

Core
Values

Knowledgeable
Professional
Progressive
Supportive
Innovative



2013/14 Annual Report

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

Start here

 **BEDC**

**BEDC ANNUAL REPORT
FOR THE PERIOD April 1, 2013 to March 31, 2014**

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MISSION STATEMENT

The BEDC's mission is to be positioned as the foremost resource for small and medium businesses and community enterprise through the provision of effective technical guidance, financial assistance, useful relationship networks, pertinent business intelligence, and accurate and timely business and data-based policy advice.

CHAIR'S MESSAGE

September 17th, 2018

The Hon. Jamahl Simmons, JP, MP
Ministry of Economic Development & Tourism
Government Administration Building
30 Parliament Street, 3rd floor
Hamilton HM12

Dear Minister,

BEDC Annual Report 2013 - 2014

I am pleased to submit the consolidated annual report of the Bermuda Economic Development Corporation (the Corporation) for the year ended March 31, 2014.

This report highlights the Corporation's work in providing a wide range of business development services to the Bermudian entrepreneur through providing additional financial products and focusing on the best in entrepreneurship education.

The report also highlights the Corporation's work in pursuing its four socio-economic initiatives: Economic Empowerment Zones, Vendor Market, the Incubator Programmes Small Business Construction Incubator and Retail Development Programme), and Youth Entrepreneurship.

I would like to thank the Corporation's Board members, former and current, as well as its management and staff for their unwavering commitment to micro, small and medium business success.

Respectfully yours,

Felicia Rickards
Chairman

EXECUTIVE DIRECTOR'S REPORT

The period from April 1, 2013 through March 31, 2014, was productive for the Bermuda Economic Development Corporation. The strategic plan that was produced for 2012-2015 guided the basis of the programmes and objectives during this reporting period.

BEDC continued to support local business with guarantees. During this reporting period, 3 guarantees were extended to new small businesses totalling \$90,000 which facilitated \$180,000 in bank financing. Thirteen guarantees totalling \$897,000 were satisfied by local business owners which accounted for \$1,924,500 worth of bank financing that was paid back.

We continued to provide technical advice and guidance to existing and new entrepreneurs. BEDC Officers met with a total of 789 clients which represented approximately a 21% increase in advisory meetings compared to last fiscal year. In addition to meeting with clients, BEDC's Officers coordinated 12 seminars, 1 more than was held during the last fiscal year. These seminars provided additional information on best business practices to help further support and guide entrepreneurs.

Understanding the challenges faced by entrepreneurs with businesses located in the Economic Empowerment Zones (EEZ), BEDC has established a number of economic policies and incentives to assist EEZ stakeholders. The EEZ Small Business Grant of Technical Assistance and Advice made available a maximum of \$100,000 to provide grants up to \$10,000 each. These funds are awarded to assist in financing small business planning and development in an Economic Empowerment Zone. Grants are advanced to finance: business plans, renovation and/or development plans, marketing or branding/rebranding plans, retainer contracts for accounting services, legal advice and other non-working capital schemes. To date, since 2007 there have been 47 grants advanced totaling \$356,375. For this fiscal year, grants were only made available to the 2 new EEZs in Somerset and St. George's, for the first six months of this fiscal year. Small Business Working Capital Loans were made available to existing businesses to assist with working capital needs such as seasonal inventory purchases, additional seasonal staff wages, new equipment and bookkeeping services. To date 16 EEZ loans have been advanced totaling \$113,198. 50% of the loan total has been repaid. The new EEZs in Somerset and St. George's are now fully functional, and the Officers are actively engaged in increasing stakeholder benefits and welfare. Of the two, St. George's is focused on tourist and residential – based businesses. The Grant and Loan programme ended March 2014.

During this fiscal year the BEDC partnered with Clarien Bank to develop a Micro-loan specifically for small businesses. Launched on 1st October 2013, the Micro Loan Product was developed in response to an identified gap in the lending market. Results from the BEDC bi-annual stakeholder survey showed that small businesses needed financial assistance for small loan amounts that the banks would not typically finance for commercial purposes. This product gives the small businessperson access to the often time-sensitive and secured financing they needed to purchase goods and/or capital items directly related to generating income for their businesses.

The Free Vendor Markets continue to maintain a membership of over 200 registered vendors and continue to provide a platform for members to gain exposure, learning and know-how as entrepreneurs.

Presently, there are regular markets at the Rubber Tree in Warwick, Hidden Treasures in Somerset, and Old Towne Market in St. George's. The EEZA assisted in the organization of both the Rubber Tree and Old Towne markets and provides on-going assistance as required to all three of these markets on an as needed basis. Due to a reduction in funding allotted to this specific initiative during this period, the BEDC supported the vendors with technical advice and guidance. Despite not having the additional resources that the BEDC would normally have provided, these vendor markets have proven to be quite successful as a weekend part-time business venture for hundreds of entrepreneurs who vend regularly. Moreover, BEDC continued the process of drafting new vendor legislation to replace the existing Pedlars Act.

As the authoritative body of local business information in Bermuda, we continued with our prime mission of connecting with a variety of stakeholders by strengthening our public relations and communications channels. BEDC continued its monthly advice column, *Business Buzz*, in the Royal Gazette, and the partnership with the Bermuda Sun with EEZ Officers providing updates on opportunities in their respective Zones in the "*EEZy Does It!*" monthly column. Both channels of communication allowed us to reach out to the public at large providing them guidance, advice and assistance on a variety of topics related to managing and running a successful business.

The Hands Up Empowerment Programme continued to assist graduates obtain gainful employment in the public and private sector, utilizing the skills and knowledge gathered in the SBCI programme.

The Retail Development Programme continued with the preparation of a second class that started in March 2014, just prior to the end of the 2013/14 fiscal year. The class ran for 9 weeks and focused on tourism establishments in alignment with the National Tourism Plan to improve the Tourism product and services in Bermuda.

The BEDC served on the Steering Committee for the Streetwise "MBA" Programme along with HSBC, Bank of Bermuda Foundation, Atlantic Philanthropies and The Bermuda College Division of Professional and Care (PACE). This programme was one of the programmes the BEDC discussed with HSBC that could potentially enhance the level of business acumen for BEDC and the Bank's shared clients. Through the support of the Bank of Bermuda (BOB) Foundation and Atlantic Philanthropies, approximately \$300K was raised to facilitate a 3-year license to offer the Streetwise MBA through the PACE programme at the Bermuda College. Two instructors were trained, one of which was one of BEDC's own Business Development Officers.

The 7-month business course, focused on growth for existing entrepreneurs who have been in business at least 3 years, was implemented in early – 2014.

About the BEDC

BEDC was originally established as BSBDC under the Bermuda Small Business Development Corporation Act 1980 to assist with the development of the small business sector through the provision of financial support and business start-up and management advice. The BEDC legislation was passed in the House of Assembly on July 15, 2011, and subsequently in the Senate on July 25, 2011. Once signed by the Governor on August 4, 2011, the BEDC name became effective, replacing the BSBDC.

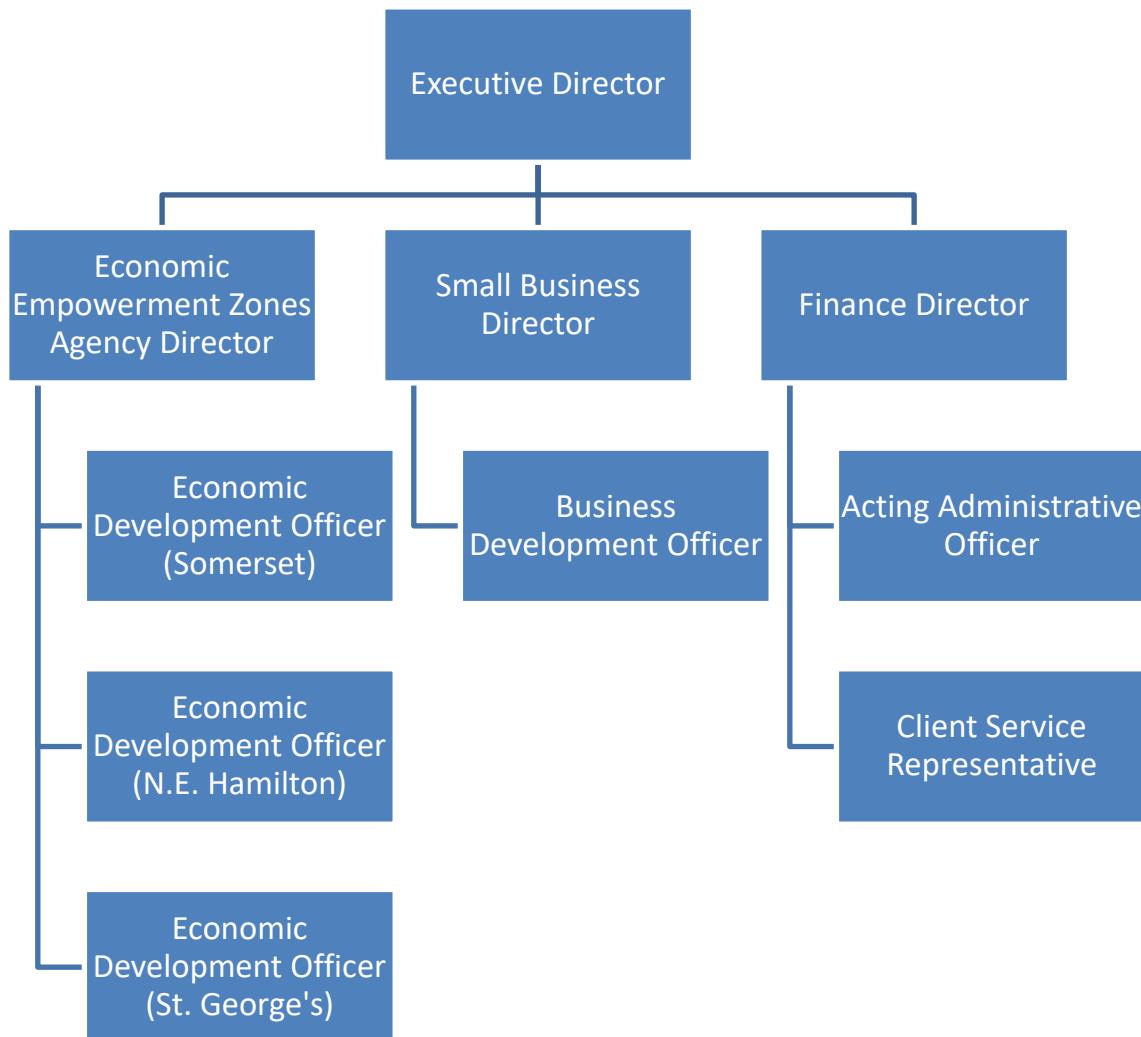
The BEDC commenced operations on January 20, 1981, funded by original capital of \$680,000. Such capital was subsequently increased to \$1,000,000 in 1996 and was contributed as follows:

- \$500,000 by the Government of Bermuda,
- \$228,600 by the Bank of Bermuda Limited,
- \$228,600 by the Bank of N. T. Butterfield & Son Ltd., and
- \$42,800 by Bermuda Commercial Bank Ltd.

