIC 12, this estimate is capitalized as a part of the intangible assets for service concession arrangements.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 9. Provision for Resurfacing Runways (Continued)

During 2019, the Company revised its estimate to resurface the runway at a cost of \$24,500,000. In 2020, the estimate was updated to \$19,619,996, based on actual cost and estimated cost to complete. In line with the extension of the service concession agreement, the intangible asset is being amortized over the life of the service concession agreement until 2057.

The runway resurfacing project was completed in December 2020.

The movement is as follows:

	<b>Provision</b> \$	<b>Amortization</b> \$	<b>Intangible</b> \$
Balance at June 30, 2019	20,419,996	(1,958,102)	18,461,894
Reduction in accrual based on actual costs incurred	(800,000)	-	(800,000)
Charge for the year	<u>-</u>	<u>(485,838)</u>	<u>(485,838)</u>
Balance at June 30, 2020	19,619,996	(2,443,940)	17,176,056
Reduction in accrual based on actual costs incurred	(159,748)	3,187	(156,561)
Charge for the year	<u>-</u>	<u>(464,218)</u>	<u>(464,218)</u>
<b>Balance at June 30, 2021</b>	<b>19,460,248</b>	<b><u>(2,904,971)</u></b>	<b><u>16,555,277</u></b>
Cash payments, June 30, 2019	(4,445,119)		
Cash payments, June 30, 2020	(14,863,019)		
Cash payments, June 20, 2021	<u>(152,110)</u>		
<b>Balance at June 30, 2021</b>	<b><u>-</u></b>		

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 10. Related-Party Balances and Transactions

The following is a summary of the balances and transactions at June 30, 2021, with related parties:

	2021 \$	2020 \$
Accounts receivable - Government (gross)	1,134,986	10,747,842
Allowance for expected credit loss	83,603	3,629,360
Receivable from Management Company	-	443,081
Payable to Government entities	7,085,663	2,720,869
Management fees payable	544,255	406,410
Aeronautical operations revenue	2,479,938	10,932,029
Commercial operations revenue	983,205	1,048,059
Utilities	3,136,964	4,254,993
Government fees	369,065	1,006,619
Management fees	1,185,102	2,802,122
Rent expense	591,180	1,613,801
Telephone expense	262,935	287,420
Directors' fees	108,980	100,170
(Recovery)/allowance for expected credit losses	(3,545,757)	2,478,618

Salaries and benefits paid to the Company's key management personnel during the year ended June 30, 2021, amounted to \$1,314,414 (2020: \$1,566,568).

At June 30, 2021, the subordinated participating debt Global notes and senior debt notes were held by a related Government entity.

	2021 \$	2020 \$
National Insurance Board	<u>90,197,136</u>	<u>87,412,318</u>

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 11. Defined Contribution Pension Plan

On January 1, 2008, the Company entered into a Pension Administration Agreement with a financial institution and the implementation of the plan took effect on July 1, 2008.

The Company's contribution was retroactive from April 1, 2007, contributing 2.50% of employees' salary until June 30, 2008. Employee's contribution to the plan commenced July 1, 2008, with minimum contributions of 2.50% and no maximum. The Company matches employee contributions up to a maximum of 5.00%. The vesting period for the plan is as follows:

5 years	50 %	vested
6 years	60 %	vested
7 years	70 %	vested
8 years	80 %	vested
9 years	90 %	vested
10 years	100 %	vested

For the year ended June 30, 2021, the Company contributed a total of \$195,650 (2020: \$266,830) to the plan.

At June 30, 2021, approximately 223 (2020: 228) employees were enrolled in the plan.

### 12. Material, Supplies and Services

Material, supplies and services for the year are as follows:

	2021	2020
	\$	\$
Utilities	3,136,964	4,254,993
Repairs and maintenance	1,570,810	3,609,320
Professional fees	290,556	619,949
Others	<u>2,060,895</u>	<u>4,261,602</u>
	<u>7,059,225</u>	<u>12,745,864</u>

### 13. Commitments

The Company is contingently liable for corporate credit cards in the amount of \$48,000 utilized limited and \$100,000 authorized limited (2020: \$48,000 utilized, \$100,000 authorized).

