

Social Security Board

***Financial Statements for the year ended
December 31, 2023 and Independent
Auditors' 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, 2023 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, 2023 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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and the Directors for the Financial Statements (continued)

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.
- 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



INDEPENDENT AUDITOR'S REPORT (continued)

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

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
PKF Belize
Chartered Accountants
Belize City

February 4, 2025

SOCIAL SECURITY BOARD

STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

ASSETS	Notes	2023	2022
CURRENT ASSETS:			
Cash and cash equivalents	2g. 2h. 4.	154,907,559	146,845,109
Short term investments	2g. 2i. 5.	32,854,242	27,923,261
Investment income receivable	2g. 6.	18,657,487	16,792,852
Office supplies	2j. 2r.	730,306	694,435
Accounts receivable	2g. 2k. 7.	2,618,248	3,179,267
Prepayments	2l.	807,904	831,525
Loan principal receivable current portion	2g. 10.	19,351,528	18,342,674
Total current assets		<u>229,927,274</u>	<u>214,609,123</u>
NON-CURRENT ASSETS:			
Investment in associates	2m. 8.	211,531,716	204,783,713
Long term investments	2g. 9.	176,076,941	141,205,950
Loan principal receivable - net	2g. 10.	55,453,210	51,814,523
Other assets	2r. 12.	967,200	970,800
Intangible asset - net	2n. 2r. 13.	4,593,167	603,182
Investment property - net	2o. 2p. 2r. 14.	21,940,074	22,340,788
Property and equipment - net	2q. 2r. 15.	27,097,702	29,909,860
Total non-current assets		<u>497,660,010</u>	<u>451,628,816</u>
TOTAL ASSETS		\$ 727,587,284	\$ 666,237,939
LIABILITIES AND RESERVES			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accruals	2g. 16.	19,537,674	18,026,228
Total current liabilities		<u>19,537,674</u>	<u>18,026,228</u>
NON-CURRENT LIABILITIES:			
Pension liability	2s. 18.	2,637,051	2,242,545
Severance liability	2t. 17.	3,972,905	3,659,694
Total long term liabilities		<u>6,609,956</u>	<u>5,902,239</u>
Total liabilities		26,147,630	23,928,467
RESERVES:			
Short term contingency reserve	2u.	29,734,455	23,124,131
Long term benefits reserve	2u.	514,218,446	480,257,143
Employment injury benefit reserve	2u.	126,907,024	115,913,864
Disablement and death benefits reserve	2u.	10,784,634	11,453,117
National health insurance fund		19,776,104	11,894,750
Natural disaster fund		801,076	1,051,076
Social development account		1,854,966	857,936
Pension reserve	2s. 18.	(2,637,051)	(2,242,545)
Total reserves		<u>701,439,654</u>	<u>642,309,472</u>
TOTAL LIABILITIES AND RESERVES		\$ 727,587,284	\$ 666,237,939

The financial statements on page 4 to 9 were approved and authorized for issue by the Board of Directors on February 4, 2025 and are signed on its behalf by:




The notes on pages 10 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF PROFIT FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
INCOME	2v.		
Contributions:			
Employers and employed persons		<u>166,000,314</u>	<u>143,852,810</u>
Other income:			
Net investment income	19.	<u>26,099,029</u>	<u>21,084,076</u>
Other income – net	20.	<u>2,207,379</u>	<u>2,360,430</u>
Other income – NHI Fund		<u>25,200</u>	<u>-</u>
GOB contribution to NHI Fund	2w. 21.	<u>27,250,000</u>	<u>21,200,000</u>
Total other income		<u>55,581,608</u>	<u>44,644,506</u>
TOTAL INCOME		<u>221,581,922</u>	<u>188,497,316</u>
EXPENDITURES			
Benefits:	2x.		
Short term benefits branch		<u>21,456,056</u>	<u>23,211,834</u>
Long term benefits branch		<u>87,949,166</u>	<u>79,374,327</u>
Employment injury benefits branch		<u>4,791,764</u>	<u>3,684,286</u>
Disablement and death benefits		<u>2,422,983</u>	<u>2,335,741</u>
National Health Insurance benefits		<u>17,742,888</u>	<u>15,090,570</u>
Total benefits		<u>134,362,857</u>	<u>123,696,758</u>
Operating expenses:			
Administration	22.	<u>23,673,554</u>	<u>22,826,757</u>
Establishment	23.	<u>1,276,521</u>	<u>1,153,789</u>
Financial		<u>789,636</u>	<u>613,313</u>
NHI operating expenses	24.	<u>1,650,958</u>	<u>1,490,590</u>
Staff pension		<u>300,097</u>	<u>74,900</u>
Total operating expenditures		<u>27,690,766</u>	<u>26,159,349</u>
TOTAL EXPENDITURES		<u>162,053,623</u>	<u>149,856,107</u>
EXCESS OF INCOME OVER EXPENDITURES		<u>\$ 59,528,299</u>	<u>\$ 38,641,209</u>

The notes on pages 10 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
EXCESS OF INCOME OVER EXPENDITURES		59,528,299	\$ 38,641,209
OTHER COMPREHENSIVE INCOME:	2u.		
APV disablement benefits		1,088,111	667,260
APV death benefits		192,482	529,451
		1,280,593	1,196,711
Actuarial (loss) on defined benefits plan	18	(94,409)	(169,972)
Total other comprehensive income		1,186,184	1,026,739
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$ 60,714,483	\$ 39,667,948

The notes on pages 10 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CHANGES IN RESERVES

YEAR ENDED DECEMBER 31, 2023 (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, 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
Transfer to Social Development Account and Natural Disaster Fund	-	-	(2,331,332)	-	-	250,000	2,081,332	-	-
Social Development Assistance Fund Expenditures	-	-	-	-	-	-	(1,084,302)	-	(1,084,302)
Natural Disaster Fund Expenditures	-	-	-	-	-	(500,000)	-	-	(500,000)
Excess of income over expenditures / (expenditures over income)	6,610,324	33,961,303	13,324,492	(1,949,077)	7,881,354	-	-	(300,097)	59,528,299
Other Comprehensive Income	-	-	-	1,280,594	-	-	-	(94,409)	1,186,185
Balance, December 31, 2023	\$ 29,734,455	514,218,446	126,907,024	10,784,634	19,776,104	801,076	1,854,966	(2,637,051)	701,439,654

