

Social Security Board

***Financial statements for the year ended
December 31, 2022 and Independent
Auditor's Report***

SOCIAL SECURITY BOARD

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INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS SOCIAL SECURITY BOARD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Social Security Board, which comprise the statement of financial position as of December 31, 2022 and the statement of profit, the statement of comprehensive income, statement of changes in reserve, and statement of cash flows for the year then ended and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of Social Security Board as of December 31, 2022 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs), and requirement of the Financial and Accounting Regulations of the Social Security Act, Chapter 44.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Social Security Board in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code) which are the ethical requirements relevant to Belize and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Matter

The financial statements of Social Security Board for the year ended December 31, 2021, were audited by another auditor who expressed an unmodified opinion on those statements on June 30, 2022.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and the Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with IFRSs, 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 Social Security Board'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 Social Security Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, the directors and management, are responsible for overseeing the Social Security Board's financial reporting process.

Auditor's 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 auditor's 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

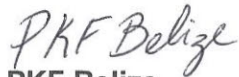
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Social Security Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Social Security Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Social Security Board to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, the directors and management, 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.



PKF Belize
Chartered Accountants
Belize City

June 23, 2023

SOCIAL SECURITY BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2022 (IN BELIZE DOLLARS)

ASSETS	Notes			2022	2021
CURRENT ASSETS:					
Cash and cash equivalents	2g.	2h.	4.	146,845,109	106,032,616
Short term investments	2g.	2i.	5.	27,923,261	25,361,044
Investment income receivable		2g.	6.	16,792,852	15,862,587
Office supplies	2j.	2r.		694,435	794,941
Accounts receivable	2g.	2k.	7.	3,179,267	4,380,588
Prepayments		2l.		831,525	509,600
Loan principal receivable current portion		2g.	10.	18,342,674	5,284,708
Total current assets				214,609,123	158,226,084
NON-CURRENT ASSETS:					
Investment in associates		2m.	8.	204,783,713	203,514,299
Long term investments		2g.	9.	141,205,950	134,035,202
Loan principal receivable - net		2g.	10.	51,814,523	73,215,022
Held for sale		2r.	11.	-	10,990,603
Other assets		2r.	12.	970,800	991,200
Intangible asset - net	2n.	2r.	13.	603,182	951,285
Investment properties - net	2o.	2p.	2r. 14.	22,340,788	7,915,573
Fixed asset - net	2q.	2r.	15.	29,909,860	29,339,519
Total non-current assets				451,628,816	460,952,703
TOTAL ASSETS				\$ 666,237,939	\$ 619,178,787
LIABILITIES AND RESERVES					
LIABILITIES:					
CURRENT LIABILITIES:					
Accounts payable and accruals	2g.	16.		18,026,228	8,710,540
Severance payable current portion	2t.	17.		-	266,832
Total current liabilities				18,026,228	8,977,372
NON-CURRENT LIABILITIES:					
Pension liability	2s.	18.		2,242,545	1,997,673
Severance liability	2t.	17.		3,659,694	3,254,608
Total long term liabilities				5,902,239	5,252,281
Total liabilities				23,928,467	14,229,653
RESERVES:					
Short term contingency reserve	2u.			23,124,131	22,620,463
Long term benefits reserve	2u.			480,257,143	456,444,909
Employment injury benefit reserve	2u.			115,913,864	106,110,328
Disablement and death benefits reserve	2u.			11,453,117	12,162,839
National health insurance fund				11,894,750	7,275,910
Natural disaster fund				1,051,076	2,301,076
Social development account				857,936	31,282
Pension reserve	2s.	18.		(2,242,545)	(1,997,673)
Total reserves				642,309,472	604,949,134
TOTAL LIABILITIES AND RESERVES				\$ 666,237,939	\$ 619,178,787


Chairman


Director

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF PROFIT FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
INCOME	2v.		
Contributions:			
Employers and employed persons		<u>143,852,810</u>	<u>117,475,293</u>
Other income:			
Net investment income	19.	<u>21,084,076</u>	<u>26,801,136</u>
Other income – net	20.	<u>2,360,430</u>	<u>1,866,345</u>
GOB contribution to NHI Fund	2w. 21.	<u>21,200,000</u>	<u>17,740,000</u>
Total other income		<u>44,644,506</u>	<u>46,407,481</u>
TOTAL INCOME		<u>188,497,316</u>	<u>163,882,774</u>
EXPENDITURES			
Benefits:	2x.		
Short term benefits branch		<u>23,211,834</u>	<u>17,481,071</u>
Long term benefits branch		<u>79,374,327</u>	<u>72,788,522</u>
Employment injury benefits branch		<u>3,684,286</u>	<u>4,943,086</u>
Disablement and death benefits		<u>2,335,741</u>	<u>2,289,526</u>
National Health Insurance benefits		<u>15,090,570</u>	<u>13,181,172</u>
Total benefits		<u>123,696,758</u>	<u>110,683,377</u>
Operating expenses:			
Administration	22.	<u>22,826,757</u>	<u>20,821,554</u>
Establishment	23.	<u>1,153,789</u>	<u>1,094,370</u>
Financial		<u>613,313</u>	<u>395,368</u>
NHI operating expenses	24.	<u>1,490,590</u>	<u>1,035,756</u>
Staff pension		<u>74,900</u>	<u>41,463</u>
Total operating expenditures		<u>26,159,349</u>	<u>23,388,511</u>
TOTAL EXPENDITURES		<u>149,856,107</u>	<u>134,071,888</u>
EXCESS OF INCOME OVER EXPENDITURES		<u>\$ 38,641,209</u>	<u>\$ 29,810,886</u>

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2022</u>	<u>2021</u>
EXCESS OF INCOME OVER EXPENDITURES		38,641,209	29,810,886
OTHER COMPREHENSIVE INCOME:	2u.		
APV disablement benefits		667,260	2,120,019
APV death benefits		529,451	463,684
		<u>1,196,711</u>	<u>2,583,703</u>
Actuarial (loss) on defined benefits plan		<u>(169,972)</u>	<u>(467,198)</u>
Total other comprehensive income		<u>1,026,739</u>	<u>2,116,505</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>\$ 39,667,948</u></u>	<u><u>\$ 31,927,391</u></u>

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	Short term Benefits Branch	Long term Benefits Branch	Employment Injury Benefits Branch	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Assistance Account	Pension Reserve	Total
Balance, December 31, 2021	22,620,463	456,444,909	106,110,328	12,162,839	7,275,910	2,301,076	31,282	(1,997,673)	604,949,134
Transfer to Social Development Account and Natural Disaster	-	-	(1,884,264)	-	-	250,000	1,634,264	-	-
Transfer from Social Development Assistance Account	-	-	-	-	-	-	-	-	-
Social Development Assistance Fund Expenditures	-	-	-	-	-	-	(807,610)	-	(807,610)
Natural Disaster Fund	-	-	-	-	-	(1,500,000)	-	-	(1,500,000)
Excess of income over expenditures / (expenditures over income)	503,668	23,812,234	11,687,800	(1,906,433)	4,618,840	-	-	(74,900)	38,641,209
Other Comprehensive Income	-	-	-	1,196,711	-	-	-	(169,972)	1,026,739
Balance, December 31, 2022	23,124,131	480,257,143	115,913,864	11,453,117	11,894,750	1,051,076	857,936	(2,242,545)	642,309,472

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF CHANGES IN RESERVES (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	Short term Contingency Reserve	Long term Benefits Reserve	Employment Injury Benefits Reserve	Disablement and Death Benefits Reserve	National Health Insurance Fund	Natural Disaster Fund	Social Development Account	Pension Reserve	Total
Balance, December 31, 2020	20,578,954	439,263,405	98,966,332	11,335,793	3,780,800	2,051,076	844,062	(1,489,012)	575,331,410
Transfer to Social Development and Natural Disaster Fund	-	-	(1,746,887)	-	-	250,000	1,496,887	-	-
Social Development Assistance Fund Expenditures	-	-	-	-	-	-	(2,309,667)	-	(2,309,667)
Reallocation of NHI expenses	5,814	19,704	2,444	-	(27,962)	-	-	-	-
Excess of income over expenditures / (expenditures over income)	2,035,695	17,161,800	8,888,439	(1,756,657)	3,523,072	-	-	(41,463)	29,810,886
Other Comprehensive Income	-	-	-	2,583,703	-	-	-	(467,198)	2,116,505
Balance, December 31, 2021	22,620,463	456,444,909	106,110,328	12,162,839	7,275,910	2,301,076	31,282	(1,997,673)	604,949,134

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
OPERATING ACTIVITIES		
Excess of income over expenditures	38,641,209	29,810,886
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Actuarial present value provision	1,196,711	2,583,703
Amortization expense	465,911	141,210
Depreciation expense	2,045,999	1,407,220
Interest income	(14,779,515)	(13,191,547)
(Gain) loss on disposal of fixed asset	(360,472)	5,011
Expected credit losses	1,891,780	1,845,044
Service cost of defined benefit plan	(591,991)	(33,712)
Severance expense	504,907	352,252
Net interest on defined benefit liability	666,891	74,451
Result from equity accounted investments	(7,795,420)	(15,452,783)
Operating gain before working capital changes	21,886,010	7,541,735
Net changes in working capital:		
Office supplies	100,506	(107,071)
Accounts receivable	777,467	1,244,973
Prepayments	(321,925)	(251,892)
Held for sale	39,805	-
Other assets	20,400	22,800
Accounts payable and accruals including other grants payable	9,315,688	1,655,896
Pension liability	-	-
Cash provided by operating activities	31,817,950	10,106,441
Severance paid	(366,653)	(44,647)
Net cash provided by operating activities	31,451,297	10,061,794
INVESTING ACTIVITIES		
Long term investments	(7,170,748)	(17,680,201)
Loan principal receivable	6,851,674	(223,357)
Short term investments	(2,562,217)	23,342,630
Additions to fixed assets	(6,308,343)	(2,494,760)
Increase in intangible asset	(117,808)	(92,124)
Proceeds from disposal of fixed assets	578,058	2,687
Interest received	13,572,183	12,173,681
Dividends received	6,826,006	9,777,812
Net cash provided by investing activities	11,668,805	24,806,368
FINANCING ACTIVITIES		
Disbursements from social development fund	(807,610)	(2,309,667)
Disbursements from natural disaster fund	(1,500,000)	-
Net cash used in financing activities	(2,307,610)	(2,309,667)
Net increase in cash and cash equivalents	40,812,493	32,558,495
Cash and cash equivalents, January 1	106,032,616	73,474,121
Cash and cash equivalents, December 31	<u>\$146,845,109</u>	<u>\$ 106,032,616</u>

The notes on pages 10 to 44 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

1. STATUS

Social Security Board (Board/SSB) is a statutory body which came into existence with the enactment of the Social Security Act, Chapter 44, Laws of Belize 1980. Social Security Board was established to provide various financial benefits to insured persons residing in Belize. Funding of these benefits is provided through contributions from employers and employees and self-employed persons. The corporate headquarters is located at Bliss Parade, City of Belmopan, Belize.