The capital remains invested in various financial instruments, yielding interest revenue that has occasionally been utilised to offset the Corporation's operating costs. The Government of Bermuda covers any further net operating deficiency.

The BEDC is Bermuda's source of free, confidential business advice with a singular focus to actively assist the development of a strong, well-managed and prosperous local business sector in Bermuda. The key objective of the BEDC remains – which is to provide a broad range of business advice, counsel and financial assistance to local businesses in Bermuda which includes overseeing the operations of the EEZs, providing financial support and technical advice to small and medium-sized businesses, and for managing the operations of outside vendor markets.

Organizational Structure



The Main Office – Church Street

- ✓ The main BEDC office is located at #48 Church Street, City of Hamilton and houses a full complement of staff.
- ✓ The Executive Director (ED) is responsible for the overall management of the Corporation's operations as well as the financial and human capital management of the BEDC according to the strategy set by its Board of Directors. In January 2014 the Executive Director retired resulting in the Economic Empowerment Zones Agency Director acting in the role for much of 2014.
- ✓ The Small Business Director (SBD) is primarily responsible for the provision of business development advice and guidance to the small business public and Corporation's guarantee program clients. The Small Business Director also engages in public relations and is responsible for the Small Business Construction Incubator initiative and the next phase of that program (Hands Up Empowerment) as well as the Retail Development Programme.

- ✓ The Business Development Officer (BDO) provides consulting services to clients and liaises with the banks on a regular basis. This Officer is also responsible for the Corporation's internal and external communications activities as well as Youth Entrepreneurship Initiatives, the Partnering for Success Mentoring Programme and Global Entrepreneurship Week initiatives.
- ✓ The Finance Director is in charge of the internal accounting of the Corporation, its database management, as well as its debt recovery efforts.
- ✓ The Administrative Officer (AO) is responsible for office management including the database, and for performing secretarial duties.
- ✓ The Client Service Representative (CSR) is responsible for client inquiries, database management, and secretarial and clerical duties.

The EEZA Office – Union Street

During the reporting period, the main Economic Empowerment Zones Agency (EEZA) was physically located at #38 Union Street, City of Hamilton within the North East Hamilton Economic Empowerment Zone (NEH EEZ). In addition, two satellite offices operated in Somerset at Prince Albert's Lodge, Somerset Village, and in St. George's in the Corporation of St. George's building Storekeeper's Cottage on Ordnance Island respectively. The EEZA team is composed of:

- ✓ The Economic Empowerment Zones Agency (EEZA) Director is responsible for establishing and managing the Economic Empowerment Zones throughout Bermuda. The Director is responsible for the overall management of the Economic Empowerment Zones Agency's operations (a division of the Corporation), for the approval and issuance of any EEZ loans and grants, and for the provision of financial and technical advice to clients. The Director is also in charge of public relations, financial and personnel management within the Agency.
- ✓ The three (3) Economic Development Officers (EDOs) provide consulting services to EEZ-based small businesses and organisations. These Officers are also responsible for the organisation and running of the Free Vendor Markets as well as leading economic and community development projects within the zones.



BEDC Objectives for the period 2013-2014

1. Meet with and advise each Guarantee Client quarterly
2. Meet with and advise each Watch List Client monthly
3. Develop and establish a BEDC micro loan programme
4. Assist 8 SBCI graduates through the HUE Programme to attain work
5. Assist in the development of three new businesses in each of the three EEZs
6. Formalise the extension of the North East Hamilton EEZ
7. Conduct the second Retail Development Programme
8. Partner with private sector to offer three medium sized business Seminars
9. Investigate alternative and venture capital financing sources for medium sized startups
10. Participate in and support the product development for the National Tourism Plan
11. Identify and implement an entrepreneurship curriculum and coordinate the training of BEDC staff as facilitators of the curriculum
12. To host Global Entrepreneurship Week initiative and activities
13. Partnering with private sector stakeholders offer 9 seminars (6 in EEZs and 3 centrally)
14. Develop National Tourism Plan opportunities in the EEZs
15. Develop & gain approval for new vendor legislation
16. Assist and support Government's spending with small business goals
17. Conduct business walk-about at least one day per week in each of the existing EEZs
18. Present BEDC Audited Statements to the Legislature for FYE 2008 – 2013
19. Create revenue generation services from BEDC Business Register
20. Recover 2% of losses
21. Expand the Corporation's opportunities to serve as an intermediary between the Government and local business sector
22. Create partnerships and alliances to leverage resources in order to provide maximum benefits to the guarantee clients and to the local business community at large

EEZA Objectives for the period 2013-2014

1. Meet with and advise each existing EEZ client biannually until EEZ product term is complete (i.e. loans, grants, payroll tax, customs duty clients)
2. Assist in the development of three new businesses in each of the three EEZs
3. Conduct business walk-about at least one day per week in each of the three EEZs - Visit at least 3 existing businesses during each walk-about
4. Create more opportunities to promote EEZ education and awareness
5. Offer six (6) seminars in the three (3) EEZs (i.e. 2 in St. Georges EEZ [SGEEZ], 2 in Somerset EEZ, 2 in North East Hamilton EEZ)
6. Develop and gain approval for new vendor legislation - develop programmes for vendor markets
7. Research and develop an entrepreneurship component for job corps and for the schools within the zones
8. Review and update existing and create new EEZ tools and incentives
9. Develop National Tourism Plan opportunities in the EEZs
10. Develop a program that provides a gateway to international markets for local product & service providers
11. Leverage community, corporate, and government partnerships to deliver on EEZ initiatives

Progress over the Reporting Period - Operations

The primary objective of the BEDC is to provide free confidential business advice to upcoming small and medium businesses of Bermuda. In this reporting period, the BEDC continued its efforts in this direction, adding to its product and service offering and enhancing the existing portfolio of products and services while being fiscally responsible in its stewardship of public monies.

Historically, the BEDC has majority operated on a Government grant with some revenue coming from sponsorship, bank interest, investment funds, and fees for services and products. The total grant provided for this fiscal year was one million, six hundred thousand dollars (\$1,600,000) and represented an increase of four hundred and seventy-seven thousand dollars (\$476,000) or approximately forty two percent (42%) increase on the Government grant offered in the 2012-2013 fiscal year to assist in the short fall previously covered by BEDC's savings. Recognizing that the BEDC Grant has the potential to change year over year, increasing or decreasing as priorities shift, the team developed a creative way to still deliver on the BEDC mandate by entering into partnerships. BEDC partnered with external organisations to hold the corporation's popular quarterly business seminars. Over this reporting period we co-hosted four seminars. These seminars provided entrepreneurs with up to date professional business advice and knowledge of best business practices.

Additionally, BEDC administered the grant provided by Government's Department of Ecommerce for the coordination and execution of the eMonday initiative which included a series of six workshops. Earlier in the year BEDC also sponsored a free 4-week e-business workshop, "Bricks to Clicks". In total more than three hundred persons attended these informative seminars hearing from professional presenters from the relative business disciplines.

The BEDC maintained a relationship with KPMG to provide support for medium sized businesses. An interactive forum/focus group was held targeted to medium sized business. The five key areas that had been identified in the BEDC sponsored survey of medium sized businesses on the Island were discussed and KPMG consolidated the feedback to assist the BEDC in the planning and roll out of business support initiatives to address some of the challenges facing the medium sized business sector.

The BEDC has continued its partnerships with HSBC and Butterfield Bank, as well as work towards developing a relationship with Clarien (formerly Capital G) whereby small businesses based in any Economic Empowerment Zone could benefit from preferential lending rates and terms.

During this reporting period, the BEDC refocused its efforts to provide more educational learning opportunities for its Stakeholders. BEDC Officers engaged in training in February and March of 2014 to allow them to facilitate multiple courses that provide entrepreneurs with practical knowledge with regard to starting and operating a business.

The international Ice House Entrepreneurship Programme curriculum was included into the BEDC's workshop offering. This 8-week course provided participants with an understanding of the entrepreneurial mindset. Two BEDC officers participated in training to be able to facilitate future course offerings. In addition, another BEDC Officer was selected to co-facilitate the internationally – acclaimed Streetwise MBA curriculum and participated in training to be able to provide local facilitation.

Business Development

In order to continue to uphold its mission statement the BEDC leveraged its relationship with its partners to continue to deliver on its core products and services, including:

- **Loan Guarantee Programme:** While the BEDC is not a bank, it will consider acting as a guarantor for a portion of a bank loan for small businesses that appear viable and where the creditworthiness of the borrower is sound. As the guarantor of last resort, the BEDC can guarantee up to 50% of the agreed loan amount, subject to a ceiling of \$200,000. However, BEDC does not substantially support any loan guarantee applications where the clients already have collateral.

During the fiscal year ended March 31, 2014, the BEDC approved 3 new guarantee requests facilitating a total of \$185,000 in financing. Over this time period 13 guarantees were satisfied supporting \$1,924,500 in bank loans. This freed up an additional \$897,000 in guaranteed funds that could be used by new business owners.

The BEDC held quarterly meetings with all three local banks, HSBC Bermuda, Butterfield Bank and Clarien Bank (formerly Capital G), during the reporting period to review and discuss the guaranteed client portfolio, assess lending policies and discuss other issues relevant to the clientele BEDC serves. These meetings helped the BEDC to ensure that its guarantee clients receive the support they need from these financiers.