The notes on pages 10 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENT OF CHANGES IN RESERVES (CONTINUED) YEAR ENDED DECEMBER 31, 2023 (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, 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 and Natural Disaster Fund	-	-	(1,884,264)	-	-	250,000	1,634,264	-	-
Social Development Assistance Fund Expenditures	-	-	-	-	-	-	(807,610)	-	(807,610)
Natural Disaster Fund Expenditures	-	-	-	-	-	(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 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

STATEMENTS OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
OPERATING ACTIVITIES		
Excess of income over expenditures	59,528,299	38,641,209
Adjustments to reconcile excess of income over expenditures to net cash provided by operating activities:		
Actuarial present value provision	1,280,594	1,196,711
Amortization expense	389,953	465,911
Depreciation expense	2,191,020	2,045,999
Interest income	(17,415,395)	(14,779,515)
(Gain) on disposal of fixed asset	(21,304)	(360,472)
Expected credit losses	1,673,764	1,891,780
Service cost of defined benefit plan	(394,747)	(591,991)
Severance expense	529,604	504,907
Net interest on defined benefit liability	694,844	666,891
Result from equity accounted investments	<u>(10,148,000)</u>	<u>(7,795,420)</u>
Operating gain before working capital changes	38,308,632	21,886,010
Net changes in working capital:		
Office supplies	(35,871)	100,506
Accounts receivable	338,096	777,467
Prepayments	23,621	(321,925)
Held for sale	-	39,805
Other assets	3,600	20,400
Accounts payable and accruals	<u>1,511,446</u>	<u>9,315,688</u>
Cash provided by operating activities	<u>40,149,524</u>	<u>31,817,951</u>
Severance paid	<u>(216,393)</u>	<u>(366,653)</u>
Net cash provided by operating activities	<u>39,933,131</u>	<u>31,451,298</u>
INVESTING ACTIVITIES		
Long term investments	(34,870,991)	(7,170,748)
Loan principal receivable	(6,111,911)	6,851,674
Short term investments	(4,930,981)	(2,562,217)
Additions to fixed assets	1,033,009	(6,308,343)
Increase in intangible asset	(4,379,939)	(117,808)
Proceeds from disposal of fixed assets	23,674	578,058
Interest received	15,250,760	13,572,183
Dividends received	<u>3,700,000</u>	<u>6,826,006</u>
Net cash (used in) provided by investing activities	<u>(30,286,379)</u>	<u>11,668,805</u>
FINANCING ACTIVITIES		
Disbursements from social development fund	(1,084,302)	(807,610)
Disbursements from natural disaster fund	<u>(500,000)</u>	<u>(1,500,000)</u>
Net cash used in financing activities	<u>(1,584,302)</u>	<u>(2,307,610)</u>
Net increase in cash and cash equivalents	8,062,450	40,812,493
Cash and cash equivalents, January 1	<u>146,845,109</u>	<u>106,032,616</u>
Cash and cash equivalents, December 31	<u>\$ 154,907,559</u>	<u>\$ 146,845,109</u>

The notes on pages 10 to 43 are an integral part of these financial statements.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2023 (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.

2. SUMMARY OF MATERIAL 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 (IFRS) 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.

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

d. Use of estimates and judgements (continued)

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

The accounting policies adopted are consistent with those used in the previous financial year.

New and amended standards adopted by the Company

The Company has applied the following amendments for the first time for its annual reporting period commencing 1 January 2023:

IAS 1 Presentation of Financial Statements

Disclosure of Accounting Policies '(Amendments to IAS 1 and IFRS Practice Statement 2)' amendments help preparers in deciding which accounting policies to disclose in their financial statements.

IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

Definition of Accounting Estimates '(Amendments to IAS 8)' help entities to distinguish between accounting policies and accounting estimates.

The amendment listed above did not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

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.

Non-current liabilities with covenants (Amendments to IAS 1)

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

Non-current liabilities with covenants (Amendments to IAS 1) are intended to improve the information an entity provides when its right to defer settlement of a liability is subject to compliance with covenants within twelve months after the reporting period.

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

Financial instruments disclosures (Amendments to IFRS 7)

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

The IASB issued amendments to IAS 7 and IFRS 7 to require specific disclosures about supplier finance arrangements (SFAs).

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

e. Change in accounting policies (continued)

Financial instruments disclosures (Ammendments to IFRS 7) (continued)

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

Lease liability in a Sale and Leaseback (Ammendments to IFRS 16)

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

The IASB issued Lease liability in a Sale and Leaseback, which amends IFRS 16 to address the issue of subsequent measurement of the lease liability. It includes requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction.

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

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (continued)

i. *Classification and initial measurement of financial assets (continued)*

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (continued)

iii. *Impairment of financial assets (continued)*

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

g. Financial instruments (continued)

iii. Impairment of financial assets (continued)

Trade and other receivables and contract assets (continued)

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

m. Investments in associates (continued)

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, 2023, and Belize Telemedia Limited as at March 31, 2023. 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, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL 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 property

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

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:

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

q. Property and equipment (continued)

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

Repairs and maintenance are charged against income. Improvements which extend the useful life of the assets are capitalized. When fixed assets 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, plant 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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

s. Pension fund (continued)

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

v. Income recognition (continued)

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.

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>2023</u>	<u>2022</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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

y. Basis of apportionment of expenditure (continued)

- 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.

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:

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

Financial risk factors (continued)

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.

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.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

3. FINANCIAL RISKS (CONTINUED)

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.

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, 2023 (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 above.

December 31, 2023	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		\$ 6,838,557	\$ 6,116,588	\$ 721,969	\$ 77,409,970	\$ 72,959,970	\$ 4,450,000	\$ 84,248,527	\$ 79,076,558	\$ 5,171,969
Loans		6,370,240	5,681,285	688,955	80,020,559	72,662,211	7,358,348	86,390,799	78,343,496	8,047,303
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		\$ 7,252,603	\$ 6,530,634	\$ 721,969	\$ 79,356,656	\$ 73,406,656	\$ 5,950,000	\$ 86,609,259	\$ 79,937,290	\$ 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

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023, current financial assets exceeded current financial liabilities by \$208,036,606 (2022: \$195,056,935).