These financial statements were approved by the Board of Directors on June 23, 2023.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The financial statements of Social Security Board have been prepared from the records maintained in the financial accounting system of the Board, in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB), while the form and content are specified in the Social Security Act, and requirements of the Financial and Accounting Regulations, Chapter 44, Revised Edition 2020.

b. Basis of presentation

The financial statements have been prepared under the historical cost convention, as modified by any revaluation of financial assets and financial liabilities at fair value through profit or loss.

Where necessary, comparative amounts have been reclassified to conform with changes in presentation in the current year.

c. Functional and presentation currency

The financial statements are presented in Belize dollars, which is also the functional currency of the Social Security Board.

d. Use of estimates and judgements

Use of estimates:

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ materially from those estimates.

Fair value measurement:

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case, management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Measurement of the expected credit loss allowances

The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

d. Use of estimates and judgements (Continued)

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:

- Determining criteria for significant increase in credit risk;
- Choosing appropriate assumptions for the measurement of ECL;
- Establishing groups of similar financial assets for the purposes of measuring ECL.

Actuarial valuation of defined benefit plan

The cost of defined benefit pension plan and other post-employment medical benefits and the present value of the pension obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All valuations are made by a qualified actuary.

e. Change in accounting policies

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the end of the reporting period are disclosed below.

Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

Effective for annual reporting periods beginning on or after 1 January 2023.

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)

Effective for annual reporting periods beginning on or after 1 January 2023.

The amendments require that an entity discloses its material accounting policies, instead of its significant accounting policies. Further amendments explain how an entity can identify a material accounting policy. Examples of when an accounting policy is likely to be material are added. To support the amendment, the Board has also developed guidance and examples to explain and demonstrate the application of the 'four-step materiality process' described in IFRS Practice Statement 2.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e. Change in accounting policies (Continued)

The amendment will be adopted when it becomes effective. Its effect, if any, will be quantified at that time.

Distinction between changes in accounting estimates from changes in accounting policies (Amendments to IAS 8)

Effective for annual reporting periods beginning on or after 1 January 2023.

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

Effective for annual reporting periods beginning on or after 1 January 2024.

In September 2022, the Board issued Lease Liability in a Sale and Leaseback (Amendments to IFRS 16). The amendment to IFRS 16 specifies the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains.

f. Foreign currency transactions and balances

Transactions in foreign currencies are initially recorded by the Board at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rate of exchange at the reporting date. All differences arising on settlement or translation of monetary items are taken to the income statement.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognized in profit or loss.

g. Financial instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

Recognition and derecognition

Financial assets and financial liabilities are recognised when the Board becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled, or expired. Financial assets and financial liabilities are initially measured at fair value.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

i. *Classification and initial measurement of financial assets*

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

Financial assets, are classified into the following categories:

- amortised cost
- fair value through profit or loss (FVTPL)

The classification is determined by both:

- the entity's business model for managing the financial asset
- the contractual cash flow characteristics of the financial asset.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of receivables which is presented within lending operations expenses.

ii. *Subsequent measurement of financial assets*

Financial assets at amortised cost

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

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

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. For financial assets included in this category see Note 26.

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

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVTPL.

The category also contains an equity investment. The Board accounts for the equity investments at FVTPL and did not make the irrevocable election to account for the investment in Atlantic Bank Limited (ABL), Citrus Products of Belize Limited (CPBL) and Belize Water Services Ltd. (BWSL) at fair value through other comprehensive income (FVOCI).

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

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

iii. *Impairment of financial assets*

IFRS 9's impairment requirements use more forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

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

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

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

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

Definition of default and credit-impaired assets

The SSB defines a financial instrument as in default, when it meets one or more of the following criteria:

- The borrower is more than 90 days past due on its contractual payments
- The borrower is in long-term forbearance
- The borrower is deceased
- It is becoming probable that the borrower will enter bankruptcy

This criteria has been applied to all financial instruments held by the SSB and are consistent with the definition of default used for internal risk management purposes. The default definition has been applied consistently to model the Probability of Default, Exposure at Default, and Loss given Default throughout the SSB's expected loss calculations.

Measuring ECL- Explanation of inputs, assumptions and estimation techniques

The Expected Credit Loss (ECL) is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECL are the discounted product of the Probability of Default (PD), Exposure at Default (EAD), and Loss Given Default (LGD), defined as follows:

- The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining lifetime of the obligation.
- EAD is based on the amounts the SSB expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.
- LGD represents the SSB's expectation of the extent of loss on a defaulted exposure. LGD varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. LGD is expressed as a percentage loss per unit of exposure at the time of default (EAD). LGD is calculated on a 12-month or lifetime basis.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (Continued)

Trade and other receivables and contract assets

The Board makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument.

In calculating, the Board uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Board assess impairment of Accounts receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

iv. *Classification and measurement of financial liabilities*

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs unless the SSB designated a financial liability at fair value through profit or loss. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. For financial liabilities that fall into this category see Note 26.

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

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another enterprise.

h. Cash and cash equivalents

Cash and cash equivalents represent cash on hand, bank deposits and short term highly liquid investments with original maturity of three months or less.

i. Short term investments

Short term investments represent term deposits, Government of Belize (GOB) Treasury notes and any other investment with maturity dates of less than one year.

j. Office supplies

Office supplies are stated at the lower of cost and net realizable value, cost being determined on the actual cost of the supplies.

k. Accounts receivables

Includes assessments of contributions, dividends receivable and other miscellaneous receivables recorded on the accrual basis.

l. Prepayments

Prepayments represent insurance, license, property tax and other cost paid in advance of their intended use or coverage. Prepayments are expensed in the period the service is received.

m. Investments in associates

Associates are investments in entities where SSB has the power to exercise a significant influence, but they do not have control or joint control through participation in the financial and operational decisions of the entity.

Usually the stockholding is 20% to 50% of the voting rights. Investments in associated entities are accounted for under the equity method and include goodwill identified on acquisition, net of any accumulated impairment loss.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. Investments in associates (Continued)

Under the equity method, the investment in the associate is carried on the statement of financial position at cost plus post acquisition changes in SSB's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The income statement reflects the Board's share of the results of operations of the associate. When there has been a change recognized directly in the equity of the associate, SSB recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity. Unrealized gains and losses resulting from transactions between SSB and the associate are eliminated to the extent of the interest in the associate. SSB's share of profit of an associate is included in the income statement as Investment income. This is the profit attributable to equity holders of the associate and, therefore, is profit after tax and non-controlling interests in the subsidiaries of the associate.

The financial statements of the associates of SSB are prepared as follows, Belize Electricity Limited as at December 31, 2022, and Belize Telemedia Limited as at March 31, 2022. Whereby, one associate differs from SSB's reporting period. However, adjustments are made for the effects of any significant events or transactions that occurred between the date of the associate's financial statements, and SSB's financial statements. When necessary, adjustments are made to bring the accounting policies in line with those of the SSB. After application of the equity method, SSB determines whether it is necessary to recognize an additional impairment loss on its investment in its associates.

SSB determines at each reporting date, whether there is any objective evidence that the investment in each associate is impaired. If this is the case, SSB calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the 'share of profit of an associate' in the income statement. Upon loss of significant influence over the associate, SSB measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.

n. Intangible assets

Intangible assets comprise basically the contractual rights and expenses incurred on specific projects with future economic value, are valued at cost, less accumulated amortization and losses by reducing the recoverable amount where applicable. Intangible assets are recognized only if it is likely that they will generate economic benefits to the Board, are controllable under the Board's control and their respective value can be measured reliably.

Intangible assets that have finite useful lives are amortized over their effective use or a method that reflects their economic benefits, while those with indefinite useful lives are not amortized; consequently, these assets are tested at least annually as to their recovery (impairment test).

The estimated useful life and amortization methods are reviewed at the end of each financial year and the effect of any changes in estimates are recorded in a prospective manner.

Intangible assets are amortized using the straight-line method over an estimated useful life of the assets as follows:

Intangible assets	1 - 10 years
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SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

n. Intangible assets (Continued)

Internally generated intangible assets, during the research phase, have their expenditure recorded in expenses of the period when incurred. Expenditure on development activities (or stage of development of an internal project) is recorded as intangible assets if and only if it meets all of the requirements of the standard. Initial recognition of this asset corresponds to the sum of the expenditures incurred from when the intangible asset has passed to meet the recognition criteria required by the standard.

Intangible assets generated internally, are recorded at cost value less amortization and loss on the accumulated impairment. The Board's intangible assets comprise mainly of acquired software licenses. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

o. Investment properties

Investment properties are properties held to earn rentals or for capital appreciation, or both, and are accounted for using the cost model.

Investment properties other than land are depreciated using the straight line method over the estimated useful life of the assets as follows:

Buildings	40 - 50 years
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Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When investment properties are disposed of by sale or are scrapped, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

p. Leased assets

SSB as a lessor

As a lessor, SSB classifies its leases as either operating or finance leases.

An assessment is done as to whether it transfers substantially all the risks and rewards of ownership. Those assets that do not transfer substantially all the risks and rewards are classified as operating leases.

Rental income is accounted for on a straight-line basis over the lease term and is included in revenue due to its operating nature.

SSB leases out investment properties under operating leases.

SSB as a lessee

SSB leases various offices and units. Rental contracts are typically made for fixed periods of one year to four years but have extension options.

q. Property and equipment

Property and equipment are recorded at cost and, other than land, are depreciated using the straight line method over the estimated useful life of the assets as follows:

Buildings	40 - 50 years
Furniture & fixtures	5 - 10 years
Office equipment	3 - 10 years
Computers and accessories, hardware and software	3 - 5 years
Motor vehicles	4 years
Building renovations - major	20 years

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Property and equipment (Continued)

Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When property and equipment are disposed of by sale or are scrapped, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is reflected in income.

An item of property and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

r. Impairment of non financial assets

At each reporting date, management reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, management estimates the recoverable amount of the cash generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately, unless the relevant asset is carried at a revalued amount, in the income statement in the year the asset is derecognized.

s. Pension fund

The Board, as of January 1, 1991, operates a pension scheme which is separately administered by a Board of Trustees. The scheme, which is a defined benefit plan, is funded by contributions from the Board in amounts recommended by the actuaries, and from employees at the rate of 2.8% of annual pensionable salaries. The Board's contributions of 4.3% of pensionable salaries are charged against income in the year they become payable.