- **Technical advice:** BEDC officers are experienced professionals who provide business management advice on a variety of issues, including the following:
 1. Developing a business plan
 2. Bookkeeping/accounting
 3. Managing cash flow
 4. Inventory and stock controls
 5. Expense and overhead controls
 6. Developing marketing and communication strategies
 7. Relevant taxes and Government regulations
 8. Lease arrangements
 9. Insurance requirements
 10. Staffing issues/policies

To ensure that the advice and guidance provided by BEDC Officers remains unparalleled, team members participate in various training and development opportunities. During this fiscal year Officers attended:

- Training to deliver the Ice House Entrepreneurship Programme, Kansas City, MO
- Colonial Williamsburg Visit as part of a St. George's delegation, Williamsburg, VA
- BEDC Officer selected as a co-facilitator of the Interise Streetwise MBA Programme and attended training in Atlanta, GA to deliver the curriculum locally
- Officers also attended site visits with Business Development Agencies in Baltimore, Maryland to glean how they managed their small businesses to apply best practices locally

- **Resource Library:** The BEDC's library continues to be a source of information for the local public. It contains tapes, videos, CD ROMs, books and periodicals, all focused on small business

management issues such as business planning tutorials, strategic planning advice, customer service training and more.

- **Relationships:** The BEDC maintained the relationships that it has developed with many organisations, professional groups and Government departments in an effort to ensure that the BEDC staff provide accurate and timely advice. In addition, these partnerships are leveraged in order to extend additional services and support to stakeholders.

Client activity

During the year ending March 31st 2014, BEDC officials met 789 new and existing clients and conducted numerous events, meetings and projects throughout the year. While the majority of these clients were seeking advice on start-up businesses, the trend of businesses seeking financial management advice continued.

Client Watch List

Officers at the BEDC continued to provide intensive management of their respective watch list clients, clients that needed additional support to manage their financial and business operations. The objective of close monitoring of the watch list was to liaise proactively with clients and banks in order provide the additional support to clients and to minimize calls being made on the BEDC guarantees.

BEDC officials met on a weekly basis to discuss and address the learning needs on core competencies required for business planning and financial analysis as well as the skills required in credit and loan guarantee recommendations. The newly agreed format is now required to guarantee proposals. In addition, the following internal and external documents were reviewed and amended:

- BEDC Business Plan Checklist
- 10-Step Guarantee Process
- Guarantee Checklist
- File Maintenance and Audit Checklist
- EEZ Loan Documentation
- SBCI Mobilization Loan Guarantee Process

Seminars and workshops

Due to financial constraints, BEDC could not fund its quarterly seminar series on its own. Through creativity and collaboration BEDC partnered with many organisations over the reporting period to hold the Corporation's popular business seminars. These seminars provided entrepreneurs with up to date professional business advice and knowledge of best business practices. During 2013/14 the U.S. Consulate General also partnered with BEDC allowing the Corporation to host five (5) web chats/webinars through the US State Department and its **CO.NX. Website** aimed at providing best-practice information to entrepreneurs. Topics ranged from **African-American Entrepreneurs** to **Crowdfunding** to **Bootstrapping** and **Raising Capital**. BEDC continues its partnership with the U.S. Consulate General and in March 2014 once again launched an initiative through the U.S. State Department for Bermudians to **access free university-level courses** from top institutions through its **Massive Open Online Courses** (MOOCs).

The following is a listing of the seminars held during the 2013-2014 fiscal year:

1. May 8, 2013 – Planning for Change, Part 2: Knowing your market; resourcing your business (HSBC – BEDC)

Thirty people attended this two-hour seminar held at HSBC Harbourview Centre on Front Street and focused on components of the Strategic Plan including understanding your target market and managing your employees' as resources.



2. August 14, 2013 – Managing the Financial Health of Your Business (HSBC – BEDC)

Fifty-two people attended this 2-hour seminar that was held at the HSBC Harbourview Centre and focused on coming to grips with business financials, tracking and monitoring business performance, and proper financial management practices.

3. September 12th and 26th 2013

BEDC partnered with Colonial Assurance to co-host two lunch & learn seminars for businesses on "**Key Man Life Insurance**" which also covered areas such as succession planning, managing life and business risks, and safeguarding and creating future income.

4. October 8, 2013 – Tourism Business Matters

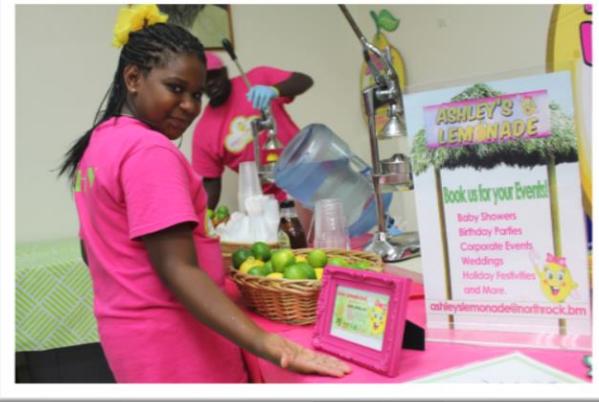
This seminar, held in St. George's, provided over 90 people with access to information about the tourism opportunities that existed specifically in the East End of the Island. A thorough review of the National Tourism Plan highlighted the fact that St. George's is one of the "hubs" that will be focused on and as such provided existing and new entrepreneurs with opportunities to start business.





5. October 22, 2013 – Making Money at Vending - Vendor Seminar Series – Part 1

Over 50 people attended this seminar in a 3-part series, to learn strategies on how to better market their vending businesses, utilisation of credit card processing to encourage sales, and cost saving tips for importing goods on to the Island.



6. November 5, 2013 – Merchandising for Success – Vendor Seminar Series – Part 2

This seminar focused on tips and techniques to increase sales and reduce cost for vendors as it related to displaying their goods. Over 50 people heard presentations from seasoned merchandisers and vendors that have succeeded at utilizing merchandising well. The highlight of the seminar was the presentation by 10-year-old Ashley Stephens of Ashley's Lemonade.



7. Nov 19, 2013 – Finding your Niche – Vendor Seminar Series – Part 3

The 3rd and final seminar in the Vendor Seminar series included presentations from seasoned entrepreneurs as well as service providers to give attendees a comprehensive overview of the requirements for establishing a vending



business. A tradeshow of Government Departments, vendors and other organisations accompanied the seminar and gave attendees a one-stop-shop to access information and identify opportunities in the market. This seminar also coincided with Global Entrepreneurship Week (GEW), that happens annually in November.

8. February 20, 2014 – Day Care Matters

Over forty people attended the Day Care Matters Seminar, held at the Bermuda Industrial Union. The seminar covered the requirements for Starting and Operating a Successful Day Care business and identifying the right facility for long-term sustainability.



9. February 27, 2014 – Business Networking Matters

This event/seminar was the BEDC's 4th Networking Event and Seminar that focused on diversification of services and product offerings. Sixty-five people attended the event and seminar held at the Washington Mall. In addition to the seminar, vendors set up to provide attendees with additional information to help them consider what diversifying could do to enhance their businesses.



Department of Ecommerce Grant

The BEDC partnered with the Department of Ecommerce to manage the Inspire eBusiness initiative launched on February 6th, 2014. This initiative was borne out of a previous initiative - eMonday. Launched in November 2010 and held consecutively until 2012, eMonday was run in conjunction with the celebration of GEW. This online initiative was aimed at encouraging residents to "Shop Local" but the greater purpose of eMonday was to encourage the development of e-commerce in Bermuda through education and competition.

Specifically, the goal of the new initiative Inspire eBusiness was to support and encourage the development of local e-commerce business in Bermuda with a focus on educating existing and potential

entrepreneurs as well as the public about the process of starting an online business and setting up e-commerce on their websites. Goals for Inspire eBusiness included:

- The creation of a database of etailers
- The creation of a website, incorporating a social media presence, that can be used as a resource for those seeking information about ebusiness in Bermuda
- Increase the public's understanding of ecommerce
- Increase business owners' understanding of ecommerce and online transactions
- Facilitate two local entrepreneurs to set up ebusinesses, by providing the necessary information and tools to get them started
- Increase awareness of ebusiness and the requirements for establishing one locally
- Confirm the feasibility of a local micro payment solution



eMonday
SHOP BERMUDA ONLINE

BEDC coordinated seven (7) educational workshops over the reporting period that provided the public and entrepreneurs with knowledge around establishing an eBusiness. The workshops started with the launch of the Inspire eBusiness initiative during Global Entrepreneurship Week on November 21st, 2013. Thereafter, there were six (6) other workshops held from February 6th through to March 20th, 2014. Workshops took place at the Bermuda Chamber of Commerce from 5:30-7:30pm. Registration was available online for each session at the newly evolved website www.inspireebusiness.bm. Over 85 attendees registered for the seminars, many of them attending all seven (7) workshops.



Topics that were covered included:

1. November 21st, 2013 – Starting an Online Business - Overview
2. February 6th, 2014 - Getting started, Part I - Payroll Tax/Social Insurance/Legal Considerations
3. February 11th, 2014 – Getting Started, Part II - Consumer Affairs/Customs Considerations
4. February 20th, 2014 – Building a Website

"Thank you very much for putting on a very informative presentation which I believe whet the appetite of all attendants. I especially liked the fact that you had an actual eBusiness entrepreneur impart their knowledge and experience as it made the presentation that much more useful."

5. March 6th, 2014 - Payment Processing/E-Commerce for your website
6. March 11th, 2014 – Marketing/ Search Engine Optimisation & Google Ads
7. March 20th, 2014 – Social Media – Facebook, Twitter & other tools

"[This] was a wonderfully organised and informative event. Let me know if I can support you on anything else - I owe Jamillah and the BEDC for helping me launch my own business so more than happy to give back.)"

In tandem with the workshop initiative, a competition was held to send two eBusiness entrepreneurs to an East Coast **Start Up Weekend** with the intent on holding a **Bermuda Start Up Weekend** later in 2013-2014.