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	154,907,559	-	-	154,907,559
Short term investments	-	15,706,894	17,147,348	32,854,242
Investment income receivable	749,823	702,704	17,204,960	18,657,487
Accounts receivable	331,227	691,320	1,595,701	2,618,248
Current portion loans receivable	140,617	914,559	18,296,352	19,351,528
Total current assets	156,129,226	18,015,477	54,244,361	228,389,064
Current Liabilities				
Accounts payables and accruals	3,333,136	1,067,574	15,136,964	19,537,674
Total current liabilities	3,333,136	1,067,574	15,136,964	19,537,674
Net liquidity gap, December 31, 2023	152,796,090	16,947,903	39,107,397	208,851,390

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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	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

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

	2023	2022
Cash on hand	5,299	5,868
Cash at local banks	133,394,991	132,673,369
Cash at local banks - Global Fund (see note a. below)	571,361	1,552,063
Cash at local banks - NHI	20,935,908	12,613,809
	\$ 154,907,559	\$ 146,845,109

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

5. SHORT TERM INVESTMENTS

	2023	2022
Term Deposits	25,854,242	17,323,261
Treasury Notes	7,000,000	8,000,000
Municipal Bonds	-	2,600,000
	\$ 32,854,242	\$ 27,923,261

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

6. INVESTMENT INCOME RECEIVABLE

	<u>2023</u>	<u>2022</u>
Sunshine Holdings Limited/Government of Belize (see note 31)	16,131,040	14,929,688
Other loans and mortgage portfolios	1,361,037	1,120,717
Debentures	300,000	-
Corporate Bonds	144,932	-
Certificates of deposit	636,750	613,719
Treasury notes	1,118,639	1,163,639
	<u>19,692,398</u>	<u>17,827,763</u>
Less: Expected credit losses	(1,034,911)	(1,034,911)
	<u><u>\$ 18,657,487</u></u>	<u><u>\$ 16,792,852</u></u>
Expected credit losses are comprised of:		
Beginning balance as at January 1	1,034,911	1,057,844
Net remeasurement of expected credit loss	-	(22,933)
Ending balance as at December 31	<u><u>\$ 1,034,911</u></u>	<u><u>\$ 1,034,911</u></u>

7. ACCOUNTS RECEIVABLE

Accounts receivable	1,949,400	1,228,005
Assessment of contributions	2,158,171	3,415,709
Total receivable	4,107,571	4,643,714
Less: Expected credit losses	(1,489,323)	(1,464,447)
	<u><u>\$ 2,618,248</u></u>	<u><u>\$ 3,179,267</u></u>

Expected credit losses are comprised of:

Balance, beginning of year	1,464,447	1,222,154
Net remeasurement of expected credit loss	310,566	423,854
Recoveries	(198,047)	(181,561)
Write off	(87,643)	-
Balance, end of year	<u><u>\$ 1,489,323</u></u>	<u><u>\$ 1,464,447</u></u>

8. INVESTMENT IN ASSOCIATES

Belize Electricity Limited (31.26% ownership)

Balance, beginning of year	120,080,754	119,610,340
Income from associate	2,158,003	4,786,420
Dividend received from associate	-	(4,316,006)
Balance, end of year	<u><u>\$ 122,238,757</u></u>	<u><u>\$ 120,080,754</u></u>

Belize Telemedia Limited (34.31% ownership)

Balance, beginning of year	84,702,959	83,903,959
Income from associate	7,990,000	4,590,000
Dividend received from associate	(3,400,000)	(2,210,000)
Adjustments done by Associate (see notes 8ib)	-	(1,581,000)
Balance, end of year	<u><u>\$ 89,292,959</u></u>	<u><u>\$ 84,702,959</u></u>
Total investment in associates, end of year	<u><u>\$ 211,531,716</u></u>	<u><u>\$ 204,783,713</u></u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

8. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarized financial information of Belize Electricity Limited (in thousands of Belize dollars) for December 31, 2023

	<u>2023</u>	<u>2022</u>
Total current assets	156,773	130,298
Total non-current assets	648,224	597,292
Total assets	804,997	727,590
Total current liabilities	100,275	52,754
Total non-current liabilities	309,085	286,179
Total liabilities	409,360	338,933
Total equity	395,639	388,657
Total liabilities and equity	804,999	727,590
Profit before tax	11,683	19,627
Business tax	(4,702)	(4,285)
Income from continuing operations	6,981	15,342
Other comprehensive income	-	-
Total comprehensive income	\$ 6,981	\$ 15,342

Summarized financial information of Belize Telemedia Limited (in thousand of Belize dollars) for March 31, 2023.

	<u>2023</u>	<u>2022</u>
Total current assets	74,241	71,688
Total non-current assets	269,329	278,741
Total assets	343,570	350,429
Total current liabilities	56,381	64,248
Total non-current liabilities	32,765	45,047
Total liabilities	89,146	109,295
Total equity	254,424	241,134
Total liabilities and equity	343,570	350,429
Profit before tax	28,925	23,232
Business tax	(7,297)	(7,146)
Profit from continuing operations	21,628	16,086
Other comprehensive income	-	-
Total comprehensive income	\$ 21,628	\$ 16,086

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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.

9. LONG TERM INVESTMENT

	<u>2023</u>	<u>2022</u>
Belize City Council Municipal Paper	5,480,000	2,880,000
Debentures	30,700,000	700,000
Corporate Bonds	10,000,000	-
Government of Belize Treasury Notes	84,443,356	87,480,195
Term Deposits	19,362,449	23,518,624
Shares	26,091,136	26,627,131
Total long term investments	<u>\$ 176,076,941</u>	<u>\$ 141,205,950</u>

10. LOAN PRINCIPAL RECEIVABLE

Mortgages	5,475,697	5,529,575
Private sector	80,020,559	73,771,926
Staff loans	894,543	994,482
Total Loans	86,390,799	80,295,983
Less: Provision for credit losses	(11,586,061)	(10,138,786)
Total Loans - Net	74,804,738	70,157,197
Less: Current portion	(19,351,528)	(18,342,674)
Total long term loans - net	<u>\$ 55,453,210</u>	<u>\$ 51,814,523</u>

Provision for credit losses is comprised of:

Beginning balance	10,138,786	8,647,927
Net remeasurement of expected credit loss	1,464,370	1,490,859
Write off	(17,095)	-
Ending balance	<u>\$ 11,586,061</u>	<u>\$ 10,138,786</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

10. LOAN PRINCIPAL RECEIVABLE (CONTINUED)

Private sector includes loan receivable of \$14,133,562 from Sunshine Holdings Limited/Government of Belize (See note 31).

At December 31, 2023, individually impaired loans amounted to 9.31% of total loan receivables (December 31, 2022 - 10.51%).

