

H. LAVITY STOUTT COMMUNITY COLLEGE

Financial Statements
For the year ended July 31, 2021

H. LAVITY STOUTT COMMUNITY COLLEGE

**Financial Statements
For the year ended July 31, 2021**

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H. LAVITY STOUTT COMMUNITY COLLEGE

College Directory At July 31, 2021

Board of Governors

Mrs. Fiona Forbes-Vanterpool (Chairman)
Dr. L. Sauda Smith (Deputy Chairman)
Dr. Richard Georges (President, College Liaison)
Mr. Kenneth Baker
Mrs. Josephine Callwood
Mrs. Shanica Maduro-Christopher
Mr. Derek Dunlop
Ms. Lotoya Freeman
Ms. Nakema Bell
Mr. Chad George
Mr. Cecil Hodge
Dr. Henry Jarecki
Dr. Anthony Layne
Prof. Emeritus Arthur Richardson
Mr. Cromwell Smith
Mr. John Williams

Legal Counsel

Sabals Law
Abbott Building
P.O. Box 3169
Road Town, Tortola VG 1110
British Virgin Islands

Acting Bursar

Mrs. Elenore Rowland-George

Registered Office

P.O. Box 3097
Road Town, Tortola VG 1110
British Virgin Islands

Business Development Committee

Mr. John Williams (Chairman)
Dr. Henry Jarecki
Ms. Nakema Bell
Mr. Cromwell Smith
Mr. Derek Dunlop
Dr. Richard Georges, President (College Liaison)
Ms. Yvonne Crabbe (Director Institutional Advancement)

Finance Committee

Mr. Kenneth Baker (Chairman)
Mrs. Fiona Forbes-Vanterpool
Mr. John Williams
Dr. Richard Georges (President)
Mrs. Elenore George (Acting Bursar)

Academic Committee

Dr. L Sauda Smith (Chairman)
Mr. Cromwell Smith
Mrs. Josephine Callwood
Mr. Cecil Hodge
Prof. Emeritus Arthur Richardson
Dr. Anthony Layne
Dr. Arlene Smith-Thompson, (Vice-President Academic Affairs, College Liaison)

Human Resources Committee

Ms. Lotoya Freeman (Chairman)
Mr. Cromwell Smith
Mr. Chad George
Mrs. Josephine Callwood
Mrs. Shanica Maduro Christopher
Dr. Richard Georges (President, College Liaison)
Ms. Alesia Hamm (Human Resources Manager)

Quality Assurance and Compliance Committee

Prof. Emeritus Arthur Richardson (Chairman)
Dr. Anthony Layne
Mrs. Josephine Callwood
Dr. LuVerne Baptiste, (Vice President Operations, College Liaison)

H. LAVITY STOUTT COMMUNITY COLLEGE

Management's Discussion and Analysis For the year ended July 31, 2021

This section of the annual financial report of H. Lavity Stoutt Community College ("HLSCC" or "College") provides an overview and analysis of the College's financial performance during the fiscal years ended July 31, 2021 and July 31, 2020. This overview has been prepared by management, along with the financial statements and related footnote disclosures, and should be read in conjunction with them. The financial statements, footnotes and this discussion are the responsibility of management.

Overview of the Financial Statements

This presentation is designed to provide readers with a broad overview of the College's finances, in a manner similar to a private sector business. These financial statements focus on the College's overall financial condition, its results of operations and its cash flows. The entity-wide financial statements consist of:

The Statements of Net Assets, which present the College's financial position at the end of the year, includes all assets and liabilities. The difference between total assets and total liabilities is net assets and provides an indicator of the College's present financial condition. Over time, increases or decreases in the College's net assets shows whether its financial health is improving or deteriorating. Assets and liabilities are generally measured using current values; capital assets are stated at historical cost, less an allowance for depreciation.

The Statements of Revenues, Expenses and Changes in Net Assets present the College's operating results for the year. Revenues and expenses are generally reported using the accrual method of accounting, which records transactions as soon as they occur, regardless of when cash is exchanged. Usage of capital assets is reported as depreciation expense, which amortizes the cost of assets over their estimated useful lives. Revenues and expenses are reported as either operating or non-operating. Operating revenues are derived primarily from government grants, tuition and other fees, and auxiliary enterprises, such as the Bookstore and Performing Arts.