As part of the Inspire eBusiness initiative, the BEDC was also charged with assessing the barriers to starting an online business. BEDC met with industry experts and presented a report on the findings of those meeting to the Department of Ecommerce

Small Business Development

There have been drastic changes to the global and local economic environment over the past three to five years. As a result, there has been a greater need and demand for affordable, professional business advice and financial assistance for both existing and start-up local small and medium sized businesses. While BEDC's role expanded to meet these demands, due to the lack of available funding over the past two

years, sufficient resources have not been available to maximize the effectiveness of BEDC's successful programs and initiatives. Despite this fact, the BEDC leveraged its relationship with the private sector and other Government departments to continue to deliver on its mission.



With the conclusion of its *Mind Your Business* radio show on Hott 107.5, the use of CITV allowed the BEDC to reach its stakeholders using visual media. In addition, outreach on Facebook and via the Business Register continued to be key components of the Corporation's PR and Communications strategy.

The SBCI was launched in late 2007 and designed specifically for small construction company owners. This initiative was aimed to strengthen the leadership and business acumen of Bermuda's small construction related business owners. Participants benefitted from instruction and support that provided guidance with the key competencies for operating a successful and profitable construction company. During the first phase of this initiative 90 persons participated in the six cohorts of the sixteen-week program and had a 92% graduation rate.

In 2010, the second phase, Hands Up Empowered commenced via a MOU with the Ministry of Works & Engineering which was to ensure that graduates of the SBCI continued to benefit from the knowledge gained during the programme as they bid for work and managed them successfully from project inception to completion. The goal in part was to facilitate a greater involvement of small businesses in growth sectors of the construction industry.

During this 2013-2014 reporting period 6 SBCI graduates were awarded Government contracts with several more hired as subcontractors at the new hospital. BEDC negotiated a 100% Mobilization Loan Guarantee product with Butterfield Bank for SBCI graduates. To date 10 loans have been guaranteed and fully repaid as agreed.

The BEDC continued to connect with its stakeholders through a variety of mediums that included print and online. Specifically, the BEDC continued its monthly advice columns, *Business Buzz*, in the Royal Gazette, and *EEZy Does It!*, the monthly column in the Bermuda Sun, that focused on issues and support for businesses located in one of the three EEZs. BEDC also continued the TV segments on CITV that it started at the end of fiscal year 2012-2013.

In response to the challenges faced by the retailers in Bermuda, BEDC developed the Retail Development Programme (RDP) which launched in 2012 to help small business owners/managers in the retail industry revive and grow their businesses.

Following on the success of the first cohort which concluded in March 2012, the second cohort of the RDP started in February 2013 and concluded shortly after the end of the 2013 – 14 fiscal year with 10 individuals completing the course. Over a period of 9 weeks students engaged in instruction and support that guided them through the daily operations of running a stable and efficient retail business. Topics covered included: Business Fundamentals, Customer Service, Marketing/Communications, Analysis of the Market, Bookkeeping/Account Management, Legal Matters,



Human Resource Management, Product Placement; and Identifying and addressing Challenges. In addition, participants gained access to government departments to assist in answering questions to help prepare them with best practices for working with departments and managing employee and customer issues.

Medium Sized Business Support

The BEDC continued its work towards fulfilling the Board approved Strategic Plan with regard to establishing a unit to assist the medium sized business owners with:

- Managing through the economic downturn
- Representation of the Sector on Economic Policy Matters
- Business Succession & Transition Planning
- Identifying Growth Opportunities and Supporting Expansion
- Human Resource Strategies to recruit and retain staff

Although BEDC's legislation was amended in 2011 to facilitate the provision of services to the medium sized business sector inclusive of establishing a medium size business unit, due to a continued reduction in the BEDC grant, the BEDC was not in a position to hire the dedicated staff to manage this particular medium sized business unit. During this fiscal year the partnership with KPMG continued to provide information to business owners in this sector. Continuing on from the previous fiscal year KPMG continued to offer educational seminars including:

July 10th, 2013 – Effective HR Strategies in an ever-changing Environment

This two-hour breakfast seminar helped business owners answer questions about effectively managing their human resources. This informative seminar provided 50 attendees with practical tips to help manage the HR process by providing creative techniques and strategies to help them remain competitive.



March 26th, 2014 – Managing Finances in a Soft Economy

This seminar targeted to Medium Sized Business entities provided attendees with practical tips on how to better manage their finances in a soft economy. BEDC Chairman, Nick Kempe moderated a panel discussion with industry experts that included: Mr. Greg Muir, Manager at KPMG Advisory, Mr. Lee Simmons, Vice President Corporate Banking at Butterfield; Ms. Tamara Richardson, Vice President, People's Pharmacy; and Mr. Doug Soares, Partner at Expertise.



Economic Empowerment Zones Agency

The Economic Empowerment Zones Agency (EEZA) was formed as an Agency within the BEDC to oversee the establishment of Zones throughout the Island and to ensure that special programmes are carried out in order to assist disadvantaged persons or groups to achieve equal opportunity.

The designated zones include N.E. Hamilton, Somerset and St. George's. Although the EEZA was established under the umbrella of the BEDC, there were specific Strategic Objectives for 2013-14 that were established for the EEZA and the Economic Development Officers.

The EEZA, in accordance with the Economic Development Act 1968, continued to work towards delivering services to business owners that were located in the three EEZs. The EEZ Grant programme concluded at the end of the 2012/13 fiscal year with the granting of 47 EEZ grants awarded since 2007/08 totaling \$356,375 to aid in the business development of businesses located in the designated EEZs. 3 of the applications received in March 2013 were approved in fiscal year 2013/14. The EEZ Loan programme also finished at the end of the 2012/13 fiscal year with a total of 16 EEZ loans approved since 2007/08 totaling \$113,198. During this reporting period, between May and December 2013 the EEZs recorded twenty businesses opening – resulting in **43.5 new jobs created**. In addition, between January and March 2014 an additional six EEZ business opened – resulting in **12 additional jobs created**.

The EEZ Payroll Tax Concessions that provides a reduced payroll tax rate and EEZ Customs Duty Deferrals continued to provide support to business owners in the designated EEZs through to March 2014. A total of 15 EEZ payroll tax concessions have been approved by BEDC up to March 2014. A total of 25 businesses received duty deferment approvals amounting to a total deferred duty in the amount of \$244,585 securing imported goods with a value of \$996,081. These incentives continued to support EEZ entrepreneurs by providing them with access to the funds needed to manage their businesses.

To aide in outreach amongst EEZ businesses, Economic Empowerment Zone Officers make monthly contributions to the Bermuda Sun with the *EEZy Does it!* column. This column along with the “In the Zone” features in the Sun provided additional guidance to entrepreneurs that were domiciled or interested in locating in one of the designated EEZs. There were 11 articles published for the fiscal period 2013-2014.

North East Hamilton Economic Empowerment Zone

Between April 2013 and March 2014, the Economic Development Officer met with a total of 161 businesses during mandated weekly business walkabouts.

NE Hamilton EEZ Meetings

During the reporting period ending March 31st, 2014, the NEHEEZ conducted several meetings with different stakeholders, many of which resulted in actions for the benefit of EEZ constituents. In addition to providing EEZ businesses with business advice and guidance, the EEZA also engaged in supporting community-related programmes and partnerships that would invigorate and support the social components of the NE Hamilton EEZ such as:

- Bermuda Police Service CAT Team – NEHEEZ policing update and community development
- Department of Public Transportation – Establishing bus routes through the NEHEEZ which they were willing to consider.
- Corporation of Hamilton Utilities Committee Meeting – Discussions included the current city road works, undergrounding cables, beautification through art, and setting up new traffic lights.

- Corporation of Hamilton Business Advisory Committee Meeting – The focus was on how Hamilton could compete globally. To this end, the subjects at hand were city infrastructure development and improved city security.
- Department of Planning (Forward Planning Section) – Discussions on moving the NEHEEZ Local Plan forward.
- City Fashion Festival Week – Held in July 2013 to showcase local artists and clothing from local retailers, NEHEEZ businesses participated.
- Department of Statistics & Central Policy Unit – NEHEEZ 5-year Review to assess progress on multiple indicators against baseline data years before.
- Coalition for the Protection of Children – A new Habitat for Humanity beautification programme was launched, focusing on painting and doing minor works on NEHEEZ homes with a budget of \$20,000. This project took place from July 1 – July 5, 2013. It involved community members and private sector companies getting together to work at N.E. Hamilton sites to beautify the properties. The sites that were beneficiaries included: Hope Homes on Cedar Avenue/Brunswick Street, Home on Angle Street, and the Jamaican Grill Mural on Court Street.

West End Somerset Economic Empowerment Zone

The Somerset EEZ (SEEZ), designated in March 2011, consists of over 140 businesses. An Economic Development Officer (EDO) provided dedicated advice and support for the zone. The EEZA office opened officially in Somerset in June 2012 and provided direct, timely and accessible advice and resources to EEZ stakeholders.

Between April 2013 and March 2014, the Economic Development Officer met with a total of 124 businesses during the weekly business walkabouts. To increase community engagement and development, the EDO had additional monthly meetings with Sandys Parish Council Stakeholders, Somerset Community Planning and Development, and the West End Division of the Chamber of Commerce. Partnership meetings on SEEZ projects and events were as follows:

- Sandy's Parish Council Community Development Plan – Assisted facilitation of Somerset Village Tourist entertainment.
- Hidden Treasures – Vendor Market held prior to Cup Match and other notable public holidays
- Manchester Street – Somerset Rejuvenation projects
- Somerset Tourism/Business Development Meeting – focused key persons/partnerships to identify ways to promote Somerset as a viable tourist designation.
- National Library Partnering – The Somerset EEZ office spearheaded discussions with the Bermuda National Library to establish a branch in Somerset for nominal rent.
- Long Bay Beach Enhancement – The Somerset EEZ office continued exploring options for Beach development and enhancement.
- Mangrove Bay Beach Enhancement – In addition, the EDO worked on the Fall Mangrove Bay Event, Entertainment, & Aesthetics
- Mangrove Hallows Halloween Event – The Somerset EEZ office partnered with the Bermuda Arts Centre at Dockyard, and the Somerset Mangrove Bay businesses to host the 2nd Annual Mangrove Hallows event. A band of fully costumed zombies staggered from Grey's Bridge to Somerset Village for a good cause – to raise money for The Bermuda Arts Centre at Dockyard. This family event brought hundreds to Somerset which ultimately fulfilled the objective of providing

opportunities for the businesses in the area as well as creating community related events for residents.