Mortgages received from the Ministry of Infrastructure Development and Housing at December 31, 2023 totaled \$194,124 (December 31, 2022 - \$198,628).

11. HELD FOR SALE

In 2022, management changed its plan to sell properties at Vista Del Mar, Rocky Point, and San Pedro and the properties were transferred to investment properties.

12. OTHER ASSETS

	<u>2023</u>	<u>2022</u>
Homeland Development Limited 806 (2022: 809) plots of land	<u>\$ 967,200</u>	<u>\$ 970,800</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>2023</u>	<u>2022</u>
Cost		
Brought forward, January 1	3,658,512	3,512,741
Cost capitalized during the year	4,379,939	117,808
Reclassification	-	27,963
Carried forward, December 31	<u>8,038,451</u>	<u>3,658,512</u>
Accumulated amortization		
Brought forward, January 1	3,055,330	2,561,456
Amortization	389,954	465,911
Reclassification	-	27,963
Carried forward, December 31	<u>3,445,284</u>	<u>3,055,330</u>
Total	<u>\$ 4,593,167</u>	<u>\$ 603,182</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

14. INVESTMENT PROPERTY

	Land	Buildings	Furniture and fixtures	Office equipment	Total
Cost					
Brought forward, January 1, 2022	10,950,799	11,061,672	14,439	788,213	22,815,123
Additions	-	-	-	13,527	13,527
Disposals	-	-	-	-	-
Carried forward, December 31, 2022	10,950,799	11,061,672	14,439	801,740	22,828,650
Accumulated depreciation					
Brought forward, January 1, 2023	-	292,871	2,178	179,286	474,335
Additions	-	276,542	1,445	136,254	414,241
Disposals	-	-	-	-	-
Carried forward, December 31, 2023	-	569,413	3,623	315,540	888,576
Net book value					
December 31, 2023	\$ 10,950,799	\$ 10,492,259	\$ 10,816	\$ 486,200	\$ 21,940,074
	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

Amounts recognised in profit or loss for investment properties	2023	2022
Rental income from operating leases	1,123,324	404,614
Direct operating expenses from property that generated rental	377,980	242,350

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease income from operating leases where the Board is a lessor is recognised in income on a straightline basis over the lease term.

Leasing arrangements

Minimum lease payments receivable on leases of investment properties are as follows:

	2023	2022
Within 1 year	1,124,097	864,735
Between 1 and 2 years	886,349	864,735
Between 2 and 3 years	864,735	864,735
Between 3 and 4 years	576,490	864,735
Between 4 and 5 years	-	576,490
	3,451,671	4,035,430

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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, 2023	6,716,299	23,016,541	1,990,403	2,641,951	8,525,866	711,367	6,569,987	50,172,414
Additions	-	-	32,195	166,877	471,090	185,200	2,491,568	3,346,930
Disposals	-	-	(5,057)	(63,898)	(2,223,422)	(114,083)	-	(2,406,460)
Transfers	-	245,590	9,320	6,543	14,580	-	(276,033)	-
Transfer to intangible assets	-	-	-	-	-	-	(4,379,939)	(4,379,939)
Carried forward, December 31, 2023	6,716,299	23,262,131	2,026,861	2,751,473	6,788,114	782,484	4,405,583	46,732,945
Accumulated depreciation								
Brought forward, January 1, 2023	-	9,331,048	1,772,598	2,193,877	6,534,012	431,019	-	20,262,554
Additions	-	473,322	61,974	146,128	958,796	136,559	-	1,776,779
Disposals	-	-	(4,700)	(62,843)	(2,222,464)	(114,083)	-	(2,404,090)
Carried forward, December 31, 2023	-	9,804,370	1,829,872	2,277,162	5,270,344	453,495	-	19,635,243
Net book value								
December 31, 2023	\$ 6,716,299	\$ 13,457,761	\$ 196,989	\$ 474,311	\$ 1,517,770	\$ 328,989	\$ 4,405,583	\$ 27,097,702
	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

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

15. PROPERTY AND EQUIPMENT (CONTINUED)

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

	<u>2023</u>	<u>2022</u>
PERANSA platform development and ancillary costs	3,967,643	6,405,628
Others	437,940	164,359
	<u>\$ 4,405,583</u>	<u>\$ 6,569,987</u>

16. ACCOUNTS PAYABLE AND ACCRUALS

Mortgage securitization program (see note a below)	2,679,150	2,679,150
Benefits payable (see note 31)	10,856,725	6,967,675
Accrued expenses and other liabilities	5,430,437	6,827,340
Global fund grant payable	571,362	1,552,063
	<u>\$ 19,537,674</u>	<u>\$ 18,026,228</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, 2023. This liability is expected to be settled in 2024 (see note 31).
- 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 would be provided to the Grantee for the implementation of certain Program(s) beginning January 1, 2022 - December 31, 2024. As at December 31, 2023, amount received was BZD 4,553,187 (2022: BZD 3,138,234) and balance yet to be received is BZD 1,833,329 (2022: BZD 3,248,282).

17. SEVERANCE LIABILITY

The movement in the provision is as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance, January 1	3,659,694	3,521,440
Addition	529,604	504,907
Payouts	(216,393)	(366,653)
Ending balance, December 31	<u>\$ 3,972,905</u>	<u>\$ 3,659,694</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, 2023 (IN BELIZE DOLLARS)

18. PENSION LIABILITY (CONTINUED)

	Contribution Rate a/ 2023	Amount	Contribution Rate a/ 2022	Amount
Employees	2.80%	262,962	2.80%	252,503
Employer b/	4.30%	385,879	4.30%	377,485
Total	7.10%	\$ 648,841	7.10%	\$ 629,988

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 12 active pensioners and 245 active participants (2022: 10 pensioners and 227 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	2023
	Projected Benefit Obligation	14,908,596
	Net assets	(12,271,545)
	Unfunded liability	\$ 2,637,051
		\$ 2,242,545

a/Unaudited. No material adjustments are anticipated.