Actuarial gains and losses for the defined benefit plan is recognized in full in the period in which they occur in other comprehensive income. Such actuarial gains and losses are also immediately recognized in retained earnings and are not reclassified to profit or loss in subsequent periods.

t. Severance payable

Severance payable represents the accrual of salaries payable to employees in the event of their resignation or termination. SSB recognizes termination benefits in accordance with the Labour Act (the Act) Chapter 297 of the Laws of Belize Revised Edition 2020.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u. Reserves

i. Short-term benefits branch reserve

Short-term Benefit Reserve is made up as provided by Section 16(1) of the Financial and Accounting Regulations, by transferring thereto annually the excess of income over expenditure of the Short-term Benefits Branch. Short-term benefits comprise of sickness benefit and maternity benefit.

ii. Long-term benefits reserve

Long-term benefits reserve is made up as provided by Section 16(2) of the Financial and Accounting Regulations, by transferring thereto annually the excess of income over expenditure of the Long-term Benefits Branch. Long-term benefits comprise of retirement benefit, invalidity benefit, survivors' benefit and funeral grant.

iii. Disablement and death benefit reserves

The Disablement and Death Benefits Reserve is made up as provided by Section 16(3) of the Financial and Accounting Regulations, 1980 by transferring thereto at the end of each financial year the balance outstanding in the current account after the actuarial present value of the periodically payable disablement and death benefits awarded in that year have been charged against income for that year in the Income and Expenditure Account of the Employment Injury Benefit Branch and credited to a current account, which is also credited with the income from the investment of the said reserve, and debited with actual payment of the current periodical disablement and death benefit effected during that year.

iv. Employment injury benefits reserve

Employment injury benefits reserve is made up as provided by Section 16(4) of the Financial and Accounting Regulations, by transferring thereto annually the excess of income over expenditure of the Employment Injury Branch. The Employment Injury Benefit is constituted to finance medical care, injury benefit disablement grant and funeral grant.

v. Income recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Board, and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Board assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent.

The Board has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

i. Investment income

Investment income is accounted for on the accrual basis, except for dividends, which are recognized when received. Income from associates is accounted for by the equity method.

ii. Interest income

For all financial instruments measured at amortized cost and interest bearing financial assets classified as available for sale, interest income or expense is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in Investment Income and Other income in the income statement.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v. Income recognition (Continued)

Interest non-accrual policy

The Board does not take credit for interest income on any loan having principal or interest arrears in excess of 90 days, which loans are considered non-performing. To ensure that borrowers' accounts reflect all interest owed, interest continues to be accrued but the interest on non-performing loans is credited to a provision against loan interest receivable (see Note 6) rather than to interest income.

iii. Dividends

Revenue is recognized when the Board's right to receive the payment is established.

iv. Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue due to its operating nature.

Basis of apportionment of income

i. Contributions

Section 14(1) of the Financial and Accounting Regulations, Social Security (Financial and Accounting) Amendment Regulations, 2021 provides that all contributions shall be distributed among the Benefits Branches in the following proportions:

	<u>2022</u>	<u>2021</u>
Short Term Benefits Branch	19.00%	19.00%
Long Term Benefits Branch	72.00%	72.00%
Employment Injury Benefits Branch	9.00%	9.00%

ii. Other Income

Section 14(2) of the Financial and Accounting Regulation, 1980 provides that income from investment of the Reserves is allocated to each branch on the basis of their respective reserves at the end of the previous financial year.

Section 14(3) of the Financial and Accounting Regulations, 1980 provides that all other income to the fund which cannot be identified with any specific branch shall be distributed among the three benefit branches in equal parts.

w. Government contributions and other grants

i. Government contributions

Government contributions and support are accounted for when the Board complies with reasonable security conditions set by the government related to contributions, and assistance received. The Board records via the statement of income, as reducing spending according to the nature of the item, and through the distribution of results on statement of income, or earnings in reserve accounts.

When the government grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate. When the government grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w. Government contributions and other grants (Continued)

i. Government contributions (Continued)

When the Board receives non-monetary government grants, the asset and the government grant are recorded gross at nominal amounts and released to the income statement over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments.

When loans or similar assistance are provided by government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grants.

ii. Other grants

Grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and that SSB will comply with all attached conditions.

Presentation of other grants

Other grants relating to costs are deducted in reporting the related expense.

Other grants relating to the purchase of property and equipment are deducted in arriving at the carrying amount of the assets and they are recognized in profit or loss over the useful lives of the related assets as a reduced depreciation expense.

x. Benefit payments

i. SSB recognizes costs associated with payments in the period the beneficiary or recipient is entitled to receive the payment.

ii. Liabilities are accrued on benefits for past periods that have not completed processing by the close of the fiscal year, such as benefit payments due but not paid pending receipt of pertinent information.

y. Basis of apportionment of expenditure

i. Section 15(1) of the Financial and Accounting Regulation, 1980 states that the expenditures of each benefit branch shall be ascribed to that Branch under which the benefit is grouped, namely: Short Term Benefits Branch, Long Term Benefits Branch and Employment Injury Benefits Branch.

ii. Section 15(2) of these regulations states that the administrative expenditures of the Board shall be distributed among the three benefit branches in such a manner that the proportion allocated to a particular branch shall be equal to the proportion which the sum of the contribution income and benefit expenditure shown in the Income and Expenditure Account of that branch bears to the sum of the contribution income and benefit expenditure of the Board as a whole.

iii. Administrative expenses are taken to mean all expenses properly incurred in the administration of the Board.

All other expenditures that are not attributable to any specific branch are distributed among the three benefit branches in equal parts.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

z. Taxes

Income tax, property tax and stamp duty

Section 64 (2) of the Social Security Act, Chapter 44, Revised Edition 2003 exempts the Board from income tax, property tax and stamp duty.

General sales tax

General Sales Tax of 12.5% is a tax on consumer spending that is collected at the point of sale of a business' good or service. SSB pays General Sales Tax as a regular consumer.

3. FINANCIAL RISKS

Financial risk factors

The Board's activities expose it to a variety of risks in relation to financial instruments: market risk (interest rate risk and price risk), credit risk and liquidity risk.

The Board's overall risk management program seeks to maximize the returns derived for the level of risk to which the Board is exposed and seeks to minimize potential adverse effects on the Board's financial performance. The Board's policy allows it to use financial instruments to both moderate and create certain risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on purchased long term equity and debt securities is limited to the fair value of those positions.

The management of these risks is carried out by the investment manager under policies approved by the Investment Committee and Board of Directors and the General Manager of Finance. The Board has specific limits on these financial instruments to manage the overall potential exposure.

In accordance with IFRS 7, an entity shall disclose information that enables users of its financial statements to evaluate the nature and extent of risks arising from financial instruments to which the entity is exposed at the reporting date.

The Board uses different methods to measure and manage the various types of risk to which it is exposed; these methods are explained below:

a. Price risk

The Board's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Social Security Act (Chapter 44) of the Substantive Laws of Belize, the Investment Committee and the Board of Directors.

The Act also limits a single investment to be no more than 20% of the total amount of the Reserves, including economically targeted investments.

The Board's policy requires that the overall market position is monitored on a weekly basis by the Board's Investment Manager and is reviewed on a quarterly basis by the Investment Committee and Board of Directors. Compliance with the Board's investment policies are reported to the Investment Committee on a monthly basis.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

Financial risk factors (Continued)

b. Interest rate risk

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flow. The Board holds fixed interest securities to maturity that expose the Board minimally to fair value interest rate risk. The Board also holds cash and cash equivalents that expose the Board to cash flow interest rate risk. The Board's policy requires the General Manager of Finance to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities.

The Board has direct exposure to interest rate changes on the valuation and cash flows of its interest bearing assets and liabilities. However, it may also be indirectly affected by the impact of interest rate changes on the earnings of certain companies in which the Board invests.

In accordance with the Board's policy, the Investment Manager monitors the Board's overall interest sensitivity on a weekly basis; the Investment Committee reviews it on a monthly basis.

c. Credit risk

The Board is exposed to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when they fall due. The main concentration to which the Board is exposed arises from the Board's investments in debt securities. The Board is also exposed to counterparty credit risk on cash and cash equivalents, amounts receivable from associates, debtors and other receivable balances.

The Board manages credit risk by holding funds with reputable financial institutions and also setting limits on the amount loaned. They ensure the loan is properly collateralized, considering the borrower's leverage and the seasonality of the business by including restrictions in the loan agreements.

In accordance with the Board's policy, the Investment Manager monitors the Board's credit position on a daily basis, and the Investment Committee reviews it on a monthly basis.

Collateral

Collateral is held to mitigate credit risk exposures and risk mitigation policies determine the eligibility of collateral types. The Board defines collateral as the assets or rights provided to the Board by the borrower or a third party in order to secure a credit facility. The Board would have the rights of secured creditor in respect of the assets/contracts offered as security for the obligations of the borrower/obligor.

The Board ensures that the underlying documentation for the collateral provides the Board appropriate rights over the collateral or other forms of credit enhancement including the right to liquidate, retain or take legal possession of it in a timely manner in the event of default by the counterparty. The Board also endeavors to keep the assets provided as security to the Board under adequate insurance during the tenor of the Board's exposure. The collateral value is monitored periodically.

Types of collateral taken by the Board

Collateral types that are eligible for risk mitigation include: cash; residential, commercial and industrial property; fixed assets such as land, plant and machinery; marketable securities; third party guarantees; and letters of credit.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

c. Credit risk (continued)

The Board determines the appropriate collateral for each facility based on the type of product and risk profile of the counterparty. In case of corporate and small and medium enterprises financing, fixed assets are generally taken as security for long tenor loans and current assets for working capital finance. For project finance, security of the assets of the borrower and assignment of the underlying project contracts is generally taken. In addition, in some cases, additional security such as pledge of shares, cash collateral, charge on receivables with an escrow arrangement and guarantees is also taken.

For personal loans, the security to be taken is defined in the investment policy for the respective types of loans. Housing loans and automobile loans are secured by the security of the property/automobile being financed. The valuation of the properties is carried out by an empaneled appraiser at the time of sanctioning the loan.

The Board extends unsecured facilities to clients for certain products such as derivatives, credit cards and personal loans. The limits with respect to unsecured facilities have been approved by the Board of Directors. The decision on the type and quantum of collateral for each transaction is taken by the credit approving authority as per the credit approval authorization approved by the Board of Directors. For facilities provided as per approved product policies (retail products, loan against shares etc.), collateral is taken in line with the policy.