On September 4, 2019, the Company and RBC Royal Bank (Bahamas) Limited entered into a Customs Bond agreement with the Comptroller of Customs for \$200,000 for the importation of perishable or other goods. At June 30, 2021, \$Nil (2020: \$Nil) was utilized.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 13. Commitments (Continued)

Since assuming control of the airport, the Company has awarded contracts for undertaking works relating to the terminal building, airport plant and equipment and furniture and fittings. At June 30, 2021, the Company had outstanding commitments relating to open capital and maintenance contracts with a value of \$2,576,152 (2020: \$7,063,002). All payments are due within the next 12 months.

The Company is involved in legal actions arising from its normal course of business. No material adverse impact on the financial position of the Company is expected to arise from these proceedings except where accrued.

### 14. Operating Leases

The Company has an operating land lease with the Authority for a term of thirty (30) years which expires March 31, 2037. The lease has been extended for an additional 20 years until March 31, 2057. Total rent expense relevant to this operating lease is \$591,180 (2020: \$1,613,801).

Future minimum lease rentals due under operating leases at June 30, 2021 are as follows:

	2021 \$	2020 \$
Within one year	<u>500,000</u>	<u>500,000</u>
Between one to five years	<u>2,500,000</u>	<u>2,500,000</u>
More than five years	<u>14,875,000</u>	<u>15,375,000</u>

In addition, the Company has concessions and terminal leases as lessor. The Company leases out land and space within the airport terminals under operating leases with rentals payable monthly. Lease payments for some contracts include variable lease payments based on a percentage of revenues, but there are no variable lease payments that depend on an index or rate. Total rental income relevant to these concessions and leases is \$7,800,346 earned and \$7,800,346 recognized (2020: \$11,909,235 earned; \$11,909,235 recognized). Although the risks associated with rights the Company retains in the underlying assets are not considered to be significant, the Company employs strategies to further minimize these risks. The Company requires the lessee to either deliver an irrevocable letter of credit in an amount equal to three months' rent or to submit a cash security deposit upon signing the lease for the majority of its lease contracts.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 14. Operating Leases (Continued)

Future minimum lease rentals receivable under operating leases at June 30, 2021 are as follows:

	2021 \$	2020 \$
Within one year	<u>8,235,953</u>	<u>7,207,105</u>
Between one to five years	<u>17,522,870</u>	<u>27,140,027</u>
More than five years	<u>19,211,170</u>	<u>21,075,226</u>

### 15. Revenue from Contracts with Customers

The Company derives revenue from the delivery of services over time and at a point in time in the following major revenue streams:

	At a point in time \$	2021 Over time \$	Total \$
<b>Aeronautical</b>			
Passenger facility charge	12,516,254	-	12,516,254
Passenger processing fee	2,989,730	-	2,989,730
Landing fees	3,669,136	-	3,669,136
Terminal fees	427,939	-	427,939
Loading bridges	221,799	-	221,799
Aircraft parking fees	<u>84,200</u>	<u>-</u>	<u>84,200</u>
<b>Total</b>	<b><u>19,909,058</u></b>	<b><u>-</u></b>	<b><u>19,909,058</u></b>
<b>Commercial</b>			
Concession	4,007,866	-	4,007,866
Car parking	593,012	308,424	901,436
Refueling royalties	740,059	-	740,059
Other income	<u>162,924</u>	<u>-</u>	<u>162,924</u>
<b>Total</b>	<b><u>5,503,861</u></b>	<b><u>308,424</u></b>	<b><u>5,812,285</u></b>



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 15. Revenue from Contracts with Customers (Continued)

		2020	
	At a point in time \$	Over time \$	Total \$
<b>Aeronautical</b>			
Passenger facility charge	45,476,120	-	45,476,120
Passenger processing fee	11,142,200	-	11,142,200
Landing fees	6,099,916	-	6,099,916
Terminal fees	969,365	-	969,365
Loading bridges	501,176	-	501,176
Aircraft parking fees	106,311	-	106,311
<b>Total</b>	<b>64,295,088</b>	<b>-</b>	<b>64,295,088</b>
<b>Commercial</b>			
Concession	8,046,277	-	8,046,277
Car parking	2,183,586	393,126	2,576,712
Refueling royalties	1,480,602	-	1,480,602
Other income	136,172	-	136,172
<b>Total</b>	<b>11,846,637</b>	<b>393,126</b>	<b>12,239,763</b>

### 16. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, current liabilities, and long-term debt. Financial liabilities are carried at amortized cost.