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

18. PENSION LIABILITY (CONTINUED)

Changes in Benefit Obligations and Net Assets

<u>Changes in Projected Obligations</u>	<u>2023</u>	<u>2022</u>
Projected benefit obligation at January 1	13,896,891	13,337,822
Service cost	665,662	602,111
Interest cost	694,844	666,891
Benefits paid and expenses	(528,785)	(866,735)
Actuarial (gain) loss - obligations	179,984	156,802
Projected benefit obligation at December 31	<u>\$ 14,908,596</u>	<u>\$ 13,896,891</u>
<u>Change in Plan Assets</u>		
Assets at January 1	11,654,346	11,340,149
Expected return on assets a/	582,717	567,007
Contributions	648,841	629,988
Benefit paid and expenses	(528,785)	(895,968)
Actuarial (loss) gain - assets	(85,574)	13,170
Assets at December 31	<u>\$ 12,271,545</u>	<u>\$ 11,654,346</u>
Consolidated deficit	<u>\$ 2,637,051</u>	<u>\$ 2,242,545</u>

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

<u>Expenses to be Recognized (IAS-19R)</u>	<u>2023</u>	<u>2022</u>
Current service cost	665,602	602,111
Net interest expense (income)	694,844	666,891
Sub-total (P&L)	<u>1,360,446</u>	<u>1,269,002</u>
<u>Re-measurement</u>		
Liability (gain) / loss	179,983	156,802
Asset (gain) / loss	85,574	13,170
Sub-total (OCI)	<u>265,557</u>	<u>169,972</u>
Total	<u>\$ 1,626,003</u>	<u>\$ 1,438,974</u>

Actuarial Bases

	2023	2022
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

	2023	2022
Expected return	582,717	567,007
Actual return	514,669	580,177
Surplus (deficit) a/	(68,048)	13,170

a/ Excludes contingent capital gains in BTL shares

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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%	+11.6%
+1%	-10.4%

19. NET INVESTMENT INCOME

	<u>2023</u>	<u>2022</u>
Long and short term investments income	17,835,490	15,021,865
Income from associates	10,148,003	7,795,420
Investment expenses	(420,095)	(242,350)
Expected credit losses	(1,464,369)	(1,490,859)
	<u>\$ 26,099,029</u>	<u>\$ 21,084,076</u>

20. OTHER INCOME – NET

Interest on assessments	387,559	550,075
Interest on late contributions	376,810	325,797
Rental income	20,831	33,595
Loss (gain) on disposal of fixed assets	21,304	360,472
Others	1,400,875	1,090,491
	<u>\$ 2,207,379</u>	<u>\$ 2,360,430</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.

	<u>2023</u>	<u>2022</u>
Government of Belize Subvention	27,250,000	21,200,000
	<u>\$ 27,250,000</u>	<u>\$ 21,200,000</u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

22. ADMINISTRATION EXPENSES

	<u>2023</u>	<u>2022</u>
Actuarial expenses	123,452	119,879
Amortization (intangible asset)	389,953	335,455
Appeals Tribunal expenses	9,445	10,895
Audit cost	97,142	114,768
Expected credit losses	3,703	2,353
Board expenses	412,674	349,051
Cleaning and sanitation	332,817	312,984
Committees expense	106,979	107,542
Compliance project	49,462	9,321
Computer licenses	1,490,864	1,301,250
Depreciation	1,142,881	1,366,009
Insurance	67,416	68,678
Legal and professional fees	134,371	136,513
Medical and group health insurance	277,009	292,469
Motor vehicle expenses	55,629	43,865
Overseas conference	38,309	46,437
Pensions - defined contribution	344,125	348,249
Postage	36,751	31,587
Premises repairs and maintenance	514,713	530,844
Printing, stationery and supplies	337,806	321,885
Publicity and promotion	457,135	323,554
Recruitment	20,859	4,994
Registration expenses	252,194	202,614
Salaries	<u>12,436,936</u>	<u>12,025,147</u>
Security	545,064	483,914
Severance	525,854	504,907
Social security contributions	438,188	431,023
Subscriptions	108,727	104,160
Telephones and cables	739,603	771,471
Training	377,309	260,218
Transfer and other allowances	1,144,120	1,240,080
Traveling and subsistence	662,064	624,641
	<u><u>\$ 23,673,554</u></u>	<u><u>\$ 22,826,757</u></u>

23. ESTABLISHMENT EXPENSES

Light, power and water	464,396	441,377
Depreciation	746,985	650,352
Rent	65,140	62,060
	<u><u>\$ 1,276,521</u></u>	<u><u>\$ 1,153,789</u></u>

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

24. NHI OPERATING EXPENSES

	<u>2023</u>	<u>2022</u>
Administration	1,589,844	1,432,930
Establishment	59,410	54,771
Financial	1,704	2,889
	<u>\$ 1,650,958</u>	<u>\$ 1,490,590</u>

25. EMPLOYEE REMUNERATION

Salaries	12,436,936	12,025,147
Social Security costs	438,188	504,907
Pensions-defined benefit plans	344,125	348,249
Total employee remuneration	<u>\$ 13,219,249</u>	<u>\$ 12,878,303</u>

26. CATEGORIES OF FINANCIAL INSTRUMENTS

At December 31, 2023		
FVTPL	Amortised costs	Total
Cash and cash equivalents	- 154,907,559	154,907,559
Short term investments	- 32,854,242	32,854,242
Investment income receivable	- 18,657,487	18,657,487
Accounts receivable	- 2,618,248	2,618,248
Long term investments	26,091,136	149,985,805
Loan principal receivable - net	-	176,076,941
Total financial assets	\$ 26,091,136	\$ 433,828,079
		\$ 459,919,215

Financial liabilities		
Amortised cost		
Accounts payable and accruals	\$ -	\$ 19,537,674
		\$ 19,537,674

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
Total financial assets	\$ 26,627,131	\$ 379,476,505
		\$ 406,103,636

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

SOCIAL SECURITY BOARD

NOTES TO FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (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>2023</u>	<u>2022</u>
Total equity	701,439,654	642,309,472
Cash and cash equivalents	154,907,559	146,845,109
Capital	856,347,213	789,154,581
Total equity	701,439,654	642,309,472
Borrowings (debt)	-	-
Overall Financing	\$ 701,439,654	\$ 642,309,472
Capital-to-overall financing ratio	1.22%	1.23%

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, 2023 (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 45 to 50. Revenues and expenses are allocated based on formula prescribed by law (See Note 2v and 2y).

