National Drug Council
Cayman Islands

ANNUAL REPORT 2019



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Message from Chair of Council

Dear Hon. Alden M McLaughlin Jr., MBE, JP, MLA



As the Chair of the National Drug Council (NDC) and pursuant to section 24 of the National Drug Council Law (2003 Revision), it is my pleasure to present you with the Annual Report of The National Drug Council for the period 1st January to 31st December 2019.

I want to take this opportunity to thank each of you who has supported the NDC throughout this past year and we look forward to continued success at the NDC.

Sincerely,

Mrs. Dorothy Scott
Chairman, NDC

Message from the Director



The National Drug Council (NDC) would like to take this opportunity to thank our stakeholders, friends, colleagues, sponsors and partners for your continuous support throughout 2019.

Please visit our website at www.ndc.ky or contact us for any further information or to find out how you can further support our efforts.

Warmest Regards,

Joan West-Dacres

2019 HIGHLIGHTS

Strategic Highlights

- The NDC continued its role as a key stakeholder agency to assist in the development of a National Anti-Gang Strategy and Plan coordinated through the Strategic Reforms Implementation Unit.

- The Cayman Islands Student Drug Use Survey (CISDUS) provided an opportunity for the NDC to provide feedback on the development of policy development substantiating the impacts of bullying, substance abuse and the findings that have linked these issues over the years.

- The NDC collaborated with Customs Border Control on a public awareness campaign to inform the public of the legislative framework as it relates to the parameters in which provisions have been made to include the use of cannabis oil (CBD) for medicinal purposes since 2016.

Financial Highlights

- Through fundraising, private sector support and commitment, the NDC received donations earmarked to support youth through the Youth to Youth programming as well as the annual #ArriveAlive345 Campaign.

Operating Highlights

- Launched Youth to Youth's first Annual Lock-In.
- Developed the Youth Advisory Board (CYB/GCM)
- Partnered with the YMCA to offer the first annual Leaders in Training (LIT).
- Expanded National Drugs and Alcohol Facts Week (NDAFW).
- Rebranded and expanded the Purple Ribbon Bus and Designated Driver Campaign.
- Supported the Ministry through facilitating the evaluation of Bridge Foundation and Hope Foundation.

In 2019, approximately 3,351 riders utilized the Purple Ribbon Bus on New Year's Eve!

Looking Ahead - 2020

- Address NDC legislation to provide support to the functions of the organisation.
- Increase our private partnerships in education and the business sector.
- Develop a comprehensive prevention and education component to substance abuse by obtaining adequate funding.

The National Drug Council – About Us

Nature and Scope of Activities

The scope of the National Drug Council activities includes:

- **Policy and Prevention -:** To formulate policies intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.

- **Surveillance, Research and Information Dissemination -:** To conduct or support surveys/research and publish reports or other documentation on drug abuse and maintain a database of information on issues related to the use, misuse and abuse of substances in the Islands;

- **Monitoring and Evaluation-:** To co-ordinate the efforts of drug abuse prevention, treatment and rehabilitation. Through monitoring and evaluation of the implementation of anti-drug programmes within the Cayman Islands.

The National Drug Council activities include

- Review and proposals for legislative/policy change and development,
- Advocacy for policy change and development,
- Initiating Research initiatives,
- Publication of reports and other documentation on drug abuse

Governance

- The NDC is a statutory authority under the NDC Law (2010 Revision)

Our People

THE BOARD - (COUNCIL MEMBERS)