For certain types of lending -typically mortgages, asset financing -the right to take charge over physical assets is significant in terms of determining appropriate pricing and recoverability in the event of default.

Collateral is reported in accordance with our risk mitigation policy, which prescribes the frequency of valuation for different collateral types, based on the level of price volatility of each type of collateral and the nature of the underlying product or risk exposure.

Where appropriate collateral values are adjusted to reflect current market conditions, its probability of recovery and the period of time to realize the collateral in the event of possession. The collateral values reported are also adjusted for the effects of over collateralization.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

Loans and advances

The requirement for collateral is not a substitute for the ability to pay, which is the primary consideration for any lending decisions. In determining the financial effect of collateral held against loans neither past due nor impaired, we have assessed the significance of the collateral held in relation to the type of lending.

For loans and advances to SSB's employees and customers (including those held at fair value through profit or loss), the Board held the following amounts of collateral, adjusted where appropriate as indicated in previous page.

December 31, 2022	Consumer Loans			Commercial Loans			TOTAL		
Value	Total	Not individually impaired loans	Individually Impaired loans	Total	Not individually impaired loans	Individually Impaired loans	Total	Not individually impaired loans	Individually Impaired loans
Collateral	7,252,602	6,530,633	721,969	79,356,656	73,406,656	5,950,000	86,609,258	79,937,289	6,671,969
Loans	6,488,188	5,779,792	708,396	73,807,796	66,077,678	7,730,118	80,295,984	71,857,470	8,438,514

December 31, 2021	Consumer Loans			Commercial Loans			TOTAL		
Value	Total	Not individually impaired loans	Individually Impaired loans	Total	Not individually impaired loans	Individually Impaired loans	Total	Not individually impaired loans	Individually Impaired loans
Collateral	6,579,045	5,857,076	721,969	78,956,656	73,006,656	5,950,000	85,535,701	78,863,732	6,671,969
Loans	6,377,753	5,745,175	632,578	80,802,406	73,074,829	7,727,577	87,180,159	78,820,004	8,360,155

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

d. Liquidity risk

Liquidity risk is the risk that the Board may not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous.

As a result, the Board may not be able to liquidate quickly its investments in these instruments at an amount close to their fair value to meet its liquidity requirements, or be able to respond to specific events such as deterioration in the creditworthiness of any particular issuer.

The Board manages its liquidity risk by maintaining an appropriate level of resources in liquid or near liquid form with staggered maturity dates, separating short term investments and long-term investments. The Board's objective is to maintain cash and marketable securities to meet its liquidity requirements for 30 to 90 day periods at a minimum. At December 31, 2022, current financial assets exceeded current financial liabilities by \$195,056,935 (2021: \$148,211,003).

In accordance with the Board's policy, the General Manager of Finance monitors the Board's liquidity position on a weekly basis, and the Investment Manager reviews it on a daily basis.

The table below analyses only the current financial assets and current financial liabilities of the Board into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date.

	Within 1 Month	1 to 3 months	3 months to 1 year	Total
Current Assets				
Cash and cash equivalents	146,845,109	-	-	146,845,109
Short term investments	-	10,513,908	17,409,353	27,923,261
Investment income receivable	953,626	821,570	15,017,656	16,792,852
Accounts receivable	1,125,622	869,250	1,184,395	3,179,267
Current portion loans receivable	340,429	1,066,868	16,935,377	18,342,674
Total current assets	149,264,786	13,271,596	50,546,781	213,083,163
Current Liabilities				
Accounts payables and accruals	4,846,822	2,117,886	11,061,520	18,026,228
Total current liabilities	4,846,822	2,117,886	11,061,520	18,026,228
Net liquidity gap, December 31, 2022 \$	144,417,964	11,153,710	39,485,261	195,056,935

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

d. Liquidity risk (Continued)

	Within 1 Month	1 to 3 months	3 months to 1 year	Total
Current Assets				
Cash and cash equivalents	106,032,616	-	-	106,032,616
Short term investments	-	10,327,447	15,033,597	25,361,044
Investment income receivable	792,459	805,170	14,264,958	15,862,587
Accounts receivable	1,984,286	833,369	1,562,933	4,380,588
Current portion loans receivable	281,335	1,036,282	3,967,091	5,284,708
Total current assets	109,090,696	13,002,268	34,828,579	156,921,543
Current Liabilities				
Accounts payables and accruals	2,815,101	715,927	5,179,512	8,710,540
Total current liabilities	2,815,101	715,927	5,179,512	8,710,540
Net liquidity gap, December 31, 2021 \$	106,275,595	12,286,341	29,649,067	148,211,003

e. Operational risk

The Board is exposed to operational risk which can lead to financial losses through error, fraud or inefficiencies. The Board mitigates this risk by periodically revisiting its internal controls, adhering to its operational policies and procedures, and reliance on the internal audit function.

4. CASH AND CASH EQUIVALENTS

	<u>2022</u>	<u>2021</u>
Cash on hand	5,868	6,120
Cash at local banks	132,673,369	100,133,952
Cash at local banks - Global Fund (see note a. below)	1,552,063	165,048
Cash at local banks - NHI	12,613,809	5,727,496
	\$ 146,845,109	\$ 106,032,616

a. Funds from Global Fund are restricted to be used for programs as provided by grantor (see note 16b.)

5. SHORT TERM INVESTMENTS

	<u>2022</u>	<u>2021</u>
Term Deposits	17,323,261	20,478,844
Treasury Notes	8,000,000	2,000,000
Municipal Bonds	2,600,000	2,882,200
	\$ 27,923,261	\$ 25,361,044

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
6. INVESTMENT INCOME RECEIVABLE		
Sunshine Holdings Limited/Government of Belize (see note 30)	14,929,688	13,728,335
Other loans and mortgage portfolios	1,120,717	1,444,160
Certificates of deposit	613,719	621,352
Treasury notes	1,163,639	1,126,584
	17,827,763	16,920,431
Less: Expected credit losses	(1,034,911)	(1,057,844)
	\$ 16,792,852	\$ 15,862,587
Expected credit losses are comprised of:		
Beginning balance as at January 1	1,057,844	1,059,301
Net remeasurement of expected credit loss	(22,933)	(1,457)
Ending balance as at December 31	\$ 1,034,911	\$ 1,057,844
7. ACCOUNTS RECEIVABLE		
Accounts receivable	1,228,005	2,364,887
Assessment of contributions	3,415,709	3,237,855
Total receivable	4,643,714	5,602,742
Less: Expected credit losses	(1,464,447)	(1,222,154)
	\$ 3,179,267	\$ 4,380,588
Expected credit losses are comprised of:		
Balance, beginning of year	1,222,154	1,137,908
Net remeasurement of expected credit loss	423,854	352,063
Recoveries	(181,561)	(267,817)
Write off	-	-
Balance, end of year	\$ 1,464,447	\$ 1,222,154
8. INVESTMENT IN ASSOCIATES		
Belize Electricity Limited (31.26% ownership)		
Balance, beginning of year	119,610,340	115,510,135
Income from associate	4,786,420	12,732,217
Dividend received from associate	(4,316,006)	(8,632,012)
Balance, end of year	\$ 120,080,754	\$ 119,610,340
Belize Telemedia Limited (34.31% ownership)		
Balance, beginning of year	83,903,959	82,329,193
Income from associate	4,590,000	4,845,000
Dividend received from associate	(2,210,000)	(1,145,800)
Adjustments done by associate (see notes 8ia. to 8iib.)	(1,581,000)	(2,124,434)
Balance, end of year	\$ 84,702,959	\$ 83,903,959
Total investment in associates, end of year	\$ 204,783,713	\$ 203,514,299

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

8. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarized financial information of Belize Electricity Limited (in thousands of Belize dollars) for December 31, 2022

	<u>2022</u>	<u>2021</u>
Total current assets	130,298	97,837
Total non-current assets	597,292	545,440
Total assets	727,590	643,277
Total current liabilities	52,754	62,239
Total non-current liabilities	286,179	193,919
Total liabilities	338,933	256,158
Total equity	388,657	387,119
Total liabilities and equity	727,590	643,277
Profit before tax	19,627	38,072
Business tax	(4,285)	(4,062)
Profit from continuing operations	15,342	34,010
Other comprehensive income	-	-
Total comprehensive income	\$ 15,342	\$ 34,010

Summarized financial information of Belize Telemedia Limited (in thousand of Belize dollars) for March 31, 2022.

	<u>2022</u>	<u>2021</u>
		Restated
Total current assets	71,688	54,249
Total non-current assets	278,741	303,837
Total assets	350,429	358,086
Total current liabilities	64,248	68,815
Total non-current liabilities	45,047	59,211
Total liabilities	109,295	128,026
Total equity	241,134	230,060
Total liabilities and equity	350,429	358,086
Profit before tax	23,232	12,646
Business tax	(7,146)	(7,234)
Profit from continuing operations	16,086	5,412
Other comprehensive income	-	-
Total comprehensive income	\$ 16,086	\$ 5,412

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

8. INVESTMENT IN ASSOCIATES (CONTINUED)

i Adjustments done by Associate - Belize Telemedia Limited affecting the 2022 investment value

- a. Belize Telemedia Limited (BTL) restated the opening balances of the Statement of Financial Position as at April 1, 2020 and March 31, 2021. The Group identified closed projects whose capital expenditure had not been transferred from Work in Progress to Network Equipment. The related assets had been placed in service in prior reporting periods which resulted in additional depreciation of \$3.7 million.
- b. The Group also identified operating expenses and capital charges which were not properly recorded in prior reporting periods. The errors have been corrected which resulted in \$2.4 million to capital expenditure and \$0.8 million in operating expenses.

Based on the Board's equity investment in BTL these adjustments resulted in a charge of \$1.58 million to the investment balance.

ii Adjustments done by Associate - Belize Telemedia Limited affecting the 2021 investment value

- a. Belize Telemedia Limited (BTL) restated deferred income for 2019. During 2021 the Group discovered that amortization of deferred income had been erroneously recorded in its financial statements in prior reporting periods. This resulted in an increase of liabilities for the Associate as at March 31, 2019 of \$3.02 million.

Based on the Board's equity investment in BTL as at December 31, 2019 and 2020 adjustments resulted in charge of \$1.04 million to investment balance as at December 31, 2021.

- b. Belize Telemedia Limited (BTL) restated deferred income for 2020. During 2021 the Group discovered that amortization of deferred income had been erroneously recorded in its financial statements in prior reporting periods. This resulted in an increase of liabilities as at March 31, 2020 of \$4.32 million.