East End St. George's Economic Empowerment EEZ

The St. George's EEZ (SGEEZ) conducted several meetings and formed several associations in the period ending March 31, 2014 to increase its impact on society.

Between April 2013 and March 2014, the Economic Development Officer met with a total of 97 businesses during weekly business walkabouts.

The SGEEZ participated in a learning trip to historic Colonial Williamsburg as part of a St. George's delegation and met with: Williamsburg City Council, Economic Development Director, Assistant City Manager, Planning Director, Colonial Connections, and Sons of the Revolution

The SGEEZ Economic Development Officer participated in or facilitated the following meetings or events aimed at regeneration of the east end: St. George's Town Hall, Chamber of Commerce and Marketing Committee meetings focusing on:

- Concerns of new ferry schedule and new stop location
- Increasing vagrants and drug dealing in the Town
- Summer Art Walk in the East
- Logistics of planning Special events
- Drafted the successful grant proposal on behalf of St. George's entrepreneurs for funding from Dept of Community & Culture for Summer Art Walk in the East.
- Partnering with SG Business Development Association to organize St. George's Boat Show to highlight marine business opportunities in the east.
- BEDC Board visit to SGEEZ – Tour provided an opportunity for board members to meet a variety of business owners and see first-hand some of the opportunities and challenges in the east end, in the Olde Towne.
- Butterfield Bank visits to SEEZ and SGEEZ – The VP for Business Banking and his team members visited both zones touring with the EEZA Director and the respective Economic Development Officers. The visit was arranged to better understand the challenges and opportunities for the areas businesses.
- Government Estates Department – Discussed marina developments in SGEEZ and how Government departments may be able to assist in progressing proposals into reality. Also discussed the facilitation of concessions on Government property and clarifying the valuation of the Queen's Bottom.
- BLDC – discussed business development opportunities and linkages to the SGEEZ
- Chamber of Commerce – East Division Meeting discussing business issues in the east end
- World Heritage Committee – coordination of the SGEEZ historical assets and world heritage site

The SGEEZ continued to meet with Bermuda Marine Services and other maritime stakeholders to progress the plan to host a boat show for the town of St. George's, with a view to call it the St. George's Boat Show and Marine Expo. The scope of the event would include community, educational, and business development opportunities.

Free Market Vendors' Initiative

Since the launch of the Free Market Vendor Site Programme back in 2008, the BEDC has consistently provided a collective, vibrant marketplace for over 200 registered vendors. The BEDC provides support to its registered vendors through advisory services, seminars, workshops, and subsidized support with two objectives in mind:

- To assist the vendors in meeting their fiduciary duties towards the public and the regulators
- To help them transition into storefront businesses, if so desired.

The BEDC worked collectively with the Board and stakeholders to develop a Vendor policy, discussed Southside EEZ possibilities, and the Corporation of Hamilton's plan to develop a park on Court Street, and alternatives for EEZ Duty Deferment program.

The BEDC's work with the vendors has also enabled it to provide them with a unified lobbying voice and to act as their entry point vis-à-vis their external stakeholders. As a result, an increased collaboration and liaison took place between individual entrepreneurs, the BEDC, and other government entities.

- Rubber Tree Market (Warwick) – The Rubber Tree Market continued to be a well-established, family-friendly, vibrant market that assembles on a weekly basis and on occasion multiple times during the week. Towards the end of the 2013-2014 fiscal year, the Rubber Tree Market Committee had taken over many functions of the EEZA and had become more independent in managing its own affairs. An example of this is former Rubber Tree vendor, Gavin Kennedy, who arranged to lease the space across the street from the Rubber Tree after his vending business outgrew the location. The new location, The Hub, also offers other vendors affordable space to sell their wares. Gavin said in an interview with Vicki Abraham, "I have space for 12 vendors at The Hub. People who think they can't afford to open their own business because of expensive overheads such as rent, can maybe take another look at their dream this way", said the businessman. "I believe it's physically impossible for one person to do it all when setting up a business, to sign a lease, stock the shop, set it up, run marketing to attract customers, it's physically and financially draining. That's why a shared space works, you feel there is support there, while working on different businesses, you're still in it together." For his efforts, Gavin was scheduled to be recognized as one of the recipients of the Coffee Works Bermuda Global Entrepreneurship Week Awards in November 2014.



- Olde Towne Market (St. George's) – Although no funds were allocated during this fiscal year to support the market, the SGEEZ Officer provided administrative support and guidance on the Market Committee. The Market continued to operate on Sundays and is open from 2 pm – 6 pm. Operating once a week during the weekend, the market was well subscribed with vendors and visitors and had approximately 25 vendors participating every week along Water Street. It provided locals and tourists with access to locally made products, fish, produce, baked goods, and more.



- Hidden Treasures Market (Somerset) – On March 16, 2013 this market celebrated a grand re-opening in a new location in Somerset in the Prince Albert Lodge building next to HSBC in Somerset. The market continued to operate on Saturdays from 10 am – 4pm. The SEEZ Officer supported the market with administrative support and guidance.

Small Business Construction Incubator



- The SBCI was launched in late 2007 and designed specifically for the small construction company owners. This initiative was aimed to strengthen the leadership and business acumen of Bermuda's small construction related business owners. Participants benefitted from instruction and support that provided guidance with the key competencies for operating a successful and profitable construction company. During the first phase of this initiative **90 persons** participated in the six cohorts of the sixteen-week program which had a **92% graduation rate**.
- In 2010, the second phase, Hands Up Empowered commenced via a MOU with the Ministry of Works & Engineering which was to ensure that graduates of the SBCI continued to benefit from the knowledge gained during the programme as they bid for work and managed them successfully from project inception to completion. The goal in part was to facilitate a greater involvement of small businesses in growth sectors of the construction industry.
- To date six (6) SBCI graduates have been awarded Government contracts with several more hired as subcontractors at the new hospital. Another SBCI graduate completed the Magistrate's Court/Department of Workforce Development Office project in October 2013. In this reporting year, BEDC has assisted another two (2) SBCI graduates being awarded contracts.
- In 2011 BEDC partnered with Butterfield Bank to develop a 100% Mobilization Loan Guarantee product for SBCI graduates to assist them with start up financing to commence construction projects. The Mobilization Loan is 100% guaranteed by BEDC. To date 10 loans for these construction projects have been guaranteed and fully repaid as agreed, which has allowed these small contractors to successfully manage jobs.

Youth Entrepreneurship

- **Global Entrepreneurship Week (GEW) held November 2013**

The BEDC celebrated GEW in November 2013 by joining with over 138 countries around the world. Global Entrepreneurship Week is the ***world's largest celebration*** of the innovators and job creators, who launch start-ups that bring ideas to life, drive economic growth, and expand human welfare.

With the goal to inspire young people to embrace innovation,



imagination and creativity, Global Entrepreneurship Week encourages youth and entrepreneurs to think big and turn their ideas into reality. BEDC has an MOU with the Global Entrepreneurship Week Inc. to host the activities in Bermuda until 2015.

The Bermuda Host Committee consists of representatives from: the Bermuda Economic Development Corporation, the Department of E-Commerce, and The Youth Entrepreneurship Initiative

(YEI) of Bermuda supported by a GEW Advisory Board comprised of representatives from Bermuda's Emerging Professionals (BEPRO), the Ministry of Education and Business Development's Business Development Unit, and local entrepreneurs.

In 2013 BEDC was able to partner and gain sponsorship for GEW from local businesses which allowed 15 events to take place – which encouraged hundreds of entrepreneurs to get inspired and therefore create businesses and grow jobs. Following is a listing of the events:

Date	Time	Event
18 Nov	5:30 – 8pm	Rocket Pitch Competition Finals
18 Nov	12 – 1pm	Bermuda Realty Presentation
18 Nov	Televised	Business Talk – GEW Past Participants discussion
19 Nov	12 – 1:30pm	BEPRO Panel discussion with entrepreneurs
19 Nov	5:30 - 8pm	Bermuda's Vendor Markets Seminar - Finding your niche
19 Nov	12pm - 2pm	Tech Awards Finals - Judging
20 Nov	9am – 1pm	BPSU Youth Workshop
20 Nov	5:30 – 9pm	Young Entrepreneur Mixer
21 Nov	12 – 1:30pm	eBusiness Seminar Lunch & Learn
21 Nov	5:30 – 8pm	GEW Reception and Tech Awards
22 Nov	12 – 1:30pm	Tech Talk Panel Discussion
22 Nov	5:30 - 8pm	Business Boosters' GEW Sponsor Appreciation Reception
23 Nov	2pm - 7pm	B2B Networking Trade Show

23 Nov	3pm - 6pm	Grand Opening of New Business - "All Things Sassy"
24 Nov	2pm -6pm	Olde Towne Market – St. George's

- **Sandys Middle School M3 Girls Small Business Rap Session** – This was a session focused on 30 M3 Girls to discuss what it takes to be an entrepreneur.
- **Girls Talk Presentation** – On January 12, 2014, BEDC participated in a presentation to over 100 young women sharing information on the process of starting and operating a local business in Bermuda.
- **BPSU Young Worker's Symposium** – The Future Leaders Committee of the Bermuda Public Services Union (BPSU) hosted annual Young Worker's Symposium on Saturday, September 21st 2013 at BPSU, #2 Angle Street, Hamilton. The format for the Symposium was:

- Value Driven Lives
- Creating Personal Value
- Creating Value for Community



BEDC presented on Entrepreneurship – Working for oneself and acquiring or investing in existing businesses. This presentation helped attendees to change their mindset from that of an employee to that of an employer.



- **Biz Camp** –
BEDC continued its participation in Department of E-commerce's sponsored Biz Camp programme. Coordinated by the Youth Entrepreneurship Initiative of Bermuda, Biz Camp is a free

summer camp that takes students between the ages of 13-18 and teaches them the process of creating a business plan. Students pitch their plans in a final competition to win prizes. The BEDC delivered a presentation on how to raise capital for starting a business and participated as a judge for the finals.

- **Elliot Primary School Career Fair** – Elliot Primary School held its 2nd annual Career Fair on January 17, 2014, from 9:30 am until 3:00 pm. The purpose of this initiative was to allow lower school students in primary one through to primary six the opportunity to understand the importance of how their class subjects relate to their career aspirations. The BEDC attended the Fair to speak to students about entrepreneurship and the possibility of starting their own businesses.