The Statements of Cash Flows present information about cash receipts and cash payments during the year. This statement also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they fall due, and its potential need for external financing.

The Notes to and forming part of the Financial Statements provide additional information that is essential to a full understanding of the data provided in the entity-wide financial statements.

Financial Highlights

As of July 31, 2021, the College's assets exceeded its liabilities by \$12,363,753 (net assets). Of this amount, \$3,601,435 is classified as unrestricted current funds. These unrestricted current funds may be used to meet the College's ongoing obligations. The largest component (\$8,734,720) of net assets is the College's investment in capital assets, which represents its land, buildings, furniture and equipment, and other assets net of accumulated depreciation. The College uses these capital assets to provide educational services to its students. As of July 31, 2021, operating revenues were \$11,619,148. This included Government grants for \$8,944,521 or 77% of total operating revenues. Total operating expenses (excluding depreciation) were \$10,559,100.

H. LAVITY STOUTT COMMUNITY COLLEGE

Management's Discussion and Analysis For the year ended July 31, 2021

Analysis of Net Assets as of July 31, 2021

The Statements of Net Assets include all of the assets and liabilities of the College using the previously-described accrual method of accounting, which is similar to the accounting presentation used by businesses. Net Assets is a measure of the College's financial condition. In summary form, Net Assets consisted of:

	2021
Assets	
Current assets	5,533,888
Non-current assets	<u>8,762,157</u>
Total assets	\$ <u>14,296,045</u>
Liabilities	
Current liabilities	1,606,858
Non-current liabilities	<u>325,434</u>
Total liabilities	\$ <u>1,932,292</u>
Net Assets	
Invested in capital assets, net of related debt	8,734,720
Restricted	27,598
Unrestricted	<u>3,601,435</u>
Total net assets	\$ <u>12,363,753</u>
Total liabilities and net assets	\$ <u>14,296,045</u>

At July 31, 2021, the College owned \$14,296,045 in total assets. Current assets included cash and cash equivalents of \$4.210 million; receivables and prepayments of \$1.312 million; and other assets of \$0.011 million.

The College's largest non-current asset is its investment in capital assets (land, buildings, furniture and equipment), net of accumulated depreciation, of \$8.735 million, which is used to provide student services.

Current liabilities at July 31, 2021 were \$1,606,858 and included payroll liabilities of \$0.579 million; and trade and other payables of \$0.516 million. The College's total current assets of \$5,533,888 were sufficient to cover the current liabilities of \$1,606,858. This represents a current ratio of 3.44 and the College is considered financially healthy and capable of paying off its current obligations.

Net Assets represent the residual interest in HLSCC's assets after liabilities are deducted. Net Assets at July 31, 2021 were \$12,363,753 and included the "investment in capital assets, net of accumulated depreciation and related debt" of \$8,734,720; restricted assets of \$27,598 were subject to externally imposed restrictions governing their use. Unrestricted net assets of \$3,601,435 were not subject to external restrictions governing their use and were used primarily for general operations.

H. LAVITY STOUTT COMMUNITY COLLEGE

Management's Discussion and Analysis For the year ended July 31, 2021

Analysis of Revenues, Expenses and Changes in Net Assets for the year ended July 31, 2021

The Statements of Revenues, Expenses and Changes in Net Assets represent the College's operating results, as well as its non-operating revenues and expenses, and reconciles the changes in Net Assets (discussed above). In summary form, the year's results were:

	2021
Total operating revenues	11,619,148
Total operating expenses (excluding depreciation)	<u>(10,559,100)</u>
Net operating surplus	\$ 1,060,048
Non-operating revenues	—
Non-operating expenses	<u>1,211,679</u>
Net loss	\$ (151,631)
Total decrease in net assets	(151,631)
Net assets, beginning of year	<u>12,515,384</u>
Net assets, ending of year	\$ <u>12,363,753</u>

Revenues:

The largest source of operating revenues for the College for the year ended July 31, 2021 was Government grants which totalled \$8,944,521 or 77% of total operating revenues. Government subvention is used primarily to fund current operations and free tuition. Other operating income totalled \$2,674,627 or 23% and includes tuition and other fees of \$2,197,658 or 19%.