The main risks arising from the Company's financial instruments are credit risk, interest rate risk and liquidity risk. The Board of Directors reviews and agrees on policies for managing each of these risks and they are summarized as follows:

#### *Credit risk*

Credit risk arising from the inability of a counterparty to meet the terms of the Company's financial instrument contracts is generally limited to the amount, if any, by which the counterparty's obligations exceed the obligations of the Company.

It is the Company's policy to enter into financial instruments with a diverse group of credit worthy counterparties. Therefore, the Company does not expect to incur material credit losses on its risk management or other financial instruments.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 16. Financial Risk Management Objectives and Policies (Continued)

#### *Credit risk (continued)*

In addition, receivable balances are monitored on an ongoing basis with necessary provisions being made. The Company's maximum exposure to credit risk in the event any counterparties fail to perform their obligation at June 30, 2021 and 2020, in relation to each class of recognized financial assets, is the carrying amount of those assets as indicated in the statement of financial position.

Due to the nature of its operations, the Company has significant credit risk with Government entities.

#### *Impairment*

The Company has assessed the expected credit loss for cash and accounts receivable. Cash is considered to be investment grade credit rating with a well-known ratings agency and is in stage 1 of the expected credit loss model. The identified impairment losses, based on the credit quality of the counterparties, were determined to be immaterial and are not recorded in these financial statements.

#### Accounts receivable

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable.

To measure the expected credit losses, accounts receivable has been grouped based on shared credit risk characteristics and the days past due. The expected loss rates for the trade receivables are based on the payment profiles of accounts receivable over a period of 36 months before June 30, 2021 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivable.

The Company has identified Gross Domestic Product of The Bahamas to be the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

See Note 3 for the aged analysis of accounts receivable.

#### Other financial assets

Debt instruments comprise cash and cash equivalents and restricted cash. Cash and cash equivalents and restricted cash are considered to be investment grade as per an external rating agency and in stage 1 of the expected credit loss model and therefore the loss allowance was limited to 12 months expected credit losses. The identified loss allowance was determined by management to be immaterial and was not recorded in these financial statements.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 16. Financial Risk Management Objectives and Policies (Continued)

#### *Interest rate risk*

The Company is not exposed to significant fair value interest rate risk. Exposure to this risk relates primarily to the Company's debt facilities as they are all fixed-rate-term debt facilities.

#### *Liquidity risk*

Liquidity risk is the risk that the Company will be unable to meet its net funding requirements. This risk is mitigated due to management's ability to increase rates and fees and borrow funds from its bankers.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements June 30, 2021 (Continued)

### 16. Financial Risk Management Objectives and Policies (Continued)

The table below summarizes the maturity profile of the Company's financial assets and financial liabilities at June 30, 2021 and 2020. The table presents the undiscounted cash flows payable by the Company under non-derivative financial liabilities by remaining period to contractual maturity from the date of the statement of financial position:

	2021				
	Within 3 Months \$	3-6 Months \$	6-12 Months \$	More than 1 Year \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents:					
Operating accounts	2,830,316	-	-	-	2,830,316
Construction and controlled accounts	9,032,704	-	-	-	9,032,704
Restricted cash	-	11,673,324	-	-	11,673,324
Accounts receivable, net:					
Private sector	9,490,671	-	-	-	9,490,671
Governmental	1,953,824	-	-	-	1,953,824
Receivable from Management Company	-	-	-	-	-
	<u>23,307,515</u>	<u>11,673,324</u>	<u>-</u>	<u>-</u>	<u>34,980,839</u>
<b>Financial liabilities</b>					
Accounts payable and accrued liabilities:					
Construction project	163,570	-	-	-	163,570
Trade	2,054,429	601,098	-	1,452,966	4,108,493
Management fees payable	544,255	-	-	-	544,255
Payable to Government entities	3,053,383	630,320	2,394,621	368,419	6,446,743
Long term debt – current portion	11,355,553	11,261,213	23,057,184	-	45,673,950
Long term debt	-	-	-	772,372,582	772,372,582
	<u>17,171,190</u>	<u>12,492,631</u>	<u>25,451,805</u>	<u>774,193,967</u>	<u>829,309,593</u>
<b>Net liquidity gap</b>	<u>6,136,325</u>	<u>(819,307)</u>	<u>(25,451,805)</u>	<u>(774,193,967)</u>	