Small Business Sector Representation

Retail Development Programme (RDP) – This Retail Sales Incubator assisted entrepreneurs developing their own capacity as well as services and products for the upcoming season. The findings of a research survey were presented to the Board and highlighted seven development opportunities for the Retail Sector in Bermuda: Local Competition, Overseas Competition, Increased Overheads, Work Ethic, Local Demand, Visitor Demand, and Business Operations. As a result of the findings and in liaison with other various stakeholders, it was decided to establish the Retail Development Programme utilizing an instruction model that was already established with the SBCI.

The 9-week curriculum was developed, and the incubator courses commenced in early 2012. The first cohort was celebrated at a graduation ceremony that was held on April 12, 2012, in the BEDC training room.

The second cohort was directed towards Tourism-related retail businesses in alignment with the goals of the National Tourism Plan and the desire to improve the Tourism product and services in Bermuda. The nine (9) week course was limited to a cohort of 14 retailers dedicated to spending six (6) hours per week fine-tuning their businesses. Five (5) weeks were focused on products and services with the remaining three (3) weeks on business acumen. There were 12 participants in the second cohort that graduated in May 2014.

Government Policy Meetings

- BEDC was consulted on Government Procurement policies and processes presently being drafted and provided feedback and information on programmes in other jurisdictions that allow and enable business owners to successfully bid for Government contracts.
- Members of the Bermuda Deposit Insurance Corporation Board, recently established to administer an insurance scheme and manage a fund to protect individuals, charities and small businesses in the event that a bank fails, met with BEDC. The meeting was to discuss the BEDC Register and understand how to use the it to assist in and determine the value of the fund that is to be funded by its members such as the banks and credit union. The BDIC establishes the first phase of this insurance fund to cover depositors up to a maximum of threshold of \$25,000 in accordance with the Act. One of the definitions of *an insured depositor* is “a company that is

registered in the Register of Small Businesses maintained by the Bermuda Economic Development Corporation.”

Other Developments and Initiatives

- **Government Concessions & Incentives Guide** – The BEDC started the process of creating the first subject guide in 2012. This is a document that identifies the concessions and incentives available to entrepreneurs throughout Government Departments by industry sector. The guide further showcases business opportunities that can be created to take advantage of the concessions.
- **Entrepreneur Course, Community Education** – This is a regularly-held 8-week course that covers all aspects of entrepreneurship from preparing financial statements to marketing to preparing a business plan, etc. It also features guest speakers who present on their specialist areas.
- **Business Buzz** – BEDC continues to reach out to its stakeholders via print media through its monthly article in the Royal Gazette, covering timely and practical business topics.
- **EEZy Does It!** – This is another monthly article authored by the EEZA team and published in the Bermuda Sun. Its first article was published on February 13, 2012.
- **CITV Today** – This is BEDC's means of reaching out to the community using visual media, broadcasting different interviews and programmes on BEDC initiatives with resource personnel from BEDC.
- **Link Bermuda News Letter** – BEDC drafted a newsletter in collaboration with Link Bermuda, which was sent out to BEDC Register.

Forward Looking To 2014-2015

During 2013-2014, the Bermuda Economic Development Corporation has achieved laudable success and remains focused on its dedication to the local business community in Bermuda. Many entrepreneurs who come through the doors receive valuable assistance, guidance, and support during consultations which makes the difference in starting and successfully running a small business in Bermuda.

Through the loan guarantee program, clients have been given the opportunity to participate in Bermuda's commercial marketplace. It is therefore vital that the Corporation continues to provide the necessary support in order to foster economic stability and growth in Bermuda's local commercial sector.

The BEDC intends to deliver the following core and newly revised programmes in the 2014-2015 fiscal year:

- Local Land Use Plan for North East Hamilton – BEDC will continue to work with the Department of Planning to gain approval for this local plan.
- Advisory services to medium size businesses – Partner with the private sector to fill this need. Based on research work carried out, it revealed that support and advocacy is needed for medium-sized businesses and those small businesses growing to medium-sized.
- Develop and gain approval for new vendor legislation – Strengthen and grow the Vendor Market and Vendors sector through revising the Pedlar's Act. As vendors are micro-enterprises, it has been determined that the existing legislation is outdated and should be modernized to reflect today's vendors.
- Develop and assist with tourism related businesses – Facilitate entrepreneurial opportunities in collaboration with the Product Development Bureau plan emanating from the National Tourism Plan, with special focus in the EEZs.
- Scaling up opportunities – Develop a program that provides a gateway to international markets for local product and service providers. This will involve continuing to host Global Entrepreneurship Week initiative and activities and partnering with the US Consulate and the bring in international speakers.
- Advocacy role – Expand the Corporation's opportunities to serve as an intermediary between the government and local business sector and actively promote this service.
- Teach international programmes - Implement 2 entrepreneurship curriculums and coordinate the training of BEDC officers, so that local businesses have access to international best practice.
- Youth Entrepreneurship – Increase youth entrepreneurship opportunities in schools and other forums in order to promote entrepreneurship as a viable career.

BEDC has been gratified to see the level of enthusiasm and the entrepreneurial spirit demonstrated by existing business owners and newly introduced business owners in Bermuda. BEDC officers will continue to provide tailored and bespoke services to its customers to ensure local business success. This will consist of on-site business and counseling support for the loan guaranteed clients, hands on support for clients in the three EEZs, as well as services to newly-established or struggling medium-sized businesses.

With a focused team of dedicated professional, the BEDC will continue to surpass its stated objectives to the benefit of Bermuda.

BEDC Board and Key Member Profile

Minister of Economic Development (2013)

- Dr. The Hon. E. Grant Gibbons, JP, MP

Board of Directors from Jan 1, 2013 – Dec 31, 2013

1. Mr. T. Nicholas Kempe, Chairman
2. Mr. Curtis Dickinson, Vice Chair
3. Mr. William Cox
4. Mr. Ed Williams
5. Mr. Kevin Bean-Walls
6. Mr. Kai Musson
7. Mr. Marico Thomas
8. Mr. Kumi Bradshaw
9. Mrs. Kristin White
10. Mrs. Sheilagh Robertson
11. Mr. Hasan Durham (ex-officio)
12. Mr. Stephen Tucker (ex-officio)

Minister of Home Affairs (2014)

- Senator, The Hon. Michael M. Fahy, JP

Board of Directors from Jan 1, 2014 – Dec 31, 2014

1. Mr. T. Nicholas Kempe, Chairman
2. Mr. Curtis Dickinson, Vice Chair
3. Mr. Kai Musson
4. Mr. Marico Thomas
5. Mr. Kumi Bradshaw
6. Mr. Nhuri Bashir
7. Mrs. Kristin White (resigned October 2, 2014)
8. Mrs. Sheilagh Robertson
9. Mrs. V. Lynn Hamilton
10. Mrs. Tamara Richardson
11. Mr. Hasan Durham (ex-officio)
12. Mr. Stephen Tucker (ex-officio)

Staff

- Ms. Michelle Khaldun- Executive Director (retired January 24, 2014)
- Mrs. Erica Smith- Economic Empowerment Zones Agency Director; Acting Executive Director (January 24, 2014 – August 17, 2014); Executive Director (from August 18, 2014)
- Miss Lucrecia Ming - Small Business Director
- Mr. Ray Jones - Acting Financial Controller (until December 2013), Finance Director (from January 1, 2014)
- Mrs. Jamillah Lodge - Business Development Officer
- Ms. Roxanne Christopher - Economic Development Officer, North East Hamilton
- Mr. William Spriggs - Economic Development Officer, Somerset
- Mr. Raymond Lambert - Economic Development Officer, St. George's
- Mrs. Dorothy Butterfield - Administrative Officer (resigned June 30, 2014)
- Miss Valita Brown - Client Services Representative; Administrative Officer (from October 1, 2014)

Audited Financial Statements

**BERMUDA ECONOMIC
DEVELOPMENT CORPORATION**

FINANCIAL STATEMENTS

MARCH 31, 2014



Office of the Auditor General

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Hamilton HM 11, Bermuda

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Email: oag@oabermuda.bm
Website: www.oagbermuda.gov.bm

INDEPENDENT AUDITOR'S REPORT

To the Minister of Home Affairs

I have audited the accompanying financial statements of the Bermuda Economic Development Corporation, which comprise the statement of financial position as at March 31, 2014, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in Bermuda and Canada. Those standards require that I comply with ethical requirements and 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Bermuda Economic Development Corporation as at March 31, 2014, and the results of its operations, changes in its net financial assets, and its cash flows for the year then ended in accordance with public sector accounting standards generally accepted in Bermuda and Canada.



Hamilton, Bermuda
February 16, 2016

Heather A. Jacobs Matthews, JP, FCPA, FCA, CFE
Auditor General

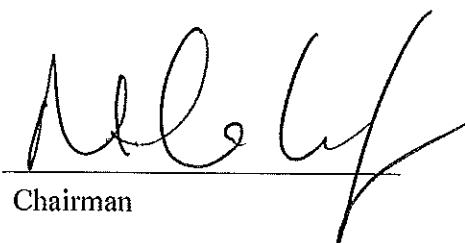
BERMUDA ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF FINANCIAL POSITION
 MARCH 31, 2014

	2014	2013
	\$	\$
FINANCIAL ASSETS		
Cash and cash equivalents (note 4)	1,099,442	859,668
Accounts receivable and accrued interest (note 5)	9,263	27,692
Short-term investments (notes 6 and 11)	34,510	290,533
Long-term investments (notes 7 and 11)	-	-
	<hr/>	<hr/>
	<u>1,143,215</u>	<u>1,177,893</u>
LIABILITIES		
Accounts payable and accrued liabilities	35,623	30,794
Due to the Government of Bermuda (note 13)	118,940	209,567
Post-employment benefits and compensated absences (note 14)	<u>67,193</u>	<u>85,606</u>
	<hr/>	<hr/>
	<u>221,756</u>	<u>325,967</u>
NET FINANCIAL ASSETS		
	<hr/>	<hr/>
	<u>921,459</u>	<u>851,926</u>
NON-FINANCIAL ASSETS		
Prepaid expenses	16,876	5,848
Tangible capital assets (note 8)	<u>43,235</u>	<u>90,868</u>
	<hr/>	<hr/>
	<u>60,111</u>	<u>96,716</u>
ACCUMULATED SURPLUS (note 11)		
	<hr/>	<hr/>
	<u>981,570</u>	<u>948,642</u>
CONTRACTUAL OBLIGATIONS (note 16)		
CONTINGENCIES (note 17)		