Expenses:

The College incurred \$10,559,100 of operating expenses, including salaries and benefits, materials and services, and utilities. Academic expenses represent 45%, or \$4,788,262. Institutional Support represents 44% of total operating expenses, or \$4,640,178. Non-operating expenses (depreciation) totalled \$1,211,679.

H. LAVITY STOUTT COMMUNITY COLLEGE

Management's Discussion and Analysis For the year ended July 31, 2021

Analysis of the Statements of Cash Flows for the year ended July 31, 2021

This statement provides a measurement of the College's financial health by supplying information about cash receipts and cash payments during the year. It also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its potential need for external financing. GASB principles promulgate four major sources of cash flows: cash flows from operating activities, cash flows from non-capital financing activities, cash flows from capital and related financing activities, and cash flows from investing activities.

2021

Cash provided by/(used in):

Operating activities	1,849,079
Capital financing activities	<u>(878,069)</u>
Net increase in cash	\$ 971,010
Cash, beginning of year	<u>3,239,182</u>
Cash, ending of year	<u>\$ 4,210,192</u>

The primary uses of cash from operating activities were from decreases in accounts receivable and increases in accounts payable. Cash acquisition of capital assets was the primary use of cash from capital financing activities.

Economic Factors and Next Year's Budget

The next few years will be very challenging for the College. HLSCC must strive to find the proper balance between affordability for its students and the accessibility and quality of its instructional programs and services. It is evident that the College cannot rely solely upon the Government for additional resources but must continue to align its expenses with available resources.

Contacting the College's Financial Management

This financial report is designed to provide our stakeholders, and creditors with a general overview of the College's finances. Questions concerning any of the information in this report or requests for additional financial information should be addressed to:

The Bursar
H. Lavity Stoutt Community College
P.O. Box 3097
Road Town, Tortola VG 1110
British Virgin Islands

Chartered Accountants

PO Box 650
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British Virgin Islands

T: +1 284 494 5800
F: +1 284 494 6565

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www.bakertilly.vg

INDEPENDENT AUDITOR'S REPORT TO THE AUDITOR GENERAL, GOVERNMENT OF THE BRITISH VIRGIN ISLANDS

Report on the Financial Statements

We have audited the accompanying financial statements of H. Lavity Stoutt Community College (the "College"), which comprise the statements of net assets as of July 31, 2021, and the statements of revenues, expenses and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 8 to 21.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of July 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 2-5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly (BVI) Limited