29. RELATED PARTY TRANSACTIONS

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, 2023 (IN BELIZE DOLLARS)

29. RELATED PARTY TRANSACTIONS (CONTINUED)

The following transactions were carried out with related parties:

(a) Contributions revenue	<u>2023</u>	<u>2022</u>
Social security contributions:		
Government of Belize	30,143,772	29,780,257
Belize Telemedia Limited	1,378,159	1,251,559
Belize Electricity Limited	964,959	863,945
	<u><u>\$ 32,486,890</u></u>	<u><u>\$ 31,895,761</u></u>

(b) Purchases of good and services

Purchases of services:		
Belize Telemedia Limited	1,184,390	1,169,171
Belize Electricity Limited	698,649	419,346
Entities controlled by management personnel	155,449	111,657
	<u><u>\$ 2,038,488</u></u>	<u><u>\$ 1,700,174</u></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 general managers and managers was:

	<u>2023</u>	<u>2022</u>
Salaries and other allowances	2,965,418	2,826,517
Termination benefits	29,637	32,083
	<u><u>\$ 2,995,055</u></u>	<u><u>\$ 2,858,600</u></u>

(d) Year-end balances receivable from key management

Advances and loans to key management	500,347	446,758
	<u><u>\$ 500,347</u></u>	<u><u>\$ 446,758</u></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, 2023 (IN BELIZE DOLLARS)

30. COMMITMENTS AND CONTINGENCIES

	<u>2023</u>	<u>2022</u>
Capital Commitments		
Capital expenditure contracted	<u>\$ 2,028,424</u>	<u>\$ 1,403,427</u>

31. GOVERNMENT OF BELIZE AND SOCIAL SECURITY SETTLEMENT

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, as well as the outstanding shares of Sunshine Holdings itself.

As a consequence of the acquisition of Sunshine Holdings, 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 Ltd. and SSB dated September 19, 2005." As a result, of Supreme Court Claim No. 341 of 2011 Social Security Board vs. Sunshine Holdings Ltd, Government confirms that it will continue to wholly own Sunshine Holdings Ltd. 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.

In October 2024, the Government of Belize and the Social Security Board entered into a settlement deed. This settlement deed established the total principal and interest due by the Government of Belize to the Social Security Board as at June 30, 2024, in relation to the loan made to Sunshine amounted to BZ\$30,863,633 (GOB-Sunshine Debt). Additionally, the total amount due by the Social Security Board to the Government of Belize, as of June 30, 2024, representing accrued benefits advanced to its employees and a residual balance from the Mortgage Securitization Program, amounted to BZ\$16,852,109 (SSB-GOB Debt). The terms of the settlement deed allowed for the SSB-GOB Debt to be set off against the GOB-Sunshine Debt and that the remaining balance of the GOB-Sunshine Debt be settled by way of Treasury Notes in favour of SSB as follows:

- i. Issue No. 1 in the principal amount of BZ\$4,000,000 (Four Million Belize Dollars) bearing a coupon interest rate of 3% with a maturity date of 5 years from its date of issue; and
- ii. Issue No. 2 in the principal amount of BZ\$10,000,000 (Ten Million Belize Dollars) bearing a coupon interest rate of 3% with a maturity date of 10 years from its date of issue.

In November 2024, the Government of Belize and Social Security Board Settlement Deed Bill, 2024 was passed by the House of Representatives and the Senate. The Bill is to be presented to the Governor-General for the Governor-General's Assent. The Governor-General's signature and the impress of the public seal represent the final stages in converting a Bill into Law. The law styled as an "Act" is then published in the Gazette.

The Government of Belize too issued the above Treasury Notes in favour of the Social Security Board on the 18th day of December 2024.

32. EVENT AFTER THE REPORTING PERIOD

After the year, the Social Security Board invested in several debt and equity instruments totalling approximately BZ\$16.5 Million.

For details on event occurring after the reporting period in relation to the Government of Belize and Social Security Board settlement deed, see note 31 above.

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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 31 December 2023, 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 31 December 2023 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 follow, at pages 45 – 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
PKF Belize
Chartered Accountants
Belize City

February 4, 2025

Partners: J.A. Bautista • J. Ortez

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SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - SHORT TERM BENEFITS BRANCH FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
INCOME		
Contributions:		
Employers and employed persons	<u>31,540,060</u>	<u>27,332,034</u>
Total contributions	<u>31,540,060</u>	<u>27,332,034</u>
Other income:		
Net investment income	<u>956,828</u>	<u>798,427</u>
Others	<u>735,793</u>	<u>786,810</u>
Total other income	<u>1,692,621</u>	<u>1,585,237</u>
TOTAL INCOME	<u>33,232,681</u>	<u>28,917,271</u>
EXPENDITURES		
Benefits:		
Maternity	<u>5,240,449</u>	<u>4,790,246</u>
Sickness	<u>15,390,007</u>	<u>17,637,136</u>
Maternity grants	<u>825,600</u>	<u>784,452</u>
Total benefits	<u>21,456,056</u>	<u>23,211,834</u>
Operating expenses:		
Administration	<u>4,477,582</u>	<u>4,612,735</u>
Establishment	<u>425,507</u>	<u>384,596</u>
Financial	<u>263,212</u>	<u>204,438</u>
Total operating expenses	<u>5,166,301</u>	<u>5,201,769</u>
TOTAL EXPENDITURE	<u>26,622,357</u>	<u>28,413,603</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 6,610,324</u>	<u>\$ 503,668</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - LONG TERM BENEFITS BRANCH FOR THE YEARS ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
INCOME		
Contributions:		
Employers and employed persons	<u>119,520,227</u>	103,574,023
Total contributions	<u>119,520,227</u>	<u>103,574,023</u>
Other income:		
Net investment income	<u>19,872,024</u>	16,110,996
Others	<u>735,793</u>	786,810
Total other income	<u>20,607,817</u>	<u>16,897,806</u>
TOTAL INCOME	<u>140,128,044</u>	<u>120,471,829</u>
EXPENDITURES		
Benefits:		
Retirement	<u>69,674,387</u>	62,093,451
Invalidity	<u>5,254,968</u>	4,631,472
Survivors	<u>10,348,372</u>	9,835,472
Funeral	<u>1,729,759</u>	1,678,282
Non-contributory pension	<u>941,680</u>	1,135,650
Total benefits	<u>87,949,166</u>	<u>79,374,327</u>
Operating expenses:		
Administration	<u>17,528,855</u>	16,696,234
Establishment	<u>425,507</u>	384,596
Financial	<u>263,212</u>	204,438
Total operating expenses	<u>18,217,574</u>	<u>17,285,268</u>
TOTAL EXPENDITURE	<u>106,166,740</u>	<u>96,659,595</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 33,961,304</u>	<u>\$ 23,812,234</u>