Based on the Board's equity investment in BTL as at 2020 adjustments resulted in charge of \$1.09 million to investment balance December 31, 2021.

9. LONG TERM INVESTMENT

	<u>2022</u>	<u>2021</u>
Belize City Council Municipal Bonds	-	2,600,000
Belize City Council Municipal Paper	2,880,000	-
Debentures	700,000	700,000
Government of Belize Treasury Notes	87,480,195	83,517,034
Term Deposits	23,518,624	20,000,000
Shares	26,627,131	27,218,168
Total long term investments	<u>\$ 141,205,950</u>	<u>\$ 134,035,202</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

10. LOAN PRINCIPAL RECEIVABLE

	<u>2022</u>	<u>2021</u>
Mortgages	5,529,575	5,415,523
Private sector	73,771,926	80,702,174
Staff loans	994,482	1,029,960
Total Loans	80,295,983	87,147,657
Less: Provision for credit losses	(10,138,786)	(8,647,927)
Total Loans - Net	70,157,197	78,499,730
Less: Current portion	(18,342,674)	(5,284,708)
Total long term loans - net	\$ 51,814,523	\$ 73,215,022

Provision for credit losses is comprised of:

Beginning balance	8,647,927	6,830,510
Net remeasurement of expected credit loss	1,490,859	1,844,651
Write off	-	(27,234)
Ending balance	\$ 10,138,786	\$ 8,647,927

Private sector includes loan receivable of \$14,133,562 from Sunshine Holdings Limited/Government of Belize (See note 30).

At December 31, 2022, individually impaired loans amounted to 10.51% of total loan receivables (December 31, 2021 - 9.59%).

Mortgages received from the Ministry of Infrastructure Development and Housing at December 31, 2022 totaled \$198,628 (December 31, 2021 - \$211,047).

11. HELD FOR SALE

	<u>2022</u>	<u>2021</u>
Vista Del Mar Housing Project		
Remaining lots acquired from Vista Del Mar Development Company Ltd.	-	179,354
Rocky Point Properties	-	175,015
San Pedro, Ambergris Caye		
3,491 acres land	-	10,636,234
	\$ -	\$ 10,990,603

Land properties held in the name of Social Security Board that are held for sale. These properties are measured at the lower of carrying amount and fair value less costs to sell. During the year, management changed its plan to sell the above properties. The properties were transferred to investment properties.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

12. OTHER ASSETS

	<u>2022</u>	<u>2021</u>
Homeland Development Limited		
809 (2021: 826) plots of land	<u>\$ 970,800</u>	<u>\$ 991,200</u>

An agreement was signed with Social Security Board and Homeland Development Limited dated May 7, 2002 for service that should be delivered to such person that are insured under the funeral scheme. As per agreement Homeland shall sell Social Security Board 1,000 plots permitting the use by SSB. The purchase price was \$1,200,000.

13. INTANGIBLE ASSET

	<u>2022</u>	<u>2021</u>
Cost		
Brought forward, January 1	3,512,741	3,420,617
Cost capitalized during the year	117,808	92,124
Reclassification	27,963	-
Carried forward, December 31	<u>3,658,512</u>	<u>3,512,741</u>
Accumulated amortization		
Brought forward, January 1	2,561,456	2,420,246
Amortization	465,911	141,210
Reclassification	27,963	-
Carried forward, December 31	<u>3,055,330</u>	<u>2,561,456</u>
Total	<u>\$ 603,182</u>	<u>\$ 951,285</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

14. INVESTMENT PROPERTIES

	Land	Buildings	Furniture and fixtures	Office equipment	Total
Cost					
Brought forward, January 1, 2022	-	7,393,159	14,439	728,261	8,135,859
Additions	-	3,668,513	-	106,452	3,774,965
Transfer from assets held for sale (see note 11)	10,950,799	-	-	-	10,950,799
Disposals	-	-	-	(46,500)	(46,500)
Carried forward, December 31, 2022	10,950,799	11,061,672	14,439	788,213	22,815,123
Accumulated depreciation					
Brought forward, January 1, 2022	-	107,826	735	111,725	220,286
Additions	-	185,045	1,443	114,061	300,549
Disposals	-	-	-	(46,500)	(46,500)
Carried forward, December 31, 2022	-	292,871	2,178	179,286	474,335
Net book value December 31, 2022	\$ 10,950,799	\$ 10,768,801	\$ 12,261	\$ 608,927	\$ 22,340,788
	Buildings	Buildings	Furniture and fixtures	Office equipment	Total
Cost					
Brought forward, January 1, 2021	-	-	-	-	-
Additions	-	-	-	-	-
Transfer from fixed assets (see note 15)	-	7,393,159	14,439	728,261	8,135,859
Carried forward, December 31, 2021	-	7,393,159	14,439	728,261	8,135,859
Accumulated depreciation					
Brought forward, January 1, 2021	-	-	-	-	-
Additions	-	107,826	735	111,725	220,286
Disposals	-	-	-	-	-
Carried forward, December 31, 2021	-	107,826	735	111,725	220,286
Net book value December 31, 2021	\$ -	\$ 7,285,333	\$ 13,704	\$ 616,536	\$ 7,915,573

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

15. PROPERTY AND EQUIPMENT

	Land	Buildings	Furniture and fixtures	Office equipment	Computers and accessories, hardware and software	Motor vehicles	Work in progress	Total
Cost								
Brought forward, January 1, 2022	6,716,299	23,485,049	2,000,284	2,750,652	8,229,600	679,965	5,018,596	48,880,445
Additions	-	13,800	31,230	83,889	767,824	147,432	5,264,168	6,308,343
Disposals	(204,775)	(277,533)	(41,111)	(192,580)	(276,878)	(116,030)	-	(1,108,907)
Reclassifications	204,775	(204,775)	-	(10)	(194,680)	-	62,188	(132,502)
Transfer to investment property	-	-	-	-	-	-	(3,774,965)	(3,774,965)
Carried forward, December 31, 2022	6,716,299	23,016,541	1,990,403	2,641,951	8,525,866	711,367	6,569,987	50,172,414
Accumulated depreciation								
Brought forward, January 1, 2022	-	9,274,127	1,745,805	2,185,879	5,881,067	454,048	-	19,540,926
Additions	-	466,956	66,406	194,324	924,763	93,001	-	1,745,450
Disposals	-	(277,533)	(39,613)	(186,326)	(271,818)	(116,030)	-	(891,320)
Reclassifications	-	(132,502)	-	-	-	-	-	(132,502)
Carried forward, December 31, 2022	-	9,331,048	1,772,598	2,193,877	6,534,012	431,019	-	20,262,554
Net book value								
December 31, 2022	\$ 6,716,299	\$ 13,685,493	\$ 217,805	\$ 448,074	\$ 1,991,854	\$ 280,348	\$ 6,569,987	\$ 29,909,860
Cost								
Brought forward, January 1, 2021	6,716,299	23,482,354	1,982,057	2,697,349	6,454,877	551,465	12,849,464	54,733,865
Additions	-	2,695	22,048	152,433	1,859,093	153,500	304,991	2,494,760
Disposals	-	-	(3,821)	(99,130)	(84,370)	(25,000)	-	(212,321)
Transfer to investment property	-	-	-	-	-	-	(8,135,859)	(8,135,859)
Carried forward, December 31, 2021	6,716,299	23,485,049	2,000,284	2,750,652	8,229,600	679,965	5,018,596	48,880,445
Accumulated depreciation								
Brought forward, January 1, 2021	-	8,772,736	1,682,918	2,097,376	5,586,062	419,523	-	18,558,615
Additions	-	501,391	66,538	184,142	375,338	59,525	-	1,186,934
Disposals	-	-	(3,651)	(95,639)	(80,333)	(25,000)	-	(204,623)
Carried forward, December 31, 2021	-	9,274,127	1,745,805	2,185,879	5,881,067	454,048	-	19,540,926
Net book value								
December 31, 2021	\$ 6,716,299	\$ 14,210,922	\$ 254,479	\$ 564,773	\$ 2,348,533	\$ 225,917	\$ 5,018,596	\$ 29,339,519

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

15. PROPERTY AND EQUIPMENT (CONTINUED)

Work-in-progress listed above consists of the following:

	<u>2022</u>	<u>2021</u>
Belmopan commercial building	-	65,309
PERANSA platform development and ancillary costs	6,405,628	4,953,287
Others	164,359	-
	<u>\$ 6,569,987</u>	<u>\$ 5,018,596</u>

16. ACCOUNTS PAYABLE AND ACCRUALS

Mortgage securitization program (see note a below)	2,679,150	2,679,150
Benefits payable to Government of Belize	6,967,675	2,975,871
Accrued expenses and other liabilities	6,827,340	2,890,471
Global fund grant payable	1,552,063	165,048
	<u>\$ 18,026,228</u>	<u>\$ 8,710,540</u>

- a. The Board participated in various Mortgage Securitization agreements during the period April 1, 1999 - December 30, 2013 by selling flows from mortgage loan receivables to the Royal Merchant Bank and Finance Company of Trinidad and Tobago (RMB). The Government of Belize (GOB) later liquidated the existing Belize Mortgage Note facilities at RMB. The Board did not participate in the refinancing agreement; however, under the new arrangement the Board was obligated to continue making payments until the expiration of the agreement. Upon expiration and after accounting for payment obligations less a return of the sinking fund proceeds a residual liability is due to the GOB at December 31, 2022. This liability is expected to be settled in 2023.
- b. On October 13, 2021, The Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund) signed a Framework Agreement with the Social Security Board (Grantee), whereby grant funds up to the amount of USD 3,193,258 (BZD 6,386,516) would be provided to the Grantee for the implementation of certain Health Program(s) beginning January 1, 2022 - December 31, 2024. As at December 31, 2022, amount received was BZD 4,834,453 and balance yet to be disbursed is BZD 1,552,063.

17. SEVERANCE LIABILITY

The movement in the provision is as follows:

	<u>2022</u>	<u>2021</u>
Beginning balance, January 1	3,521,440	3,213,835
Addition	504,907	352,252
Payouts	(366,653)	(44,647)
Ending balance, December 31	3,659,694	3,521,440
Less: Current portion	-	(266,832)
Long term portion	<u>\$ 3,659,694</u>	<u>\$ 3,254,608</u>

18. PENSION LIABILITY

The Board sponsors a defined benefit pension scheme in accordance with a Trust Deed signed by the Board and the Trustees on April 24, 1996, but deemed to have been established under irrevocable trust with effect from January 1, 1991. By Statutory Instrument No. 45, dated May 29, 2017, the Prime Minister formally exempted the Social Security Board Staff Pension Scheme from the provisions of the Private Pensions Act.