as at December 31st 2019

Mrs. Dorothy Crumbley, Chairman

Rev. Yvette Noble-Bloomfield, Vice-Chairman

Mr. Greg Miller, Member

Mr. Richard Christian, Member

Miss Kirsten Whitely, Member

Mrs. Patsy Cotterell, Member

Dr. Susanne Neita, Member

Dr. Fransisco Martinez-Saborido, Member

Chief Officer, Ministry of Health, Youth, & Culture, Ex-Officio

Chief Officer, Ministry of Community affairs, Ex-Officio

Chief Officer, Ministry of Education, Employment & Gender Affairs, Ex-Officio

Minister of Finance & Economic Development, Ex-Officio

Commissioner of Police, Ex-Officio

NDC Coordinator, Mrs. Joan West-Dacres, Ex-Officio

OUR STAFF

at December 31st, 2019

Brenda Watson, Programme Manager (Acting Director), employed since January 2014

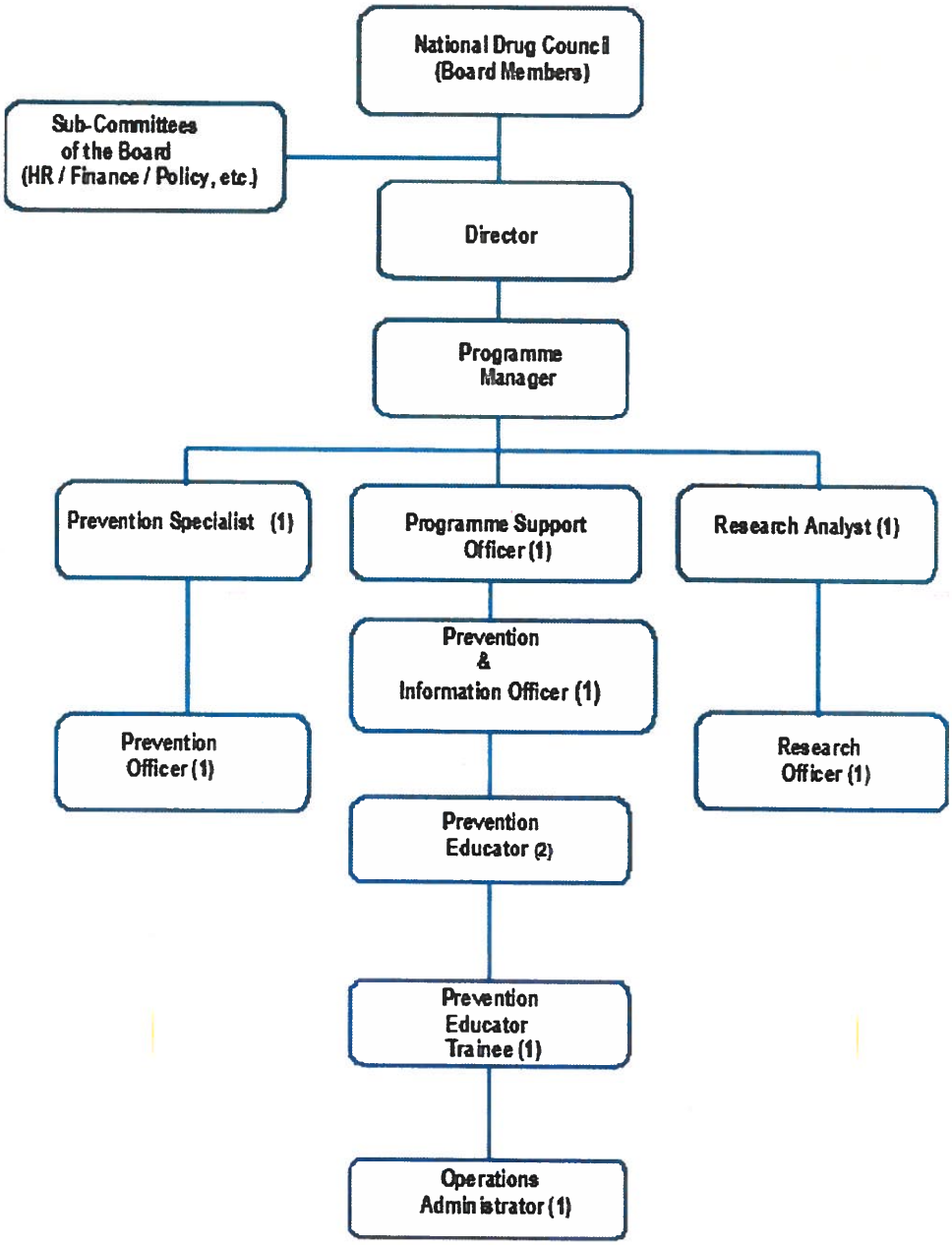
Simon Miller, Prevention Specialist, employed since June 2000