APPROVED BY:

Erica P. Smith

Executive Director


 Chairman

The accompanying notes are an integral part of these financial statements

BERMUDA ECONOMIC DEVELOPMENT CORPORATION
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED MARCH 31, 2014

	2014 \$ Budget (Note 15)	2014 \$ Actual	2013 \$ Actual
REVENUES			
Government of Bermuda grant (note 13)	1,600,000	1,600,000	1,123,900
Interest (note 6)	1,000	53,879	6,028
Government of Bermuda - grants from ministries (note 13)	-	45,000	159,836
Sponsorships	16,600	27,000	8,000
Repayment of guarantees	3,000	3,957	3,041
Miscellaneous	1,200	3,032	2,822
Seminar income	-	1,883	3,410
Commissions	-	1,090	3,405
	<hr/>	<hr/>	<hr/>
	1,621,800	1,735,841	1,310,442
EXPENSES (note 10)			
General administration	1,553,800	1,508,684	1,417,136
Programs (note 9)	67,000	115,259	264,709
Amortization of tangible capital assets (note 8)	-	47,633	58,866
Professional services	38,000	21,894	88,975
Provision for doubtful accounts	-	9,443	-
	<hr/>	<hr/>	<hr/>
	1,658,800	1,702,913	1,829,686
ANNUAL SURPLUS (DEFICIT)			
	(37,000)	32,928	(519,244)
ACCUMULATED SURPLUS, BEGINNING OF YEAR			
	948,642	948,642	<u>1,467,886</u>
	<hr/>	<hr/>	<hr/>
	948,642		

The accompanying notes are an integral part of these financial statements

BERMUDA ECONOMIC DEVELOPMENT CORPORATION
 STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
 FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
NET FINANCIAL ASSETS, BEGINNING OF YEAR	<u>851,926</u>	<u>1,314,451</u>
Annual surplus (deficit)	32,928	(519,244)
Change in prepaid expenses	(11,028)	(1,613)
Acquisition of tangible capital assets (note 8)	-	(534)
Amortization of tangible capital assets (note 8)	<u>47,633</u>	<u>58,866</u>
Changes in net financial assets during the year	<u>69,533</u>	<u>(462,525)</u>
NET FINANCIAL ASSETS, END OF YEAR	<u><u>921,459</u></u>	<u><u>851,926</u></u>

The accompanying notes are an integral part of these financial statements

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2014

	2014	2013
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:		
Annual surplus (deficit)	32,928	(519,244)
Adjustments for items not affecting cash:		
Amortization of tangible capital assets	47,633	58,866
Net change in non-cash working capital	<u>(96,810)</u>	<u>(150,613)</u>
Cash flows used in operating activities	<u>(16,249)</u>	<u>(610,991)</u>
CASH FLOW FROM CAPITAL ACTIVITY:		
Acquisition of tangible capital assets	-	(534)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from maturity of long-term investments	-	734,141
Proceeds from maturity of short-term investments	<u>256,023</u>	<u>554,158</u>
Cash flows from investing activities	<u>256,023</u>	<u>1,288,299</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	239,774	676,774
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	859,668	182,894
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>1,099,442</u>	<u>859,668</u>
SUPPLEMENTARY INFORMATION:		
Interest received	<u>53,879</u>	<u>6,028</u>

The accompanying notes are an integral part of these financial statements

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

1. AUTHORITY

The Bermuda Economic Development Corporation (formerly the Bermuda Small Business Development Corporation) (the "Corporation") is a corporate body established by the Bermuda Economic Development Corporation Act 1980 (the "Act") as amended.

The Corporation is empowered to grant loans or give other forms of financial assistance, including the guarantee of loans, to assist persons resident in Bermuda in establishing, carrying on, or expanding small businesses, medium-sized businesses and entities within economic empowerment zones, to provide technical advice to persons who are seeking, or who are granted financial assistance, to operate and manage markets and to oversee and manage the development and implementation of the economic empowerment zones.

2. SIGNIFICANT ACCOUNTING POLICIES

Pursuant to standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, the Corporation is classified as an other government organization. These financial statements are prepared in accordance with public sector accounting standards generally accepted in Bermuda and Canada and the accounting policies considered particularly significant are as follows:

(a) Cash and cash equivalents

Cash and cash equivalents include all cash held with financial institutions that can be withdrawn without prior notice or penalty, and time deposits with an original maturity of 3 months or less from the date of acquisition.

(b) Accounts receivable

Accounts receivable are recorded at cost less any amount for valuation allowances. Valuation allowances are made when the collection is in doubt.

(c) Tangible capital assets and amortization

Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Amortization is recorded on a straight-line basis over their estimated useful lives as follows:

Office furniture & equipment -	5 years
Computer equipment -	5 years
Leasehold improvements -	5 years or term of lease

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that the asset no longer contributes to the Corporation's ability to provide services or the value of future economic benefits associated with the capital asset is less than its net book value. In either case the cost of the tangible capital asset is reduced to reflect the decline in the asset's value.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Deferred revenue

Certain amounts are received pursuant to legislation, regulation or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the year the related expenses are incurred, services performed or when the stipulations are met.

(e) Revenue recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating grants are recorded as revenues when the grants are authorized.

Interest is recognized as revenue when earned.

(f) Contributed materials and services

Contributed materials and services are recognized in the financial statements when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Corporation's operations and would otherwise have been purchased.

(g) Use of estimates

The preparation of financial statements in accordance with public sector accounting standards generally accepted in Bermuda and Canada requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

(h) Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, accounts receivable and accrued interest, investments, accounts payable and accrued liabilities, and due to the Government of Bermuda. These financial instruments are measured at cost or amortized cost.

It is management's opinion that the Corporation is not exposed to significant interest rate, currency or credit risks arising from these financial instruments.

The carrying value of these financial instruments approximates their fair value due to their relative short-term nature.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

3. ECONOMIC DEPENDENCE

The Corporation is economically dependent upon the financial assistance provided by the Government of Bermuda (the "Government") to fund its daily operations, cash flow, capital development and capital acquisitions.

4. CASH AND CASH EQUIVALENTS

	2014	2013
	\$	\$
Checking account	999,414	759,640
Fixed deposit account	100,028	100,028
	<hr/>	<hr/>
	<u>1,099,442</u>	<u>859,668</u>
	<hr/>	<hr/>

5. ACCOUNTS RECEIVABLE AND ACCRUED INTEREST

	2014	2013
	\$	\$
EEZ loans	40,404	50,686
Accrued interest	54	658
Others	20,430	18,530
Less: provision for doubtful accounts	<u>(51,625)</u>	<u>(42,182)</u>
	<hr/>	<hr/>
	<u>9,263</u>	<u>27,692</u>
	<hr/>	<hr/>

6. SHORT-TERM INVESTMENTS

Temporary investments represent the various short-term deposits with maturity dates ranging from three months to one year with an average rate of return of 0.30% (2013 – 0.52%).

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

7. LONG-TERM INVESTMENTS

	2014	2013
	\$	\$
Preferred shares - Cost	500,000	500,000
- Impairment	<u>(500,000)</u>	<u>(500,000)</u>

In May 2003 and April 2004, the Corporation invested a total of \$500,000 in preferred shares of the Bermuda Stock Exchange ("BSX"). The shares are redeemable at the option of the Corporation if the retained earnings of BSX exceed \$3 million. The shares are redeemable by the BSX at any time.

In 2008, management assessed this investment to be impaired due to the BSX incurring continual operating losses resulting in reduction of shareholders equity to \$125,043 as at December 31, 2008. Both factors made it highly unlikely that either party would redeem the shares. Management believed made that this indicated a non-temporary decline and as a result the Corporation has recognized a full write-down of its \$500,000 investment.

Notwithstanding the previous write down of the investment in preferred shares, during the year, the BSX agreed to redeem the preferred shares from the Corporation at the cost of \$500,000 plus interest of \$53,537 from the BSX and is included as interest income.

8. TANGIBLE CAPITAL ASSETS

	2014			
	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Opening cost	144,404	219,951	72,010	436,365
Additions	-	-	-	-
Closing cost	<u>144,404</u>	<u>219,951</u>	<u>72,010</u>	<u>436,365</u>
Opening accumulated amortization	123,495	173,753	48,249	345,497
Amortization	<u>12,603</u>	<u>28,399</u>	<u>6,631</u>	<u>47,633</u>
Closing accumulated amortization	<u>136,098</u>	<u>202,152</u>	<u>54,880</u>	<u>393,130</u>
Net book value of tangible capital assets	<u>8,306</u>	<u>17,799</u>	<u>17,130</u>	<u>43,235</u>

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

8. TANGIBLE CAPITAL ASSETS (continued)

	2013			
	Office furniture & equipment	Computer equipment	Leasehold improvements	Total
	\$	\$	\$	\$
Opening cost	144,404	219,417	72,010	435,831
Additions	-	534	-	534
<u>Closing cost</u>	<u>144,404</u>	<u>219,951</u>	<u>72,010</u>	<u>436,365</u>
Opening accumulated amortization	106,526	138,950	41,155	286,631
Amortization	16,969	34,803	7,094	58,866
<u>Closing accumulated amortization</u>	<u>123,495</u>	<u>173,753</u>	<u>48,249</u>	<u>345,497</u>
Net book value of tangible capital assets	<u>20,909</u>	<u>46,198</u>	<u>23,761</u>	<u>90,868</u>

9. PROGRAMS

The Corporation has six socio-economic programs included in its portfolio as follows:

- (a) Research, design and establishment of an Economic Empowerment Zone for North-East Hamilton, Somerset and St. George's;
- (b) Research, design and execution of the Small Business Construction Incubator;
- (c) Review and analysis of the issues of roadside vendors with a view to establish organized Vendor Markets;
- (d) Research, design and establishment of a Retail incubator program;
- (e) Execution of a small jobs program in conjunction with the Department of Public Works; and
- (f) Research, design and execution of seminars and workshops to provide small business owners and entrepreneurs in general with education and access to resources.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