The scheme is contributory (funded on a bipartite basis by the SSB and the employees). The Board and participants pay fixed contributions into the separate trust which is managed by a Board of Trustees nominated by the employer. These Board's contributions are expensed in the period in which they are accrued. The funding arrangements are as follows, with any liability or surplus recognized in the Board's financial statements:

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

18. PENSION LIABILITY (CONTINUED)

	Contribution Rate a/ 2022	Amount	Contribution Rate a/ 2021	Amount
Employees	2.80%	252,503	2.80%	257,024
Employer b/	4.30%	377,485	4.30%	372,136
Total	7.10%	\$ 629,988	7.10%	\$ 629,160

a/ Of basic salaries

b/ Contributions at the rate of 4.3% of salaries suspended as from September 1, 2011, in recognition of the surplus status of the Fund, and re-instated as from January 1, 2017.

The terms of the defined benefit pension scheme allow for 5 different types of benefits to participants and define the amount that participants will receive. These amounts are dependent on factors such as age, years of service and compensation, and are determined independently of the contributions payable or the investments of the scheme. Currently the Scheme has 9 active pensioners and 227 active participants (2021: 6 pensioners and 244 active participants).

An asset or liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets, together with adjustments for unrecognized actuarial gains or losses and past service costs. Management estimates the defined benefit obligation (DBO) annually with the assistance of an independent actuary. Actuarial gains and losses resulting from re-measurements of the net defined benefit liability are included in other comprehensive income. Any past services are recognized as from January 1, 1991.

The pension obligation is measured as the present value of the estimated future cash outflows using interest rates of long-term government bonds that are denominated in the currency in which the benefits will be paid, and which have terms to maturity approximating the terms of the related liability. Re-measurements arising from experience adjustments and changes in actuarial assumptions are charged or credited to income over the employees' expected average remaining working lives. On a going concern basis and taking into consideration projected salaries as retirement rather than static salaries, the funded status is as follows, as at December 31:

Projected Benefit Obligation and Funded Status (IAS-19 R)

a/	Funded Status	2022	2021
	Projected Benefit Obligation	13,896,891	13,337,822
	Net assets	(11,654,346)	(11,340,149)
	Unfunded liability	\$ 2,242,545	\$ 1,997,673

a/Unaudited. No material adjustments are anticipated.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

18. PENSION LIABILITY (CONTINUED)

Changes in Benefit Obligations and Net Assets

Changes in Projected Obligations	2022	2021
Projected benefit obligation at January 1	13,337,822	12,026,035
Service cost	602,111	626,172
Interest cost	666,891	601,302
Benefits paid and expenses	(866,735)	(244,348)
Actuarial (gain) loss - obligations	156,802	328,661
Projected benefit obligation at December 31	\$ 13,896,891	\$ 13,337,822
Change in Plan Assets		
Assets at January 1	11,340,149	10,537,023
Expected return on assets a/	567,007	526,851
Contributions	629,988	659,160
Benefit paid and expenses	(895,968)	(244,348)
Actuarial gain (loss) - assets	13,170	(138,537)
Assets at December 31	\$ 11,654,346	\$ 11,340,149
Consolidated deficit	\$ 2,242,545	\$ 1,997,673

a/ Actual return: 2021: \$418,314

Expenses to be Recognized (IAS-19R)	2022	2021
Current service cost	\$ 602,111	\$ 626,172
Net interest expense (income)	666,891	74,451
Sub-total (P&L)	1,269,002	700,623
Re-measurement		
Liability (gain) / loss	156,802	328,661
Asset (gain) / loss	13,170	138,537
Sub-total (OCI)	169,972	467,198
Total	\$ 1,438,974	\$ 1,167,821

Actuarial Bases

	2022	2021
Mortality Table	GAM-83	GAM-83
Nominal Rate of Return	5%	5%
Salary Scale	3%	3%
Real Rate of Discount	2%	2%
Annuity Rates (pensioners)	5%	5%

Actual and Expected Return of Assets

	2022	2021
Expected return	567,007	601,302
Actual return	580,177	418,314
Surplus (deficit) a/	13,170	(182,988)

a/ Excludes contingent capital gains in BTL shares

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

18. PENSION LIABILITY (CONTINUED)

Sensitivity Analysis (Projected Benefit Obligations)

The analysis shows the following results in the projected obligations:

Discount rate	Variations in benefit obligations
-1%	+12.2%
+1%	-10.9%

19. NET INVESTMENT INCOME

	<u>2022</u>	<u>2021</u>
Long and short term investments income	15,021,865	13,385,266
Income from associates	7,795,420	15,452,783
Investment expenses	(242,350)	(193,719)
Expected credit losses	(1,490,859)	(1,843,194)
	<u>\$ 21,084,076</u>	<u>\$ 26,801,136</u>

20. OTHER INCOME – NET

	<u>2022</u>	<u>2021</u>
Interest on assessments	550,075	653,916
Interest on late contributions	325,797	317,013
Rental income	33,595	10,600
Loss (gain) on disposal of fixed assets	360,472	(5,011)
Others	1,090,491	889,827
	<u>\$ 2,360,430</u>	<u>\$ 1,866,345</u>

21. SUBVENTION TO NHI PROGRAM

The Government of Belize assists the National Health Insurance (NHI) through an annual subvention which is allocated in the annual GOB budget.

The Pan American Health Organization (PAHO) agreed to assist the National Health Insurance (NHI) through a subvention for the 2021 Fiscal Year.

	<u>2022</u>	<u>2021</u>
Government of Belize Subvention	21,200,000	17,700,000
The Pan American Health Organization Subvention	-	40,000
	<u>\$ 21,200,000</u>	<u>\$ 17,740,000</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
22. ADMINISTRATION EXPENSES		
Actuarial expenses	119,879	114,911
Amortization (intangible asset)	335,455	141,210
Appeals Tribunal expenses	10,895	15,409
Audit cost	114,768	68,952
Expected credit losses	2,353	1,850
Board expenses	349,051	348,749
Cleaning and sanitation	312,984	316,895
Committees expense	107,542	90,099
Compliance project	9,321	1,635
Computer licenses	1,301,250	1,439,582
Depreciation	1,366,009	773,604
Insurance	68,678	65,967
Legal and professional fees	136,513	124,230
Medical and group health insurance	292,469	297,957
Motor vehicle expenses	43,865	27,948
Overseas conference	46,437	-
Penalties and fees	-	49
Pensions - defined contribution	348,249	341,772
Postage	31,587	30,657
Premises repairs and maintenance	530,844	512,990
Printing, stationery and supplies	321,885	283,394
Publicity and promotion	323,554	244,849
Recruitment	4,994	17,056
Registration expenses	202,614	184,622
Salaries	12,025,147	11,480,595
Security	483,914	479,953
Severance	504,907	352,252
Social security contributions	431,023	376,075
Subscriptions	104,160	121,714
Telephones and cables	771,471	790,181
Training	260,218	77,175
Transfer and other allowances	1,240,080	1,110,674
Traveling and subsistence	624,641	588,548
	<u>\$ 22,826,757</u>	<u>\$ 20,821,554</u>
23. ESTABLISHMENT EXPENSES		
Light, power and water	441,377	451,797
Depreciation	650,352	579,810
Rent	62,060	62,763
	<u>\$ 1,153,789</u>	<u>\$ 1,094,370</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
24. NHI OPERATING EXPENSES		
Administration	1,432,930	969,510
Establishment	54,771	55,531
Financial	2,889	10,715
	<u>\$ 1,490,590</u>	<u>\$ 1,035,756</u>
25. EMPLOYEE REMUNERATION		
Salaries	\$ 12,025,147	\$ 11,480,595
Social Security costs	504,907	376,075
Pensions-defined benefit plans	348,249	341,772
Total employee remuneration	<u>\$ 12,878,303</u>	<u>\$ 12,198,442</u>

26. CATEGORIES OF FINANCIAL INSTRUMENTS

Financial assets

At December 31, 2022		
FVTPL	Amortised costs	Total
Cash and cash equivalents	146,845,109	146,845,109
Short term investments	27,923,261	27,923,261
Investment income receivable	16,792,852	16,792,852
Accounts receivable	3,179,267	3,179,267
Long term investments	26,627,131	114,578,819
Loan principal receivable - net	70,157,197	70,157,197
Total financial assets	<u>\$ 26,627,131</u>	<u>\$ 379,476,505</u>

Financial liabilities

	Amortised cost	
Accounts payable and accruals	\$ 18,026,228	\$ 18,026,228

Financial assets

At December 31, 2021		
FVTPL	Amortised costs	Total
Cash and cash equivalents	106,032,616	106,032,616
Short term investments	25,361,044	25,361,044
Investment income receivable	15,862,587	15,862,587
Accounts receivable	4,380,588	4,380,588
Long term investments	27,218,168	106,817,034
Loan principal receivable - net	78,499,730	78,499,730
Total financial assets	<u>\$ 27,218,168</u>	<u>\$ 336,953,599</u>

Financial liabilities

	Amortised cost	
Accounts payable and accruals	\$ 8,710,540	\$ 8,710,540

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

27. CAPITAL MANAGEMENT POLICIES AND PROCEDURES

Social Security Board's capital management objectives are:

- to ensure its ability to continue as a going concern
- to obtain an adequate return on investments to maintain healthy reserves
- to meet its commitments to all insured persons

These are accomplished by managing and investing prudently the contribution received from employers and employees. This is balanced with the risk appetite of SSB.

Social Security Board monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the statement of financial position.

SSB's goal in capital management is to maintain a capital-to-overall financing ratio of 1:1 to 1:2.

Management assesses SSB's capital requirements in order to maintain an efficient overall financing structure. To date SSB has not had the need to obtain loans from other institutions (debt). SSB manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, SSB may adjust by selling assets or cashing in investments.