Ivan McLean, Prevention and Information Officer, employed since September 2019

Delisa Hernandez, Prevention Officer, employed since August 2019

Shaneeka Taylor, Prevention Educator Trainee, employed since August 2019

ORGANISATIONAL CHART

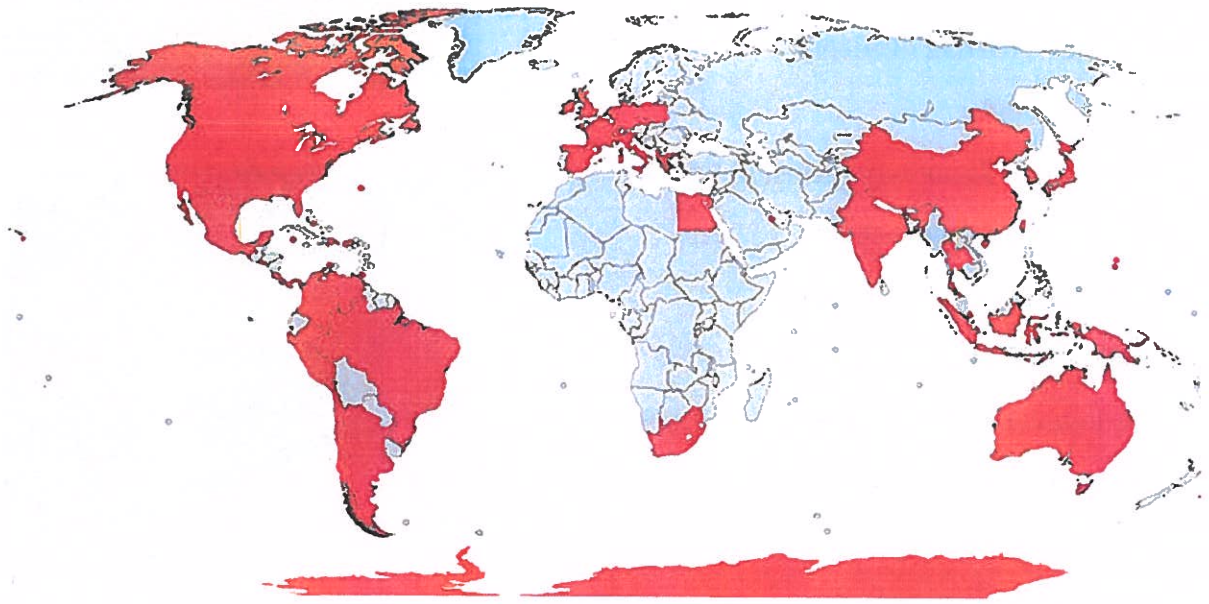


The NDC team is completely compiled of Caymanians with the required qualifications for their positions. Ongoing training occurs at local, regional and international forums to ensure professional development and the organisations ability to ensure best practices in its activities.

OUR EFFORTS

POLICY

Policy advocacy and development continues to be a fundamental factor for the National Drug Council. Considering the impacts of bullying, substance abuse and the findings that have linked these issues over the years, we provided feedback and insight as to the development to the Cayman Islands Law Reform Commission on a "comprehensive Anti-Bullying Law" as it relates to our communities and students. There is evidence to support that the Cayman Islands is no exception to the rule that bullying knows no boundaries. This evidence can be found in key findings of the most recent Cayman Islands Student Drug Survey 2018, which indicates that bullying doesn't just impact the victims, but impacts are seen on the bully and those in the communities who witness such incidents. The NDC advocates for policy development whereby a comprehensive approach is taken and seeks to ensure that such policies are feasible for implementation, action and regulation.



PREVENTION & EDUCATION

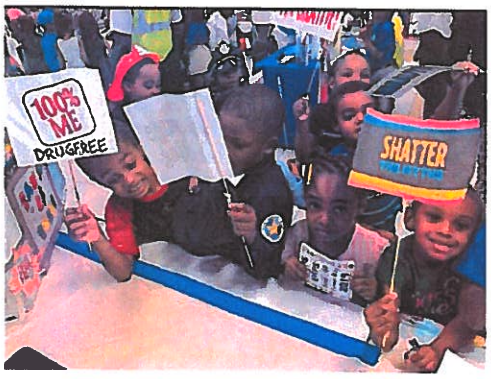
Prevention and education are key factors of our efforts at the NDC and are conveyed through the provision of presentations to students, parents, community/special interest groups and teachers in Grand Cayman and Cayman Brac upon request. While high schools have been the primary focus for programming there has been an increase in requests for programming at the primary level which focuses on being healthy and creating healthy habits.

Consequently, in 2019, the NDC provided just over 450 presentations delivering information on the harmful effects of alcohol, tobacco and other drugs on our brains, bodies, families and the communities in which we live.

Participating schools:

- John Gray High School
- Clifton Hunter High School
- Layman Scott High School
- Cayman International School
- Cayman Island Further Education Centre
- Wesleyan Christian Academy
- Triple C School
- Cornerstones Secondary Inclusion Unit
- Cayman Prep & High School
- Cayman International School
- St. Ignatius Catholic School
- International College of the Cayman Islands
- Cayman Academy
- George Town Primary
- Red Bay Primary School
- John A Cumber Primary School
- East End Primary School





Agencies, Groups and Community-Based presentations included:

- Bethel Refuge Apostolic Church - Summer Camp
- Cayman Islands Youth Development Consortium
- Savannah United Church (Youth Group)
- Kiwanis
- Family Resource Centre (FRC)
- John Gray High School (JGHS)
- Clifton Hunter High School (CHHS)
- Elmslie Memorial United Church – Youth Group
- Her Majesty Cayman Islands Prison Services (HMCIPS)- Northward
- Francis Bodden Girls' Home
- Bonaventure Boys Home
- Department of Children & Family Services
- ST. Ignatius Catholic Church – Outreach Group
- YMCA Cayman Islands
- Youth Services unit/Youth Flex
- Cornerstones Secondary Inclusion Unit
- Alex Panton Foundation