**Chartered Accountants
Tortola, British Virgin Islands
October 26, 2021**

H. LAVITY STOUTT COMMUNITY COLLEGE

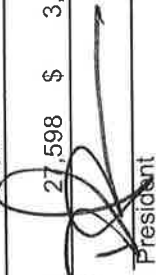
Statements of Net Assets

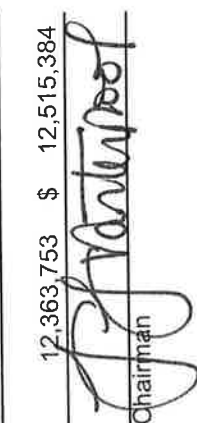
At July 31, 2021

Expressed in U.S. Dollars

	Note	2021			2020		
		Capital fund	Restricted	Unrestricted	Total	Total	Total
Assets							
Current assets							
Cash and cash equivalents		—	325,595	3,884,597	4,210,192	3,239,182	
Receivables and prepayments	5	—	—	1,312,267	1,312,267	1,066,609	
Due from other College funds		—	—	—	—	—	
Inventory		—	—	11,429	11,429	8,656	
Total current assets		—	325,595	5,208,293	5,533,888	4,314,447	
Non-current assets							
Investments	6	—	27,437	—	27,437	27,351	
Capital assets	11	8,734,720	—	—	8,734,720	9,114,994	
Total non-current assets		8,734,720	27,437	—	8,762,157	9,142,345	
Total assets		8,734,720	353,032	5,208,293	14,296,045	13,456,792	
Liabilities							
Current liabilities							
Accounts payable and accrued expenses	7	—	—	1,118,035	1,118,035	927,842	
Deferred income		—	—	488,823	488,823	13,566	
Due to College funds		—	—	—	—	—	
Total current liabilities		—	—	1,606,858	1,606,858	941,408	
Non-current liabilities							
Pension liability	12	—	325,434	—	325,434	—	
Total non-current liabilities		—	325,434	—	325,434	—	
Total liabilities		—	325,434	1,606,858	1,932,292	941,408	
Net assets		\$ 8,734,720	\$ 27,598	\$ 3,601,435	\$ 12,363,753	\$ 12,515,384	

Approved on behalf of the Board of Governors on October 26, 2021


President


Chairman

H. LAVITY STOUTT COMMUNITY COLLEGE

**Statements of Revenues, Expenses and Changes in Net Assets
For the year ended July 31, 2021**
Expressed in U.S. Dollars

	Note	2021		2020	
		Capital fund	Current funds Restricted	Unrestricted	Total
Operating revenues					
Government grants		—	—	8,944,521	8,944,521
Tuition and other fees		—	—	2,197,658	2,197,658
Other gifts and grants		—	—	366,570	366,570
Other income		—	247	110,152	110,399
Total operating revenues		—	247	11,618,901	11,619,148
Operating expenses					
Academic expenses		—	—	4,788,262	4,788,262
Allowance for doubtful debts	5	—	—	52,223	52,223
Auxiliary expenses		—	—	26,618	26,618
Institutional support	12	—	—	4,640,178	4,640,178
Library costs		—	—	234,898	234,898
Fundraising		—	—	115,415	115,415
Repairs and maintenance		—	—	701,506	701,506
Total operating expenses		—	—	10,559,100	10,559,100
Non-operating expenses					
Depreciation	11	1,211,679	—	—	1,211,679
Total non-operating expenses		1,211,679	—	—	1,211,679
Change in net assets		(1,211,679)	247	1,059,801	(151,631)
Opening net assets		9,114,994	27,351	3,373,039	12,515,384
Closing net assets		\$ 7,903,315	\$ 27,598	\$ 4,432,840	\$ 12,363,753
					\$ 12,515,384

H. LAVITY STOUTT COMMUNITY COLLEGE

Statements of Cash Flows
For the year ended July 31, 2021
Expressed in U.S. Dollars

	2021			2020
	Capital fund	Current funds Restricted	Unrestricted	Total
Cash flows from operating activities:				
Change in net assets	(1,211,679)	247	1,059,801	913,272
Adjustments to reconcile change in net assets to net cash provided by operating activities:				
Depreciation	1,211,679	—	—	1,119,367
Loss on disposal of fixed assets	46,664	—	—	660,735
Change in operating assets and liabilities:				
Increase in accounts receivable	—	—	(245,658)	(728,985)
Increase in inventory	—	—	(2,773)	(657)
Increase in investments	—	(86)	—	(507)
Increase in deferred income	—	—	475,257	646
Increase in accounts payable	—	325,434	190,193	204,035
Net cash provided by operating activities	46,664	325,595	1,476,820	2,167,906
Cash flows from capital and related financing activities:				
Purchase of capital assets	(878,069)	—	—	(1,430,368)
Net cash used in capital and related financing activities	(878,069)	—	—	(1,430,368)
Net (decrease)/increase in cash and cash equivalents	(831,405)	325,595	1,476,820	737,538
Cash and cash equivalents at beginning of year	(3,381,343)	—	6,620,525	2,501,644
Cash and cash equivalents at end of year	\$ (4,212,748)	\$ 325,595	\$ 8,097,345	\$ 3,239,182

H. LAVITY STOUTT COMMUNITY COLLEGE

Notes to and forming part of the Financial Statements For the year ended July 31, 2021

Expressed in U.S. Dollars

1. GENERAL INFORMATION

H. Lavity Stoutt Community College (the "College" or "HLSCC") is a body corporate established in the British Virgin Islands (the "Territory") under the British Virgin Islands Community College Act, 1990, as amended. The principal objective of the College, which began its first academic year on January 14, 1990, is to provide a comprehensive educational program that includes education and training, which link economic and human resources development.

2. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the College's financial statements are set out below.

a) Basis of preparation

The accompanying financial statements are prepared in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board ("GASB").

The College follows the "business-type" activity requirements of GASB Statement No. 35, "Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities," which provides that the following sections be included in the College's annual financial report:

- Management's discussion and analysis;
- Basic financial statements, including statements of net assets, statements of revenues, expenses and changes in net assets and statements of cash flows for the College; and
- Notes to and forming part of the financial statements.

The accompanying financial statements have been prepared using the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they are incurred.

Operating revenues of the College consist of tuition and fees, grants and contracts, departmental activities, auxiliary activities and other miscellaneous revenues. Transactions related to capital financing activities, non-capital financing activities, investing activities and appropriation from the Government of the British Virgin Islands are components of non-operating income or expenses. When an expense is incurred for which both restricted and unrestricted net assets are available, the College applies the restricted or unrestricted resources at its discretion provided all terms of the restriction have been followed.

H. LAVITY STOUTT COMMUNITY COLLEGE

Notes to and forming part of the Financial Statements For the year ended July 31, 2021

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

b) Use of estimates

The preparation of financial statements in conformity with accounting standards generally accepted in the United States of America, as prescribed by GASB, requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of capital assets, valuation of allowances for receivables and inventories. Actual results could differ from those estimates.

c) Cash and cash equivalents

The College considers cash on hand, cash in banks, net of overdrafts, and investments with original maturities of ninety days or less when purchased, as cash and cash equivalents. Cash and cash equivalents held in the capital fund represent funds held by the College for transactions of a long-term investment or capital nature.

d) Net assets

i) *Unrestricted net assets*

Unrestricted net assets are free of donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by actions of the Board of Governors and may include, but are not exclusive to, education and general institutional support. Contributions, gains and other income, whose restrictions are met in the same reporting period, are reported as unrestricted support.

ii) *Restricted net assets*

Restricted net assets include gifts and pledges which require that the corpus be made available for spending in accordance with donor restrictions.

iii) *Capital fund*

Capital fund activities reflect transactions of a capital nature including contributions to be used for facilities and equipment. Cash is transferred among the College's funds as required for the performance of the College funds' stated purposes.

H. LAVITY STOUTT COMMUNITY COLLEGE

Notes to and forming part of the Financial Statements For the year ended July 31, 2021

Expressed in U.S. Dollars

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

m) **Operating lease payments**

Payments made under operating leases are recognized in the statement of revenues, expenses and changes in net assets on a straight-line basis over the term of the lease.

n) **Impairment**

The carrying amounts of the College's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is estimated as the greater of an asset's net selling price and value in use. An impairment loss is recognised in the statements of revenues, expenses and changes in net assets whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

If in a subsequent period, the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the statements of revenues, expenses and changes in net assets.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

o) **Contingent liabilities**

Certain conditions may exist as of the reporting date, which may result in a loss to the College but which will only be resolved when one or more future events occur or fail to occur. The College assesses such contingent liabilities, and such assessment inherently involves an exercise of judgment. In assessing loss contingencies related to legal proceedings that are pending against the College or unasserted claims that may result in such proceedings, the College evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought therein.

If the assessment of a contingency indicates that there is a present obligation as a result of a past event, that it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated, then the estimated liability is accrued in the College's financial statements. If the assessment indicates that there is a possible obligation, or is probable but cannot be estimated, then the nature of the contingent liability, together with an estimate of the range of possible loss, if determinable and material, is disclosed.

Loss contingencies considered remote are generally not disclosed.

3. CONCENTRATION OF RISK

a) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counterparties failed to perform as contracted.