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - EMPLOYMENT INJURY BENEFITS BRANCH FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
INCOME		
Contributions:		
Employers and employed persons	<u>14,940,028</u>	12,946,753
Total contributions	<u>14,940,028</u>	12,946,753
Other income:		
Net investment income	<u>4,796,270</u>	3,745,346
Others	<u>735,794</u>	786,810
Total other income	<u>5,532,064</u>	4,532,156
TOTAL INCOME	<u>20,472,092</u>	17,478,909
EXPENDITURES		
Benefits:		
Disablements grants	<u>618,492</u>	317,412
APV disablement benefits	<u>1,088,111</u>	667,261
APV death benefits	<u>192,482</u>	529,451
Employment Injury	<u>2,886,679</u>	2,161,162
Funeral grants	<u>6,000</u>	9,000
Total benefits	<u>4,791,764</u>	3,684,286
Operating expenses:		
Administration	<u>1,667,117</u>	1,517,789
Establishment	<u>425,507</u>	384,596
Financial	<u>263,212</u>	204,438
Total operating expenses	<u>2,355,836</u>	2,106,823
TOTAL EXPENDITURE	<u>7,147,600</u>	5,791,109
EXCESS OF INCOME OVER EXPENDITURES	<u>\$ 13,324,492</u>	\$ 11,687,800

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - DISABLEMENT AND DEATH BENEFITS RESERVE FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
INCOME		
Contributions:		
APV disablement benefits	1,088,111	667,260
APV death benefits	192,482	529,451
Total contributions	<u>1,280,594</u>	<u>1,196,711</u>
Net investment income	473,906	429,308
TOTAL INCOME	<u>1,754,500</u>	<u>1,626,019</u>
EXPENDITURES		
Benefits:		
Disablement pension	1,841,107	1,777,896
Death benefits	581,876	557,845
Total benefits	<u>2,422,983</u>	<u>2,335,741</u>
EXCESS OF EXPENDITURES OVER INCOME	<u>\$ (668,483)</u>	<u>\$ (709,722)</u>

SOCIAL SECURITY BOARD

STATEMENT OF FINANCIAL POSITION - NATIONAL HEALTH INSURANCE FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

ASSETS	Notes	2023	2022
CURRENT ASSETS:			
Cash and cash equivalents		20,935,908	12,613,809
Office supplies		374,254	410,059
Accounts receivable		69,220	84,013
Total current assets		21,379,382	13,107,881
NON-CURRENT ASSETS:			
Intangible asset - net		121,203	121,203
Property and equipment - net		394,524	598,931
Total non-current assets		515,727	720,134
TOTAL ASSETS		\$ 21,895,109	\$ 13,828,015
LIABILITIES AND RESERVES			
LIABILITIES:			
CURRENT LIABILITIES:			
Accounts payable and accruals		2,119,005	1,933,265
Total current liabilities		2,119,005	1,933,265
RESERVES:			
National health insurance fund		19,776,104	11,894,750
Total reserves		19,776,104	11,894,750
TOTAL LIABILITIES AND RESERVES		\$ 21,895,109	\$ 13,828,015

SOCIAL SECURITY BOARD

STATEMENTS OF INCOME AND EXPENDITURES - NATIONAL HEALTH INSURANCE FUND FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
INCOME		
Contributions:		
Government of Belize	27,250,000	21,200,000
Other Income	25,200	-
Total contributions	<u>27,275,200</u>	<u>21,200,000</u>
EXPENDITURES		
Benefits:		
National health insurance benefits	17,742,888	15,090,570
Total benefits	<u>17,742,888</u>	<u>15,090,570</u>
Operating expenses:		
Administration	1,589,845	1,432,930
Establishment	59,409	54,771
Financial	1,704	2,889
Total operating expenses	<u>1,650,958</u>	<u>1,490,590</u>
TOTAL EXPENDITURE	<u>19,393,846</u>	<u>16,581,160</u>
EXCESS OF INCOME OVER EXPENDITURES	<u>7,881,354</u>	<u>\$ 4,618,840</u>

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

SHORT TERM INVESTMENTS	2023	2022
Term Deposits		
Atlantic Bank Limited		
3.25% Maturing February 5, 2024	5,706,894	-
3.25% Maturing February 5, 2024	5,000,000	-
3.70% Maturing August 26, 2024	5,000,000	-
3.70% Maturing August 26, 2024	5,000,000	-
2.75% Maturing November 1, 2024	1,628,723	-
2.75% Maturing December 4, 2024	3,000,000	-
2.75% Maturing December 14, 2024	518,624	-
3.50% Maturing February 5, 2023	-	5,513,908
3.50% Maturing February 5, 2023	-	5,000,000
2.75% Maturing November 1, 2023	-	1,628,723
National Bank of Belize		
3.50% Maturing July 11, 2023	-	2,282,736
3.50% Maturing July 11, 2023	-	2,897,894
Total Term Deposits	\$ 25,854,241	\$ 17,323,261
Treasury Notes		
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:		
4.50%+IR Maturing May 19, 2024	7,000,000	-
Total Treasury Notes	\$ 7,000,000	\$ 8,000,000
Municipal bonds		
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	-	2,600,000
TOTAL SHORT TERM INVESTMENTS	\$ 32,854,241	\$ 27,923,261