Enhancing Community Partnerships:

The NDC has been instrumental in helping students achieve the required hours through:

- making referrals to stakeholders,
- Strengthening community partnership with Royal Cayman Islands Police Service (RCIPS) to deal with increase reports of students with substance abuse and behavioural issues,



- Increasing student involvement for National Drug and Alcohol Facts Month through whole school competitions,

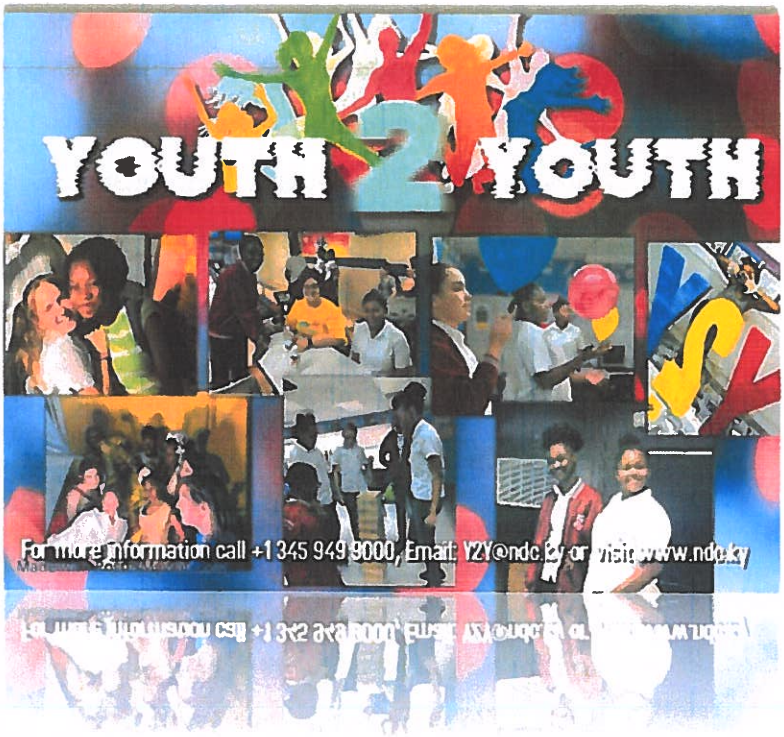
- assisting year 11 boys who displayed challenging behaviours with acquiring the required community service hours prior to graduation
- Expansion of services in the area of behavioural modification intervention (BMI).
- Facilitating a Drug Trivia Day for JGHS as a part of their groupwork requirement for Award Scheme Development and Accreditation Network (ASDAN).

Programme and curriculum development included:

- Research into trending topics related to prevention (Vape Pens, e-cigarettes, infused cannabis, subliminal advertising, marijuana legalization, medical marijuana, etc).
- Created vaping modules and session plans for School Based Drug Prevention.
- Designed a training module for a Teen Leader in Training Workshop.
- Expanded services in the area of behavioural modification to schools who were experiencing behaviour issues from young males.
- Designed a Pre-Assessment tool to determine adolescents' attitude towards drug use.
- Developed NDC Year-Round Tips for an article to be included in the Cayman Parent Magazine.
- Developed and facilitated an interactive drug education activity that educates adolescents on the science and related consequences of licit and illicit substances.
- Develop a new strategy to address the decreased "Perception of Risk" of marijuana for John Gray High School.
- Expansion of Phase 6 for Adults [Media, Visual Messages, Lifestyles]:
    - church and youth leaders
    - community groups
    - tertiary institutions
- Develop an evaluation resource to provide feedback on the delivery of prevention sessions e.g. Facilitator effectiveness, materials, content, engagement, acquisition of knowledge.

Youth 2 Youth (Y2Y)

Creating Positive Change!



Youth to Youth which was founded in Columbus, Ohio in 1982 is a community-based drug prevention and youth leadership program focusing primarily on middle school and high school students.

The primary goal of Youth to Youth is to harness the powerful influence of peer pressure making it a positive force that encourages young people to live free of alcohol, tobacco and other drugs. Youth to Youth also encourages personal growth, presents techniques for teens to change their own environments, while providing alternatives to drug use.



In 2013 the NDC reintroduced the movement of youth to youth through the launch of a small group at the John Gray High school and watched the programme grow. In 2019, there were three groups between Grand Cayman and Cayman Brac.

We continue to see an increase in numbers of teen participants to which we attribute the growth to the NDC's continued partnership with the local YMCA chapter in offering the programme as an "Afterschool" activity as well as the Y2Y leadership style.