10. EXPENSES BY OBJECT

	2014 \$ Budget (Note 15)	2014 \$ Actual	2013 \$ Actual
General administration			
Salaries, wages and employee benefits	1,207,565	1,160,044	1,072,809
Rent	162,695	166,496	167,536
Communications and postage	65,450	64,064	62,424
Materials and supplies	37,000	45,593	55,684
Advertising and promotions	35,000	24,700	13,930
Property taxes	13,000	17,564	12,914
Repairs and maintenance	10,200	6,112	9,916
Dues and subscriptions	5,500	5,920	4,272
Meetings	6,000	5,728	7,982
Training	6,670	3,371	872
Bank charges	3,000	3,198	3,536
Travel, entertainment and gifts	-	2,788	2,658
Miscellaneous	-	1,750	1,408
Water	1,750	1,356	1,195
	<hr/> 1,553,830	<hr/> 1,508,684	<hr/> 1,417,136
Programs			
Events	7,000	85,018	50,067
Economic Empowerment Zones	25,000	16,870	34,439
Vendor Markets	8,000	3,452	1,580
Retail Incubator Program	25,000	209	9,585
Jobs Program	-	-	135,285
Grants - Economic Empowerment Zone	-	9,710	33,753
Medium-sized Business Seminar	2,000	-	-
	<hr/> 67,000	<hr/> 115,259	<hr/> 264,709
Amortization of tangible capital assets	-	47,633	58,866
Professional fees	38,000	21,894	88,975
Provision for doubtful accounts	-	9,443	-
	<hr/> 1,658,830	<hr/> 1,702,913	<hr/> 1,829,686

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

11. RESTRICTED ASSETS

Restricted assets represent the capital of the Corporation defined as the aggregate of the amounts paid to the Corporation under section 11(2), 11(3)(a) and 11(3)(b) of the Act.

Contributors and amounts are as follows:

	2014	2013
	\$	\$
Government of Bermuda	500,000	500,000
The Bank of Bermuda Limited	228,600	228,600
The Bank of N.T. Butterfield & Son Ltd.	228,600	228,600
Bermuda Commercial Bank Limited	42,800	42,800
	<hr/>	<hr/>
	1,000,000	1,000,000
	<hr/>	<hr/>

The capital contributions amounting to \$1,000,000 is included in accumulated surplus.

The capital contributions are invested in a combination of term deposits, savings account and checking account with each respective contributing bank. Under section 21 of the Act the contributors are given special voting rights with respect to "any question of so establishing or altering the proportion which the maximum amount of money that the Corporation may guarantee bears to the capital of the Corporation" and any question of winding up the Corporation.

12. FINANCIAL RISK MANAGEMENT

The Corporation is exposed to various risks through its financial instruments. The Board has overall responsibility for the establishment and oversight of its risk management framework. The Corporation manages its risks and risk exposures through sound business practices. The following analysis provides a measure of the risks at the reporting date, March 31, 2014.

(a) Credit risk

Credit risk arises from cash held with banks and other receivables. The maximum exposure to credit risk is equal to the carrying values of these financial assets. The objective of managing counterparty credit risk is to prevent losses on financial assets. The Corporation determines, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value. It is management's opinion that the Corporation is not exposed to significant credit risk.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

12. FINANCIAL RISK MANAGEMENT (continued)

(b) Liquidity risk

Liquidity risk is the risk the Corporation will not be able to meet its financial obligations as they fall due. The Corporation's objective in managing liquidity is to ensure that it will always have sufficient liquidity to meet its commitments when due, without incurring unacceptable losses or risking damage to the Corporation's reputation. The Corporation manages exposure to liquidity risk by closely monitoring supplier and other liabilities, focusing on generating positive cash flows from operations and establishing and maintaining good relationships with various financial institutions.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the fair value of recognized assets and liabilities or future cash flows of the Corporation's results of operations. The Corporation has minimal exposure to market risk.

(i) Foreign exchange risk

The Corporation's business transactions are mainly conducted in Bermuda dollars and, as such, it has minimal exposure to foreign exchange risk.

(ii) Interest rate risk

The Corporation is exposed to changes in interest rates, which may impact interest revenue on term deposits, short-term investments and long-term investments.

13. RELATED PARTY TRANSACTIONS

The Corporation is related to all Government of Bermuda ("Government") ministries, departments, agencies and quasi-autonomous non-governmental organizations under the common control of the Government. Also, the Corporation is related to organizations that the Government jointly controls or significantly influences.

The Corporation enters into transactions with these entities in the normal course of business and such transactions are measured at the exchange amount which is the amount of consideration established and agreed by the related parties.

(a) Operating grant and grants from ministries

The Government provided the Corporation with a grant of \$1,600,000 (2013 - \$1,123,900) during the year to cover the operations of the Corporation.

During the prior year, the Corporation entered into a Memorandum of Understanding ("MOU") with the Department of E-Commerce and the Ministry of Business Development and Tourism to launch the eMondays initiative to educate entrepreneurs about the process of starting an online business and setting up E-commerce. During the year, the Corporation recognized the grant received amounting to \$45,000 (2013 - \$33,000).

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

13. RELATED PARTY TRANSACTIONS (continued)

(b) Due to the Government of Bermuda

The amount due to the Government of Bermuda represents year-end accruals for payroll tax, pension, social insurance, health insurance and other expenses payable at year-end.

(c) Deferred revenue

On November 20, 2008, the Corporation entered into a MOU with the Ministry of Works and Engineering. The MOU was established to set-up a budget to support small construction businesses and participants of the Corporation's Small Business Construction Incubator programme. In 2010, the Corporation recognized the grant received amounting to \$238,514 as deferred revenues. These funds will be amortized to revenues as the related expenses are incurred. During the year, funds amounting to \$Nil (2013 - \$126,836) was amortized to revenues.

14. EMPLOYEE BENEFITS

(a) Contributory defined benefit pension plan

Employees of the Corporation are covered by the Public Service Superannuation Fund (the "Fund"), which is a defined benefit plan administered by the Government. Employee contributions to the Fund are 8% (2013 - 8%) of gross salary and they are matched equally by the Corporation.

The Corporation is not required under present legislation to make contributions with respect to actuarial deficiencies of the Fund. As a result, the current year contributions to the Fund represent the total expense of the Corporation. The Corporation's contributions to the Fund during the year were \$84,143 (2013 - \$73,953).

(b) Post-employment benefits

The Corporation provides its employees with greater than ten years of service with continued pay for a period of up to twelve weeks, subsequent to their retirement. The length of the continued pay is dependent on the length of service of the employee. An actuarial valuation was performed on March 31, 2014, using the projected benefit method, prorated on years of service.

The assumptions were Government's best estimates of future events, including inflation rates, interest rates and, wage and salary rates.

There were no assets associated with this plan, as the Corporation provides fully for the benefit. There were no benefits paid by the Corporation during the year. The discount rate used to determine the benefit cost and accrued benefit obligation was 6.50%.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

14. EMPLOYEE BENEFITS (continued)

(b) Post-employment benefits (continued)

	2014	2013
	\$	\$
Post-employment benefits, beginning of year	46,348	40,778
Amortization of actuarial loss	(605)	(605)
Current period benefit cost	4,007	3,844
Interest on post-employment benefits	2,312	2,331
Benefit payments	(13,125)	-
Post-employment benefits, end of year	<hr/> 38,937	<hr/> 46,348

(c) Compensated absences

Compensated absences include maternity leave, sick leave, and vacation days. All of these benefits are unfunded.

Maternity leave does not accumulate or vest and therefore an expense and liability is only recognized when applied for and approved. There were no maternity benefits applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Sick leave does not accumulate or vest, and like maternity leave, a liability is recorded only when extended leave is applied for and approved. There was no extended sick leave applied for or approved during the current year and therefore, no liability has been accrued in the accounts.

Vacation days accumulate and vest and therefore a liability is accrued each year. The accrued vacation liability as of March 31, 2014 is \$28,256 (2013 - \$39,258) and is included in post-employment benefits and compensated absences.

15. BUDGET

These amounts represent the operating budget approved by the Board.

16. CONTRACTUAL OBLIGATIONS

The Corporation has entered into a lease agreement for the rental of its main office space. The lease expires on October 31, 2014 with monthly lease and service payments of \$7,948 plus a monthly service charge that amounts to approximately \$5,045 and is assessed annually by the landlord based on a reasonable estimate of annual maintenance cost. In July 2013, the Corporation renegotiated a lease for the main office reducing the monthly lease amount to \$6,617 plus a monthly service charge that amounts to approximately \$5,045, and extending the term until October 2017. The remaining obligation under the revised lease is \$501,461.

BERMUDA ECONOMIC DEVELOPMENT CORPORATION

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2014

16. CONTRACTUAL OBLIGATIONS (continued)

On June 1, 2012, the Corporation, through the Economic Empowerment Zones Agency, entered into a new lease agreement with the Bermuda Industrial Union for the rental of its North Hamilton Economic Empowerment Zone office space. The terms of this lease agreement cover the period from October 1, 2012 to September 30, 2013. A monthly rental payment of \$1,300 is charged under the lease agreement. In June 2013, this lease was amended to cover the period from June 1, 2013 to May 31, 2014 with a decreased monthly rental of \$650. The remaining obligation under the revised lease is \$1,300.

17. CONTINGENCIES

As per Section 4(1)(a) of the Act, the function of the Corporation is to grant loans or give other forms of financial assistance to assist persons in establishing, carrying on or expanding of small and medium-sized businesses. To this end, the Corporation provides guarantees to its clients to help them procure financial assistance from the financial institution of their choice.

The Corporation has the power to guarantee up to six times its capital, with a maximum for each guarantee of \$200,000 or fifteen per centum of the capital of the Corporation, whichever is greater. The Corporation is required to pay out these guarantees should their clients default on the related loans.

As at March 31, 2014, forty-four (2013 - fifty-five) guarantees with a value of \$2,341,430 (2013 - \$3,120,388) were outstanding. There were no loan guarantees paid by the Corporation during the year.

18. SUBSEQUENT EVENT

In April 2014, the Corporation received \$250,000 and an additional \$304,904 in July 2014 from the BSX for its long-term investment of preferred shares.