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

INVESTMENT IN ASSOCIATES	2023	2022
Belize Electricity Limited		
21,580,028 (2022: 21,580,028) ordinary shares, BZ\$ 2 par value	122,238,757	120,080,754
Belize Telemedia Limited		
17,000,000 (2022: 17,000,000) ordinary shares, BZ\$ 1 par value	89,292,959	84,702,959
TOTAL INVESTMENT IN ASSOCIATES	\$ 211,531,716	\$ 204,783,713
LONG TERM INVESTMENTS		
Municipal papers		
Belize City Council		
3 years Series V paper @ 5.5% Maturing January 3, 2026	2,880,000	2,880,000
3 years Series V paper @ 5.5% Maturing April 1, 2026	1,000,000	-
3 years Series V paper @ 5.5% Maturing October 1, 2026	1,600,000	-
	\$ 5,480,000	\$ 2,880,000
Corporate bonds		
Belize Tourism Board		
10 years bond @ 5.75% Maturing April 20, 2033	10,000,000	-
Total Corporate bonds	\$ 10,000,000	\$ -
Shares		
Belize Water Services Limited		
4,000,000 ordinary shares held at fair value	21,680,000	21,280,000
Atlantic Bank Limited		
4,166 ordinary shares held at fair value	993,851	976,185
Citrus Products of Belize Limited		
7,947,175 ordinary shares held at fair value	3,417,285	4,370,946
Total shares	\$ 26,091,136	\$ 26,627,131
Debentures		
Belize Water Services Limited		
4.50% Maturing December 31, 2035	20,000,000	-
Belize Electricity Limited		
4.50% Maturing December 31, 2035	10,000,000	-
6.50% Maturing December 31, 2030	700,000	700,000
Total debentures	\$ 30,700,000	\$ 700,000
TREASURY NOTES		
Government of Belize Fixed rate notes:		
5.75% Maturing April 3, 2040	10,000,000	10,000,000
4.00% Maturing July 13, 2030	4,000,000	-
3.50% Maturing May 17, 2027	12,000,000	12,000,000
5.25% Maturing July 13, 2026	14,093,356	14,130,195
4.00% Maturing July 13, 2026	2,000,000	2,000,000
4.00% Maturing August 1, 2026	17,350,000	17,350,000
Total Fixed Rate Treasury Notes	\$ 59,443,356	\$ 55,480,195

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

LONG TERM INVESTMENTS (CONTINUED)	2023	2022
Floating rate notes		
4.50%+IR Maturing May 19, 2024	-	7,000,000
5%+IR Maturing May 19, 2027	25,000,000	25,000,000
Total Floating Rate Notes	\$ 25,000,000	\$ 32,000,000
Total Treasury Notes	\$ 84,443,356	\$ 87,480,195
 Term Deposits		
Atlantic Bank Limited		
3.70% Maturing August 26, 2024	-	5,000,000
3.70% Maturing August 26, 2024	-	5,000,000
2.75% Maturing December 4, 2024	-	3,000,000
3.50% Maturing December 14, 2024	-	518,624
4.50% Maturing November 20, 2025	5,000,000	5,000,000
4.50% Maturing November 20, 2025	5,000,000	5,000,000
 National Bank of Belize		
3.50% Maturing July 12, 2025	2,362,851	-
3.50% Maturing July 12, 2025	2,999,598	-
3.50% Maturing September 22, 2025	4,000,000	-
 Total Term Deposits	19,362,449	23,518,624
 TOTAL LONG TERM INVESTMENTS	\$ 176,076,941	\$ 141,205,950
 LOAN PRINCIPAL RECEIVABLE		
Mortgages and Housing		
Housing/MoH Mortgages		
10 to 20 years mortgages @ 8.50% Interest	194,124	198,628
RECONDEV		
30 years loan @ 8.00% Interest	-	35,870
BNBS Mortgages		
20 years loans @ 8.50% Interest	223,433	239,291
Housing Mortgages – Tranche B		
District and Secondary, 10 – 20 years loans @ 8.50% Interest	105,986	110,351
BIMCO Mortgages		
Middle income, 20 years loans @ 8.50% Interest	410,945	480,162
St. James National Building Society Ltd.		
5 – 20 years loan @ 8.50% Interest	250,014	259,610
Staff Housing Loans		
10 - 20 years @ 6.00% Interest	3,212,811	3,214,031
Previous Staff Housing Loans		
10 – 20 years @ 8.00% Interest	851,353	738,575

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

LOAN PRINCIPAL RECEIVABLE (CONTINUED)	2023	2022
Other	227,032	253,058
Staff Loans	894,543	994,482
Total mortgages and housing	6,370,241	6,524,058
Less: <i>allowance for credit losses</i>	(1,028,665)	(1,167,556)
	\$ 5,341,576	\$ 5,356,502

PRIVATE SECTOR LOANS

Development Finance Corporation		
14 years loan @ 5.50% interest	11,411,493	13,345,880
Belize Airport Authority		
19 years loan @ 6.00% Interest	19,912,873	20,619,811
10 years loan @ 5.50% Interest	6,332,076	-
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	554,303	585,009
CGA - Citrus Growers		
Plant - 5 years loan @ 6.00% Interest	24,649	25,284
Fertilizer - 4 years loan @ 6.50% Interest	39,417	55,689
Hol Chan Marine Reserve		
15 years loan @ 6.75% Interest	3,458,631	-
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	1,000,000
10 years loan @ 7.50% Interest	3,903,652	3,903,652

SOCIAL SECURITY BOARD

INVESTMENTS LISTINGS (CONTINUED) FOR THE YEAR ENDED DECEMBER 31, 2023 (IN BELIZE DOLLARS)

	<u>2023</u>	<u>2022</u>
PRIVATE SECTOR LOANS (CONTINUED)		
Stann Creek- Ecumenical High School		
11 years loan @ 6.00% Interest	61,483	127,307
Hot Mama's Belize Ltd.		
7 years loan @ 7.50% Interest	419,462	589,407
Diverse Development Limited		
1 Year Revolving loan @7.50% Interest	-	201,826
Caribbean Homes & Export Limited		
6 years loan @ 7.00% Interest	-	276,235
Citrus Products of Belize Limited		
1 Year Revolving loan @ 6.50% Interest	1,435,027	1,435,027
Citrus - 5 years loan @ 7.50% Interest	9,471,842	9,471,842
Mark Wagner		
12 years loan @ 8.50% Interest	58,481	58,550
Karl Heusner Memorial Hospital Authority		
7 years loan @ 6.00% Interest	326,108	425,621
Good Stays Hotel		
10 years loan @ 7.00% Interest	538,615	578,339
Total Private Sector Loans	80,020,559	73,771,926
<i>Less: allowance for credit losses</i>	<i>(10,557,395)</i>	<i>(8,971,230)</i>
	\$ 69,463,164	\$ 64,800,696
TOTAL LOAN PRINCIPAL RECEIVABLE NET	\$ 74,804,740	\$ 70,157,198
TOTAL INVESTMENTS	\$ 495,267,638	\$ 444,070,122

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

	<u>2023</u>	<u>2022</u>
Investment Mix		
Municipal papers	1.11%	0.65%
Bonds	2.02%	0.59%
Debentures	6.20%	0.16%
Investment in associates	42.71%	46.12%
Mortgages	1.08%	1.21%
Private sector loans	14.03%	14.59%
Shares	5.27%	6.00%
Term deposits	9.13%	9.20%
Treasury notes	18.46%	21.50%
Total	100%	100%

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