The youth have also participated in community-based activities in 2019 including:







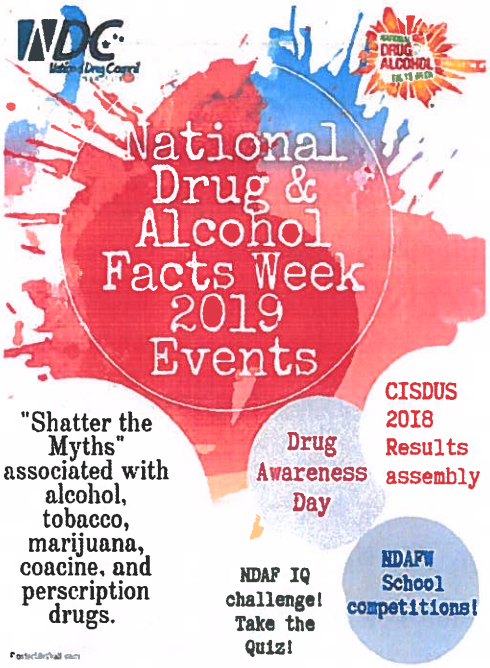
- Hosted a booth at the annual school career fairs at Clifton Hunter High School, John Gray High School, Cayman Islands Further Education Centre, Prospect Primary School, East end Primary School, and Bodden Town Primary School.
- Facilitated the activities in the Creative Kids Corner at Red Sky at Night.
- Facilitated cultural activities at Taste of Cayman.
- Participated in the annual Leaders In Training (L.I.T.) local Leadership Conference and the annual Key Leader Weekend.
- Hosted Y2Y Mini-Conference 1st Annual National Drug & Alcohol Facts Week Lock In.
- Hosted Alcohol Awareness Segment on Youth Flex Radio Show.
- Hosted fundraising activities which include the Pirates Week Teen Up dance, glow party, car wash, parade of lights and bake sales.

Youth to Youth also serves as a leadership building group and thus employs a Youth Advisory Board (YAB) as a method to further develop leadership skills. The YAB works to promote Youth to Youth's mission and educate their peers on the dangers of alcohol, tobacco and other drugs. YAB teens serve as a link between the youth, their schools and the community. YAB is a place for our teens to express ideas and opinions while building their leadership skills.

Youth 2 Youth (Y2Y) Lock In (Cayman Brac)

In 2019 the first annual Lock-In was held in Cayman Brac noting the attendance of approximately 16 teens. The 24-hour event was hosted by Y2Y and led by the Y2Y YAB members and included icebreakers, energizers and games throughout the night.

CAYMAN ISLANDS NATIONAL DRUGS & ALCOHOL FACTS WEEK ACTIVITIES



National Drug and Alcohol Facts Week (NDAFW) links students with scientists and other experts to counteract the myths about drugs and alcohol that teens get from the internet, TV, movies, music, or from friends. It was launched in 2010 by scientists at the National Institute on Drug Abuse (NIDA) to stimulate educational events in communities so that teens can learn about what science has taught us about drug abuse and addiction. The culminating activity was for students to create and submit posters, photographs and or video submissions shattering the Myths of Drugs and Alcohol. Of the hundreds of submissions, winners were voted on by professionals and the winning entries in each category received prize packs.

Alcohol Awareness Month provides a focused opportunity to increase awareness and understanding of alcohol addiction, its causes, effective treatment, and recovery. It is an opportunity to decrease stigma and misunderstandings in order to dismantle the barriers to treatment and recovery, and thus make seeking help more readily available to those who suffer from this disease. The theme — **"Help for Today, Hope for Tomorrow"** — is aimed at educating people about the prevention and treatment of alcohol addiction, particularly among our youth, and the important role that parents can play in giving kids a better understanding of the impact that alcohol can have on their lives.



During this awareness campaign the NDC arranged with Radio Cayman to record new PSA's for Alcohol Awareness month 2019, continued daily Alcohol Awareness messages throughout the month of April on Facebook and issued press releases.

INTERNATIONAL DAY AGAINST DRUG ABUSE AND ILLICIT TRAFFICKING

The United Nations General Assembly in 1987 decided to observe 26 June as the International Day against Drug Abuse and Illicit Trafficking as an expression of its determination to strengthen action and cooperation to achieve the goal of an international society free of drug abuse. This year's theme **Health for Justice. Justice for Health** allowed us the opportunity to highlight our collaborative efforts using the local radio interview consisting of panelists from the Royal Cayman Islands Police Service, Customs & Border Control and Public Health.

#ARRIVEALIVE345 CAMPAIGN (PURPLE RIBBON PLEDGE, DESIGNATED DRIVER AND PURPLE RIBBON BUS)



In 2019, in its 19th year, the National Drug Council and Hurley's Media proudly combined the Purple Ribbon Pledge (PRP), Designated Driver (DD), and Purple Ribbon Bus (PRB) campaigns.