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 16. Financial Risk Management Objectives and Policies (Continued)

	2020				
	Within 3 Months \$	3-6 Months \$	6-12 Months \$	More than 1 Year \$	Total \$
<b>Financial assets</b>					
Cash and cash equivalents:					
Operating accounts	5,258,592	-	-	-	5,258,592
Construction and controlled accounts	21,876,248	-	-	-	21,876,248
Restricted cash	-	19,662,574	5,010,075	-	24,672,649
Accounts receivable, net:					
Private sector	2,243,016	-	-	-	2,243,016
Governmental	6,463,761	-	-	-	6,463,761
Receivable from Management Company	443,081	-	-	-	443,081
	<u>36,284,698</u>	<u>19,662,574</u>	<u>5,010,075</u>	<u>-</u>	<u>60,957,347</u>
<b>Financial liabilities</b>					
Accounts payable and accrued liabilities:					
Construction project	166,566	-	-	-	166,566
Trade	4,230,085	-	-	-	4,230,085
Management fees payable	406,410	-	-	-	406,410
Payable to Government entities	2,584,890	-	-	-	2,584,890
Long term debt – current portion	11,139,878	11,054,509	22,190,411	-	44,384,798
Long term debt	-	-	-	818,046,532	818,046,532
	<u>18,527,829</u>	<u>11,054,509</u>	<u>22,190,411</u>	<u>818,046,532</u>	<u>869,819,281</u>
<b>Net liquidity gap</b>	<u>17,756,869</u>	<u>8,608,065</u>	<u>(17,180,336)</u>	<u>(818,046,532)</u>	

The liquidity gap will be addressed through the Company's revenue operating activities. The repayment of the loan facilities will occur as required and management is confident that the revenue receipts from service fees are sufficient to meet the repayment requirements. In addition, the Company has a statutory right to fund its loan facilities by increasing its tariff rates and fees.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 16. Financial Risk Management Objectives and Policies (Continued)

#### *Fair Values of Financial Instruments*

Fair value estimates are generally subjective in nature and are dependent upon a number of significant assumptions associated with each instrument or group of similar instruments, including estimates of discount rates, risks associated with specific financial instruments, estimates of future cash flows and relevant available market information. Fair value information is intended to represent an estimate of an amount at which a financial instrument could be exchanged in a current transaction between a willing buyer and seller engaging in an exchange transaction.

The carrying amounts of financial assets and liabilities are considered to approximate their fair value, given that they are either short term in nature or for long term financial liabilities with fixed interest rates, despite a change in market rates since the issuance of the financial liabilities there has been no observable change in fair values; accordingly, the carrying values approximate fair values. Per the fair value hierarchy of IFRS 13, financial assets and liabilities are principally classified as Level 2.

### 17. Capital Management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. Total capital is calculated as 'equity' as shown in the statement of financial position.

To maintain or adjust the capital structure, the Company may adjust dividend payments to the shareholder, return capital to the shareholder or issue new shares. No changes were made in the objectives, policies or processes during the years ended June 30, 2021 and 2020.

The Company monitors capital using ratios which compare income, assets and liabilities to capital. The Company does not have any statutory or regulatory capital requirements; as such, management adjusts capital levels as required for the Company's future development plans, maintenance of required debt covenants (Note 7) and returns the remainder of its capital to its shareholder.

### 18. Impact of COVID-19

The outbreak of the novel coronavirus known as COVID-19 has significantly impacted the Company's operations resulting in limited operations at the airport due travel and border restrictions, quarantines, lower consumer demand and general market uncertainty.

# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 18. Impact of COVID-19 (Continued)

Effective July 1, 2020, the Government of The Bahamas re-opened the borders for international commercial travel with the requirement that visitors present a negative COVID-19 test prior to arrival, however, more restrictive measures were put in place shortly thereafter, requiring travelers to quarantine for two weeks upon arrival. Due to a second wave of COVID-19 outbreaks, on July 22, 2020 international commercial travel was again suspended and severe travel restrictions for domestic travel were also implemented.