The amounts managed as capital by SSB for the reporting periods under review are summarized as follows:

	<u>2022</u>	<u>2021</u>
Total equity	642,309,472	604,949,134
Cash and cash equivalents	146,845,109	106,032,616
Capital	<u>789,154,581</u>	<u>710,981,750</u>
Total equity	642,309,472	604,949,134
Borrowings (debt)	-	-
Overall Financing	<u>\$ 642,309,472</u>	<u>\$ 604,949,134</u>
Capital-to-overall financing ratio	1.23%	1.18%

Social Security Board has adequate capital ratios and continues to monitor its benefit reserves.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

28. SEGMENT REPORTING

In accordance with IFRS 8 and for management purposes, the Board's activities are organized into three main operating segments prescribed in the Social Security Act, Chapter 44, Revised Edition 2003. These are as follows:

a) *Short Term Benefits Branch*: Covers

i. **Maternity Benefits** which are paid to insured women who are on Maternity leave from work because of their pregnancy and confinement.

ii. **Sickness Benefit** is paid for up to 26 weeks to an insured person under 65 years who is temporarily unable to work because of an illness and who is employed when he or she becomes ill.

b) *Long-term Benefits Branch*: Covers

i. **Retirement Benefits** paid to insured persons who are 65 years of age (and older) or 60 to 64 and not employed.

ii. **Invalidity Benefits** paid to insured persons under 60 years who are medically certified by Social Security Medical Board as permanently unable to do any type of work because of an illness.

iii. **Survivors' Benefits** paid to the widow/widower, children or parents of a deceased insured person whose death was not caused by a work-related injury.

c) *Employment Injury Benefits Branch*: This branch of benefits provides coverage for an insured person who suffers an employment injury, that is a personal injury or death by way of an accident at work or a disease caused by the type of work he or she does.

The Death and Disablement benefit of the Employment injury benefit branch is separated in accordance with disclosures at note 2u. Death benefit is paid to the widow or widower, children or parents of a deceased insured person whose death was caused by an employment injury. Disablement pension is paid when an employment injury or work-related prescribed disease results in partial or total disability.

d) *National health insurance*

The NHI scheme is established as a financing and purchasing mechanism for ensuring affordable and acceptable health care services to all NHI beneficiaries.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the financial statements. The result of operations for each Branch is disclosed in pages 46 to 50. Revenues and expenses are allocated based on formula prescribed by law (See Note 2v and 2y).

29. RELATED PARTY TRANSACTIONS AND BALANCES

The Government of Belize pursuant to the Social Security Act, Chapter 44 of the Laws of Belize (Second Schedule - Section 28 (1) and (2), appoints five (5) persons to the Social Security Board of Directors). The Social Security Board owns 34.31% and 31.26% of the Ordinary Shares of the Belize Telemedia Limited and Belize Electricity Limited, respectively.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

29. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

(a) Contributions revenue	<u>2022</u>	<u>2021</u>
Social security contributions:		
Government of Belize	29,780,257	24,384,235
Belize Telemedia Limited	1,251,559	1,120,848
Belize Electricity Limited	863,945	702,003
	<u>\$ 31,895,761</u>	<u>\$ 26,207,086</u>

(b) Purchases of good and services

Purchases of services:		
Belize Telemedia Limited	1,169,171	1,138,720
Belize Electricity Limited	419,346	432,916
Entities controlled by key management personnel	111,657	115,657
	<u>\$ 1,700,174</u>	<u>\$ 1,571,647</u>

Goods and services are purchased from related parties under normal commercial terms and conditions.

The entities controlled by key management personnel are entities owned or controlled by directors.

(c) Key management compensation

The total remuneration paid to key management which includes managers and directors was:

Salaries and other allowances	2,826,517	2,799,160
Termination benefits	32,083	-
	<u>\$ 2,858,600</u>	<u>\$ 2,799,160</u>

(d) Year-end balances receivable from key management

	<u>2022</u>	<u>2021</u>
Advances and loans to key management	446,758	559,147
	<u>\$ 446,758</u>	<u>\$ 559,147</u>

(e) Balances receivable and payable to Government of Belize are disclosed under notes 6, 10, and 16.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

30. COMMITMENTS AND CONTINGENCIES

	<u>2022</u>	<u>2021</u>
Capital Commitments		
Capital expenditure contracted	<u>\$ 1,403,427</u>	<u>\$ 2,652,480</u>

Contingencies

The Government of Belize gave notice of its acquisition of Belize Telemedia Limited (BTL) by order of the Belize Telecommunications (Assumption of Control Over Belize Telemedia Limited) Amendment Order, 2009, Statutory Instrument No. 130 of 2009. Subsequently, in a notice dated December 7, 2009, and Gazetted on December 12, 2009, the Government required all those who may have claims to compensation to submit their claims to the Financial Secretary. The Notice of Acquisition specifically included the shares of BTL held by Sunshine Holdings Limited, as well as the outstanding shares of Sunshine Holdings Limited itself.

As a consequence of the acquisition of Sunshine Holdings Limited, and by letter dated October 13, 2009, the Social Security Board filed a claim with the Financial Secretary, Ministry of Finance, indicating that "Pursuant to Belize Gazette Notice 529, dated August 27, 2009, the Social Security Board (SSB) hereby makes a claim for payment of the sums evidence as to SSB by a Loan Note between Sunshine Holdings Limited and SSB dated September 19, 2005." As a result, of Supreme Court Claim No. 341 of 2001 Social Security Board vs. Sunshine Holdings Limited, Government confirms that it will continue to wholly own Sunshine Holdings Limited in which the liability for the payment of the loan balance now becomes that of Government. All other outstanding sums including interest is to be paid by the Government of Belize.

31. EVENTS AFTER THE REPORTING PERIOD

No adjustment or significant non-adjusting events have occurred between the December 31, 2022 reporting date and the date of authorization.

* * * * *

INDEPENDENT AUDITOR'S REPORT

TO THE BOARD OF DIRECTORS SOCIAL SECURITY BOARD

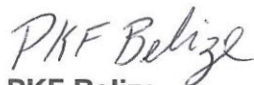
Report on the Audit of the Supplementary Financial Statements

Opinion

We have audited the financial statements of Social Security Board, which comprise the statement of financial position as at December 31, 2022, statement of profit, statement of comprehensive income, statement of changes in reserve, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

We have issued an opinion that the financial statements present fairly, in all material respects, the statement of financial position of Social Security Board as of December 31, 2022 and of its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

The supplementary information that follows, at pages 46 – 55, were examined as part of the aforesaid audit and we now certify, in accordance with the provisions of Sections 13 and 21 of the Financial and Accounting Regulations of the Social Security Act, Chapter 44, that in our opinion, the supplementary information is fairly stated in all material respects in relation to the financial statement as a whole.



PKF Belize
Chartered Accountants
Belize City

June 23, 2023

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - SHORT TERM BENEFITS BRANCH FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
INCOME		
Contributions:		
Employers and employed persons	<u>27,332,034</u>	<u>22,320,306</u>
Total contributions	<u>27,332,034</u>	<u>22,320,306</u>
Other income:		
Net investment income	<u>798,427</u>	<u>967,368</u>
Others	<u>786,810</u>	<u>622,115</u>
Total other income	<u>1,585,237</u>	<u>1,589,483</u>
TOTAL INCOME	<u>28,917,271</u>	<u>23,909,789</u>
EXPENDITURES		
Benefits:		
Maternity	<u>4,790,246</u>	<u>3,738,063</u>
Sickness	<u>17,637,136</u>	<u>13,029,055</u>
Maternity grants	<u>784,452</u>	<u>713,953</u>
Total benefits	<u>23,211,834</u>	<u>17,481,071</u>
Operating expenses:		
Administration	<u>4,612,735</u>	<u>3,896,443</u>
Establishment	<u>384,596</u>	<u>364,790</u>
Financial	<u>204,438</u>	<u>131,790</u>
Total operating expenses	<u>5,201,769</u>	<u>4,393,023</u>
TOTAL EXPENDITURE	<u>28,413,603</u>	<u>21,874,094</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 503,668</u>	<u>\$ 2,035,695</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - LONG TERM BENEFITS BRANCH FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
INCOME		
Contributions:		
Employers and employed persons	103,574,024	84,582,211
Total contributions	103,574,024	84,582,211
Other income:		
Net investment income	16,110,995	20,648,727
Others	786,810	622,115
Total other income	16,897,805	21,270,842
TOTAL INCOME	120,471,829	105,853,053
EXPENDITURES		
Benefits:		
Retirement	62,093,451	56,011,357
Invalidity	4,631,472	4,374,432
Survivors	9,835,472	9,147,976
Funeral	1,678,282	1,940,597
Non-contributory pension	1,135,650	1,314,160
Total benefits	79,374,327	72,788,522
Operating expenses:		
Administration	16,696,234	15,406,152
Establishment	384,596	364,790
Financial	204,438	131,789
Total operating expenses	17,285,268	15,902,731
TOTAL EXPENDITURE	96,659,595	88,691,253
EXCESS OF INCOME OVER EXPENDITURES	\$ 23,812,234	\$ 17,161,800

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - EMPLOYMENT INJURY BENEFITS BRANCH FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
INCOME		
Contributions:		
Employers and employed persons	<u>12,946,753</u>	<u>10,572,776</u>
Total contributions	<u>12,946,753</u>	<u>10,572,776</u>
Other income:		
Net investment income	<u>3,745,346</u>	<u>4,652,172</u>
Others	<u>786,810</u>	<u>622,115</u>
Total other income	<u>4,532,156</u>	<u>5,274,287</u>
TOTAL INCOME	<u>17,478,909</u>	<u>15,847,063</u>
EXPENDITURES		
Benefits:		
Disablements grants	<u>317,412</u>	<u>409,512</u>
APV disablement benefits	<u>667,261</u>	<u>2,120,019</u>
APV death benefits	<u>529,451</u>	<u>463,684</u>
Employment Injury	<u>2,161,162</u>	<u>1,949,871</u>
Funeral grants	<u>9,000</u>	<u>-</u>
Total benefits	<u>3,684,286</u>	<u>4,943,086</u>
Operating expenses:		
Administration	<u>1,517,789</u>	<u>1,518,959</u>
Establishment	<u>384,596</u>	<u>364,790</u>
Financial	<u>204,438</u>	<u>131,789</u>
Total operating expenses	<u>2,106,823</u>	<u>2,015,538</u>
TOTAL EXPENDITURE	<u>5,791,109</u>	<u>6,958,624</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 11,687,800</u>	<u>\$ 8,888,439</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - DISABLEMENT AND DEATH BENEFITS RESERVE

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
INCOME		
Contributions:		
APV disablement benefits	667,260	2,120,019
APV death benefits	529,451	463,684
Total contributions	1,196,711	2,583,703
Net investment income	429,308	532,869
TOTAL INCOME	1,626,019	3,116,572
EXPENDITURES		
Benefits:		
Disablement pension	1,777,896	1,710,601
Death benefits	557,845	578,925
Total benefits	2,335,741	2,289,526
EXPENDITURES OVER INCOME	\$ (709,722)	\$ 827,046

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - NATIONAL HEALTH INSURANCE FUND FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