Identified as NDC'S most extensive proactive anti-drink driving campaigns designed to reduce the drink driving incidents through heightening an awareness of the dangers associated with the overindulgence or abuse of alcoholic beverages during the holiday season.

Together the combining of these campaigns emphasize the overarching message – Arrive Alive, don't drink and drive- #ArriveAlive345.

The success of this campaign is attributed to the enormous amount of support from the community. Sponsorship was graciously provided by: Blackbeard's, BritCay, Island Electronics, Pestkil Ltd., Kirk Motors Ltd. CIBC First Caribbean, **DART, Davenport Ltd., Jacques Scott Group Ltd, National Road's Authority, Cayman National Bank, CUC, Himalaya** and in partnership with the **Royal Cayman Islands Police Service (RCIPS).**

RESEARCH & INFORMATION

The NDC continuously seeks to initiate and support research in the area of substance use, misuse and abuse geared at garnering information that will inform programmes and policies. The NDC designs and administers surveys, conducts the data analysis, and writes the reports, using methodology in line with best practices.

HMCIPS Survey 2019

The prison population presents different epidemiological parameters to the general population. In this context, various international agencies recommended that the collection of data on health needs of the population must consider inmates as part of it. Similarly, the Caribbean and Latin-American Observatories on Drugs declared the need for continued vigilance on drugs in prisons.

The National Drug Council presents the report of the sixth cycle of Her Majesty's Cayman Islands Prison Services Survey (HMCIPSS), 2019, which was conducted with the objective of estimating the magnitude and characteristics of the consumption of psychoactive substances in the prison population, nationwide.

The problems related to the supply, trafficking and consumption of illicit drugs, including alcohol and tobacco transcend international borders and public health. These problems do not discriminate against age, gender, educational level or religion, and have consequences which affect the family nucleus, the community and society. Therefore, this type of study is to assist with the accumulation of scientific evidence to guide decision-making in the development and strengthening of programmes and policies for the reduction of drug use within the prison.

In the dynamics of supply and demand of drugs, there are institutions, agencies and communities who work hard to prevent the consequences as well as the problems that pertain to drugs. Consequently, it is critical that the results of the present study provide the evidence of the importance of working intra- and inter- sectorally, in order to successfully intervene for prevention, treatment and rehabilitation.

MONITORING & EVALUATION

Evaluation is a systematic determination of a subject's merit, worth and significance, using criteria governed by a set of standards. It can assist an organization, program, project or any other intervention or initiative to assess any aim, realisable concept/proposal, or any alternative, to help in decision-making; or to ascertain the degree of achievement or value regarding the aim and objectives and results of any such action that has been completed. The primary purpose of evaluation, in addition to gaining insight into prior or existing initiatives, is to enable reflection and assist in the identification of future change.

The Bridge Foundation

The Bridge Foundation evaluation is a follow-up based on review of previous evaluation findings as well as present implementation capacity of its programme in achieving what it has stated to be its objectives.

The Bridge Foundation is a Non-Profit, non-governmental and non-denominational, Section 80 Company Registered in the Cayman Islands. It provides transitional (or "halfway house") accommodation to recovering addicts from both drugs and alcohol. Through its Anchor House Program, it has successfully transitioned male residents, year on year, back into mainstream society.

The Bridge Foundation's Vision is to restore the dignity and self-respect of the disenfranchised through transitional housing. Their Mission is to provide Transitional Housing facilities founded upon value for money, transparency and accountability. This is accomplished by means of public and private donations which they actively solicit. They also monitor and report the effectiveness and progress of their program, while promoting sober structured living, educational opportunities, life skills development, self-determination, independence, physical and mental well-being and spiritual development.

The Bridge Foundation has established a refuge for clients in need of transitional living through its Anchor House Halfway House Program. They use a three-pronged approach to achieve their mission:

- *Provide a basic living area free of alcohol and drugs.*

- *Offer support that educates and enriches the client through 12-step program-based lifestyle.*
- *Aid in the provision of life skills to facilitate independence and economic stability.*

Since the last evaluation (2014), the Foundation has actively expanded its housing with an aim to accommodate an additional five male clients. The newly opened women's facility (2014) with a capacity for six females has since been discontinued (August 2019). The total capacity presently number 8 male beds.

It can be concluded from the evaluation findings that; the Bridge Foundation continue to be successful in its efforts at providing transitional living. It has achieved an acceptable level of success within the population it serves. Individuals have remained clean for extended periods of time and can speak to their now successful re-integration into mainstream society (having a bank account, full or part-time employment and national identification and considers themselves as "equal citizens"). The programme management is working hard at making the programme successful and has a keen interest in progressively moving into offering more opportunities to potential clients given that funding becomes available to sustain those efforts.

Hope for Today Foundation

The Hope for Today Foundation evaluation is a follow-up based on review of previous evaluation findings as well as present implementation capacity of its programme in achieving what it has stated to be its objectives.