H. LAVITY STOUTT COMMUNITY COLLEGE

Notes to and forming part of the Financial Statements For the year ended July 31, 2021

Expressed in U.S. Dollars

6. INVESTMENTS

	2021	2020
Residential Accredited Loans Inc. Series 2002-QS10 Class 1A3 R/MD 6.50% 10/25/2032	<u>\$27,437</u>	<u>\$27,351</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021	2020
Trade payables and accrued expenses	516,179	310,388
Personnel costs	579,094	588,414
Other payables	<u>22,762</u>	<u>29,040</u>
	<u>\$1,118,035</u>	<u>\$927,842</u>

8. RETIREMENT BENEFITS SCHEME

A defined contribution retirement benefits scheme ("Pension Fund") was implemented under authorization of the College's Board of Governors.

For the years ended July 31, 2021 and July 31, 2020, the College contributed at a rate of 8.0% of the gross salary of qualifying participating employees to the scheme. Employees are required to contribute towards the scheme at a minimum rate of 4.0% for 2021 and 2020.

Zurich International Life Limited administers the funds contributed. Contributions by the College for the years ended July 31, 2021 and July 31, 2020 were \$109,896 and \$182,963, respectively.

9. RELATED PARTY TRANSACTIONS

BVI Government Grant:

The College receives grants from the BVI Government during its normal course of business to assist with the funding of its operations and capital expenditure projects. During the years ended July 31, 2021 and July 31, 2020, HLSCC received a total of \$8,944,521 and \$9,358,077, respectively.

Payments to the Board of Governors:

For the years ended July 31, 2021 and July 31, 2020, HLSCC paid stipends to the Board of Governors in the amount of \$69,250 and \$68,400, respectively.

10. OPERATING LEASES

The College leases office space in Virgin Gorda, British Virgin Islands. The lease had a term of three years that commenced April 1, 2017 and expired March 31, 2020. The lease was renewed commencing July 1, 2020 with an expiration date of June 30, 2023.

Future minimum lease payments as at July 31, 2021 are as follows:

	2021	2020
One year	99,600	99,600
Two to three years	<u>91,300</u>	<u>199,200</u>
	<u>\$190,900</u>	<u>\$298,800</u>

H. LAVITY STOUTT COMMUNITY COLLEGE

Notes to and forming part of the Financial Statements

For the year ended July 31, 2021

Expressed in U.S. Dollars

12. CONTINGENT LIABILITY

During the previous year, the College potentially had a contingent liability arising from the provision of retirement benefits for other employees not currently participants of the Pension Fund (see note 8) totaling \$1,060,216.

During the year, the College set up a savings account for this pension liability. At July 31, 2021, this balance was \$325,434.

13. COVID-19

During the 2020-2021 school year, the College maintained a flexible and adaptable approach towards delivering instruction in the face of the enduring pandemic. The majority of courses continued to be delivered online with student attendance on campus largely limited to technical courses, small classes, and laboratory sessions.

The College's robust digital support systems were utilized to full effect and the ongoing assistance programme loaned tablets to students who demonstrated a need via the application process.

Regrettably, the pandemic also delayed key initiatives including the solar technician training programme, the third cohort of the marine professional training programme, and the STCW Basic Safety Training for the marine and maritime sectors. In addition, efforts to engage an operator for the College cafeteria and a space in the Virgin Gorda Centre were put on hold.

The pandemic continued to require the College to seek cost effectiveness and cost efficiency. This was notably demonstrated in the institution holding two smaller graduation ceremonies in its auditorium to comply with the government's public health restrictions.

14. SUBSEQUENT EVENTS

Enrolment continued to grow and donor interest, particularly in marine training and marine science, was sustained. The College explored relationships with several institutions of higher learning with programmes and priorities that aligned with its own.

Following the Resource Allocation Process for the upcoming 2021-2022 fiscal year, the President and the Bursar held a meeting with the Minister of Education and the Financial Secretary. There, the budget was presented with justifications for a \$10,000,000 subvention.

A consultant executed a brand audit and proposed a digital marketing strategy for the Eastern Caribbean which would provide a framework for a rebranding and implementation of a recruitment model to diversify income in the coming years.

15. COMPARATIVE INFORMATION

Certain comparative figures have been reclassified to conform with the current year's presentation.