	<u>2022</u>	<u>2021</u>
INCOME		
Contributions:		
Government of Belize	21,200,000	17,700,000
PAHO	-	40,000
Total contributions	<u>21,200,000</u>	<u>17,740,000</u>
EXPENDITURES		
Benefits:		
National health insurance benefits	<u>15,090,570</u>	13,181,172
Total benefits	<u>15,090,570</u>	<u>13,181,172</u>
Operating expenses:		
Administration	1,432,930	969,510
Establishment	54,771	55,531
Financial	2,889	10,715
Total operating expenses	<u>1,490,590</u>	<u>1,035,756</u>
TOTAL EXPENDITURE	<u>16,581,160</u>	<u>14,216,928</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 4,618,840</u>	<u>\$ 3,523,072</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

SHORT TERM INVESTMENTS	<u>2022</u>	<u>2021</u>
<u>Term Deposits</u>		
Atlantic Bank Limited		
3.50% Maturing February 4, 2023	5,513,908	-
3.50% Maturing February 4, 2023	5,000,000	-
2.75% Maturing November 1, 2023	1,628,723	-
3.50% Maturing February 4, 2022	-	5,327,447
3.50% Maturing February 4, 2022	-	5,000,000
3.25% Maturing October 31, 2022	-	1,628,723
3.50% Maturing December 4, 2022	-	1,500,000
3.50% Maturing December 4, 2022	-	1,500,000
3.50% Maturing December 14, 2022	-	518,625
National Bank of Belize		
3.50% Maturing July 11, 2023	2,282,736	-
3.50% Maturing July 11, 2023	2,897,894	-
3.50% Maturing July 6, 2022	-	2,204,929
3.50% Maturing July 6, 2022	-	2,799,120
Total Term Deposits	<u><u>17,323,261</u></u>	<u><u>20,478,844</u></u>
<u>Treasury Notes</u>		
Government of Belize Fixed rate notes:		
4.50% Maturing July 13, 2023	4,000,000	-
3.00% Maturing September 14, 2023	4,000,000	-
Government of Belize Floating rate notes:		
3.75%+IR Maturing May 19, 2022	-	2,000,000
Total Treasury Notes	<u><u>8,000,000</u></u>	<u><u>2,000,000</u></u>
<u>Municipal bonds</u>		
Belize City Council		
10 years bond @ 8% Maturing May 22, 2023	1,000,000	-
10 years bond @ 8% Maturing November 5, 2023	1,600,000	-
10 years bond @ 8% Maturing December 22, 2022	-	2,882,200
Total Municipal Bonds	<u><u>2,600,000</u></u>	<u><u>2,882,200</u></u>
TOTAL SHORT TERM INVESTMENTS	<u><u>\$ 27,923,261</u></u>	<u><u>\$ 25,361,044</u></u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

INVESTMENT IN ASSOCIATES	<u>2022</u>	<u>2021</u>
Belize Electricity Limited		
21,580,028 (2021: 21,580,028) ordinary shares, BZ\$ 2 par value	120,080,754	119,610,340
Belize Telemedia Limited		
17,000,000 (2021: 17,000,000) ordinary shares, BZ\$ 1 par value	84,702,959	83,903,959
TOTAL INVESTMENT IN ASSOCIATES	<u>\$ 204,783,713</u>	<u>\$ 203,514,299</u>
LONG TERM INVESTMENTS		
<u>Municipal papers</u>		
Belize City Council		
3 years Series V paper @ 5.5% Maturing July 1, 2026	\$ 2,880,000	-
	<u>\$ 2,880,000</u>	<u>\$ -</u>
<u>Municipal bonds</u>		
Belize City Council		
10 years bond @ 8% Maturing May 22, 2023	-	1,000,000
10 years bond @ 8% Maturing November 5, 2023	-	1,600,000
Total Municipal bonds	<u>\$ -</u>	<u>\$ 2,600,000</u>
<u>Shares</u>		
Belize Water Services Limited		
4,000,000 ordinary shares held at fair value	21,280,000	20,760,000
Atlantic Bank Limited		
4,166 ordinary shares held at fair value	976,185	1,054,089
Citrus Products of Belize Limited		
7,947,175 ordinary shares held at fair value	4,370,946	5,404,079
Total shares	<u>\$ 26,627,131</u>	<u>\$ 27,218,168</u>
<u>Debentures</u>		
Belize Electricity Limited		
6.50% Maturing December 31, 2030	700,000	700,000
Total debentures	<u>\$ 700,000</u>	<u>\$ 700,000</u>
<u>TREASURY NOTES</u>		
Government of Belize Fixed rate notes:		
5.75% Maturing April 3, 2040	10,000,000	10,000,000
3.50% Maturing May 17, 2027	12,000,000	-
4.50% Maturing July 13, 2023	-	4,000,000
5.25% Maturing July 13, 2026	14,130,195	14,167,034
4.00% Maturing July 13, 2026	2,000,000	2,000,000
4.00% Maturing August 1, 2026	17,350,000	17,350,000
3.00% Maturing September 14, 2023	-	4,000,000
Total Fixed Rate Treasury Notes	<u>55,480,195</u>	<u>51,517,034</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

LONG TERM INVESTMENTS (CONTINUED)	<u>2022</u>	<u>2021</u>
Floating rate notes		
4.50%+IR Maturing May 19, 2024	7,000,000	7,000,000
5%+IR Maturing May 19, 2027	25,000,000	25,000,000
Total Floating Rate Notes	\$ 32,000,000	\$ 32,000,000
Total Treasury Notes	\$ 87,480,195	\$ 83,517,034
 <u>Term Deposits</u>		
Atlantic Bank Limited		
3.70% Maturing August 26, 2024	5,000,000	5,000,000
3.70% Maturing August 26, 2024	5,000,000	5,000,000
4.50% Maturing November 20, 2025	5,000,000	5,000,000
4.50% Maturing November 20, 2025	5,000,000	5,000,000
2.75% Maturing December 4, 2024	3,000,000	-
3.50% Maturing December 14, 2024	518,624	-
Total Term Deposits	23,518,624	20,000,000
 TOTAL LONG TERM INVESTMENTS	\$ 141,205,950	\$ 134,035,202
 LOAN PRINCIPAL RECEIVABLE		
Mortgages and Housing		
Housing/MoH Mortgages		
10 to 20 years mortgages @ 8.50% Interest	198,628	211,047
RECONDEV		
30 years loan @ 8.00% Interest	35,870	100,232
BNBS Mortgages		
20 years loans @ 8.50% Interest	239,291	255,085
Housing Mortgages – Tranche B		
District and Secondary, 10 – 20 years loans @ 8.50% Interest	110,351	114,531
BIMCO Mortgages		
Middle income, 20 years loans @ 8.50% Interest	480,162	590,387
St. James National Building Society Ltd.		
5 – 20 years loan @ 8.50% Interest	259,610	286,423
Staff Housing Loans		
10 - 20 years @ 6.00% Interest	3,214,031	2,871,616
Previous Staff Housing Loans		
10 – 20 years @ 8.00% Interest	738,575	714,143

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

LOAN PRINCIPAL RECEIVABLE (CONTINUED)	<u>2022</u>	<u>2021</u>
Other	253,058	272,059
Staff Loans	994,482	1,029,961
Total mortgages and housing	6,524,058	6,445,484
<i>Less: allowance for credit losses</i>	(1,167,556)	(1,213,470)
	\$ 5,356,502	\$ 5,232,014
PRIVATE SECTOR LOANS		
Development Finance Corporation		
14 years loan @ 5.50% interest	13,345,880	15,176,332
Belize Airport Authority		
19 years loan @ 6.00% Interest	20,619,811	21,123,084
Sunshine Holdings Limited		
Note payable July 2023 @ 8.5% interest	14,133,562	14,133,562
Belize Elementary School		
15 years loan @ 6.00% Interest	585,009	613,564
Banana Growers Association		
10 years loan @ 6.50% Interest	-	1,590,157
CGA - Citrus Growers		
Plant - 5 years loan @ 6.00% Interest	25,284	25,284
Fertilizer - 4 years loan @ 6.50% Interest	55,689	61,710
Marie Sharp Fine Foods		
6 years loan @ 6.50% Interest	-	2,642,988
Royal Mayan Shrimp Farm		
6 years loan @ 7.50% Interest	5,126,821	5,126,821
4 years loan @ 7.50% Interest	540,449	540,449
4 years loan @ 8.50% Interest	528,615	528,615
8 years loan @ 8.00% Interest	743,000	743,000
Border Management Agency		
10 years loan @ 6.50% interest	1,000,000	500,000
8 years loan @ 7.50% interest	3,903,652	3,903,652

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2022 (IN BELIZE DOLLARS)

LOAN PRINCIPAL RECEIVABLE (CONTINUED)	<u>2022</u>	<u>2021</u>
Stann Creek- Ecumenical High School		
11 years loan @ 6.00% Interest	127,307	189,374
Hot Mama's Belize Ltd.		
7 years loan @ 7.50% Interest	589,407	586,866
Diverse Development Limited		
1 Year Revolving loan @7.50% Interest	201,826	201,826
Caribbean Homes & Export Limited		
6 years loan @ 7.00% Interest	276,235	1,264,054
PRIVATE SECTOR LOANS (Continued)		
Citrus Products of Belize Limited		
1 Year Revolving loan @ 6.50% Interest	1,435,027	1,500,000
Citrus - 5 years loan @ 7.50% Interest	9,471,841	9,471,842
Mark Wagner		
12 years loan @ 8.50% Interest	58,550	58,550
Karl Heusner Memorial Hospital Authority		
7 years loan @ 6.00% Interest	425,621	520,443
Good Stays Hotel		
10 years loan @ 7.00% Interest	578,339	200,000
Total Private Sector Loans	73,771,925	80,702,173
<i>Less: Expected credit losses on on investments</i>	(8,971,230)	(7,434,457)
	\$ 64,800,695	\$ 73,267,716
TOTAL LOAN PRINCIPAL RECEIVABLE NET	\$ 70,157,197	\$ 78,499,730
TOTAL INVESTMENTS	\$ 444,070,121	\$ 441,410,275

Below is a summary analysis of the investments listed above by asset class:

	<u>2022</u>	<u>2021</u>
Investment Mix	% of Total Investment	
Municipal papers	0.65%	0.00%
Municipal bonds	0.59%	1.24%
Debentures	0.16%	0.16%
Investment in associates	46.12%	46.11%
Mortgages	1.21%	1.19%
Private sector loans	14.59%	16.60%
Shares	6.00%	6.17%
Term deposits	9.20%	9.17%
Treasury Notes	21.50%	19.37%
Total	100%	100%

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