The non-profit, non-governmental and non-denominational Hope for Today Foundation is a coalition of volunteers dedicated to helping and supporting recovering drug addicts and alcoholics through transition from prison or treatment to community life. By establishing and operating alcohol and drug free transitional houses and campuses within the community, the Hope for Today Foundation programme seeks to provide a secure, safe and stable haven for individuals to gradually work their way back to a purposeful life.

The Hope For Today Foundation established in the Cayman Islands, uses a three pronged approach to achieve its mission; it provides basic alcohol and drug-free living residences for

both men and women[1]; offers support that educates and enriches the client through a 12-step programme based lifestyle and aids in the provision of life skills to facilitate independence and economic stability.

These facilities are halfway houses/transition zones between prison or treatment for alcohol/drug addiction and reintroduction into society. Not only do the residents have to remain drug free, they also must rediscover enough discipline and pride in themselves to allow them to function independently in society.

It can be concluded from the evaluation findings that the Hope for Today Foundation have not successfully accomplished its mission at providing transitional living. Many factors can be identified that has led to this evaluation finding –poor operational management, lack of operational standards, probably low levels of financial support, lack of appropriate monitoring of activities and poor data management.

The programme leadership must work hard at making the programme successful and progressively moving it into offering more opportunities to potential clients given that funding becomes available to sustain those efforts.

1. *Fragmentation still exists with respect to services offered in the continuum of care and the placement of clients. The Hope for Today Foundation continue to be "self-seeking" with respect to, a) getting clients, and b) getting finance to support its programme.*

2. *This follow-up evaluation provided a unique opportunity for a comparative analysis of the operation of transitional living support within the continuum of care on the island and it is my conclusion that there is a great and urgent need for standardization of this practice but more importantly defining which agency does what. This is a good time for a stakeholder analysis of the two key agencies providing this service to strengthen roles and propose measures to strengthen weaknesses that only serve to diminish the potential of agencies to serve their clients in the most appropriate way for efficacy (value and worth).*

[1] At the time of follow-up evaluation and reporting, the programme only offered residence for males.

Management Discussion & Analysis

Challenges

The NDC continues to face the same challenges and limitations as in previous years which include:

1. **Funding** does not allow for the impacts that need to be made in our communities especially when it **relates to education and prevention materials and promotions.**

2. **Lack of an effective and defined legislative framework to** provide the NDC with the ability to function successfully. Current legislation does not support the NDC's activities or **reflect the advancement of the organisation's oversight role** for demand and supply reduction efforts in the Cayman Islands.

    a. Areas to address in the legislation to improve functioning of the organisation include, but are not limited to:
        i. Facilitate the collection of national data.
        ii. Review the composition of the board.
        iii. Reassess the functions as dictated in the law.
        iv. Provide for the coordination of DEMAND and SUPPLY reduction efforts in the Cayman Islands.
        v. Require for the collection, analysis and reporting of data from a National Drug Information Network (CAYDIN).
        vi. Stipulate conducting, coordinating and providing for the oversight of data collection and reporting of psychotropic and narcotics imported into the Cayman Islands to the International Narcotics Control Board (INCB).
        vii. Providing or coordinating the licensing of persons in the food and beverage sector of the Cayman Islands through international licensing bodies.
        viii. Address related ill effects of substance use, misuse and abuse which would include crime.

3. **The absence of a National Anti-Drug Strategy** (a guiding strategy at a national level) to direct the efforts of drug control efforts both for supply and demand reduction.

4. **Dated legislation** in the following areas which need urgent attention and further development as follows:
    a. **Misuse of Drugs Law (2009 Revision)** – This are of legislation is not currently up to date. The schedules for substances have not been updated in several years and should be brought up to standard.
    b. **Precursor Legislation** – Does not exist in the Cayman Islands and in light of recent findings of synthetic marijuana by law enforcement this area needs immediate consideration.
    c. **Prescription Drug Monitoring** – There needs to be policies/controls/legislation to mitigate the abuse of prescribed drugs. There is evidence in the Student Surveys as well as in the collection and reporting of narcotic and psychotropic drugs that suggest the misuse and abuse of prescribed drugs.

Risk Management

1. **Key risks** for the NDC are those which are organisational in nature and include:
    a. working outside of the necessary framework required for strategically addressing the issues related to alcohol, tobacco and other drugs,
    b. limited personnel,
    c. inability to achieve outcomes or targets and delivery of services.

To address risks in item 1., the NDC relies on volunteers, constantly reviews its programming delivery to ensure areas of priority are addressed and works closely with stakeholders. The NDC continues to advocate for an update to the governing legislation and for the implementation of a National Anti-Drug Strategy to address supply and demand control for the Cayman Islands.