Effective September 1, 2020, international visitors were required to obtain an approved Bahamas Travel Health Visa, provide proof of a negative COVID-19 RT-PCR test taken no more than five days prior to arrival, and submit to a mandatory 14-day Vacation-In-Place (VIP) Experience at a hotel, private club or rented accommodations (like Airbnb), as well as on a private boat. During the second quarter, beginning October 15, 2020, beaches and major hotels were allowed to re-open for guest services. For the remainder of the fiscal year, passenger traffic experienced gradual increases month over month.

As the majority of the Company's revenues are dependent on passenger traffic, this has resulted in significantly decreased revenues for the fiscal year. In response to COVID-19, measures were taken to reduce operating costs as well as optimize working capital. These measures included a reduction in staff hours, elimination of operating expenses unrelated to maintenance of the airport and salaries, and deferral of all non-critical capital expenditures. The Company has also taken advantage of the Tax Credit and Tax Deferral Employment Retention Programme offered by the Department of Inland Revenue resulting in a VAT credit of \$300,000 (2020: \$300,000) granted during the year and with the total amount of \$600,000 being utilized during the year.

Continued impact of COVID-19 on the Company's operational and financial performance including its impact on revenues will depend on the duration and spread of the outbreak and the impact on the Company's suppliers, customers, employees and vendors, all of which are uncertain, even with the introduction of vaccines globally.

The Company is continuing to monitor the evolving situation relating to COVID-19 and its impact on both its business and the industry as a whole. As the COVID-19 outbreak continues to evolve, the Company is taking steps to ensure business continuity (See Note 2(r)). While the extent and duration of the impact of COVID-19 is still unknown at this point, management believes that these events would not have an impact on the carrying amount of assets and liabilities at the reporting date.



# Nassau Airport Development Company Limited

## Notes to the Financial Statements

June 30, 2021

(Continued)

### 18. Impact of COVID-19 (Continued)

As described in Note 7, the Company has \$345,157,500 outstanding in senior debt. These debts are governed by the Common Terms Agreement dated March 2009 as amended, Note Purchase Agreements dated March 20, 2009, June 29, 2010 and April 24, 2012 and the New York Deposit Account Control and Security Agreement dated March 30, 2009 - constituting the Senior Financing Agreements.

As a requirement under the Company's Senior Financing Agreements, the Company is required to maintain a minimum Debt Service Coverage Ratio (DSCR) of 1.30 to 1.00 as at the end of each calendar quarter (the DSCR Covenant). On June 30, 2021, the DSCR was 0.57 to 1.00. This was not an "Event of Default" under the Senior Financing Agreements as the amendment and waiver agreement obtained by the Company on November 25, 2020 (Amendment and Waiver Agreement) remains effective through to June 30, 2022, unless there is an Event of Default under the Senior Financing Agreements resulting in the termination of the DSCR Waiver by the Senior Noteholders.

The Amendment and Waiver Agreement also provided for additional interest of 0.75% that would accrue on the senior debt in the event that its assigned credit rating falls below BB-. Such additional interest would be payable in 8 equal quarterly instalments from September 30, 2025. As at the date of approval of these financial statements the senior debt was rated by Fitch as BB-.

The Amendment and Waiver Agreement further provided for the withdrawal of funds from the Debt Service Reserve Account (the DSRA) to pay any deficiency in the payments due to the Senior Noteholders on each quarterly date. The DSCR waiver is effective until the earlier of a) June 30, 2022 b) termination of the Government's Commitment Letter or c) the date the Company demonstrates that it has maintained a minimum DSCR of 1.30 to 1.00 as at the end of the fiscal quarter.

Forecasts prepared by management project the Company to be in breach of the DSCR Covenant beyond the expiration of the current DSCR waiver on June 30, 2022. This would constitute an Event of Default under the senior financing arrangements unless a further waiver of the DSCR Covenant is obtained for the period subsequent to June 30, 2022 (see Note 2(r)).

In accordance with the Participating Debt Note Purchase Agreement, New York Deposit Account Control and Security Agreement and Bahamas Deposit Account Control and Security Agreements, the Company did not make any payments to its Participating Debt Noteholders during the fiscal year as the Company did not maintain the required DSCR ratio of 1.40:1.00 for such payments to occur.





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