2. **Compliance risk** for reporting as required by stakeholders and CIG.
    a. Lack of segregation of duties.

To address risks in item 2., With limited staffing and a vacancy for the administrative and financial position the NDC relies on external accounting services to ensure sound financial management. In addition, the NDC has recently had the addition of an accounting professional to the board of directors.

3. **Financial Performance and analysis**
    a. The audit for 2018 was completed and signed off prior to the legislated deadline. The NDC received an opinion which reflected that the financial statements present fairly in all material respects and that the financial position and performance of the NDC at 31st December 2018.

4. **Scrutiny by Parliament and Public**
    a. To our knowledge no aspects of the NDC was discussed by Parliament.
    b. There were no complaints as at 31st December 2019.

5. **Forward looking**:
    a. Address NDC legislation to provide for support to the functions of the organisation.
    b. Increase our private partnerships in education and the business sector.
    c. Develop a comprehensive prevention and education component to substance abuse by obtaining adequate funding.

6. **The NDC intends to advocate for changes to the following areas of legislation** (or further development of policies in these areas):
    a. National Drug Council Law
    b. Liquor Licensing Law
    c. Misuse of Drugs Law
    d. Customs Law



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Appendix A

Financial Statements Of the

National Drug Council

For the 2019 Financial Year

Financial Statements Of the

National Drug Council

For the 2019 Financial Year

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National Drug Council
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Drug Council in accordance with the provisions of Section 22(1) of the *National Drug Council Law (2010 Revision)* and of the *Public Management and Finance Law (2018 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

We accept responsibility for the accuracy and integrity of the information in these Financial statements and their compliance with the *National Drug Council Law (2010 Revision)* and the *Public Management and Finance Law (2018 Revision)*.

As Chairperson and Acting Director, we are responsible for establishing and maintaining a system of internal controls designed to provide a reasonable assurance that the transactions recorded in the financial statements are authorized by Law and properly record the output transactions of the National Drug Council.

As Chairperson and Acting Director we are responsible for the preparation of the National Drug Council financial statements and the judgments made therein.

The financial statements fairly present the statement of financial position as at 31 December 2019, statement of financial performance, statement of changes in net worth and statement of cash flows of the National Drug Council for the year ended 31 December 2019.

To the best of our knowledge we represent that these financial statements:

a) completely and reliably reflect the financial transactions of the National Drug Council for the year ended 31 December 2019;

b) fairly reflect the financial position as at 31 December 2019 and performance for the year ended 31 December 2019;

c) comply with International Public Sector Accounting Standards as set out by the International Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General, conducts an independent audit and expresses an opinion on the accompanying financial statements, which is carried out by its agent. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Mrs. Dorothy Scott
Chairperson

Date: 30 April 2020

Mrs. Brenda Watson
Programme Manager
(Acting Director)

Date: 30 April 2020

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AUDITOR GENERAL'S REPORT

To the Board of Directors and the Members of the Legislative Assembly

Opinion

I have audited the financial statements of the National Drug Council (the "Council"), which comprise the statement of financial position as at 31 December 2019, the statements of financial performance, changes in net worth and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 December 2019, and its financial performance, changes in net worth and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the National Drug Council in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Council, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the National Drug Council or to cease operations, or has no realistic alternative but to do so.

AUDITOR GENERAL'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance for the Financial Statements (continued)
Those charged with governance are responsible for overseeing the Council's financial reporting process.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the National Drug Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the *Public Management and Finance Law (2018 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

30 April 2020
Cayman Islands

National Drug Council
STATEMENT OF FINANCIAL POSITION
As at 31 December 2019
(Stated in Cayman Islands Dollars)

ASSETS	Notes	**2019**	**2018**
Current Assets			
Cash and cash equivalents	2(f)	267,767	221,427
Accounts receivable and prepaid expenses	4	198,702	230,527
Total Current Assets		466,469	451,954
Non-Current Assets			
Security deposit		5,500	5,500
Fixed assets	2(g), 3	7,019	7,138
Total Non-Current Assets		12,519	12,638
Total Assets		478,988	464,592
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		14,031	7,243
Accrued audit fees		15,000	15,000
Accrued accounting fees		5,850	7,080
Accrued payroll liabilities	5	9,115	32,903
Total Current Liabilities		43,996	62,226
EQUITY			
Accumulated surplus		434,992	402,366
Total Liabilities and Equity		478,988	464,592

The accompanying notes on pages 8-22 form an integral part of these financial statements.

National Drug Council
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2019
(Stated in Cayman Islands Dollars)

	Notes	2019	2018
Revenues			
Outputs to Government	6	668,605	644,781
Other income	7	21,043	16,786
Total revenues		689,648	661,567
Expenses			
Personnel emoluments	8	472,899	489,352
Rent	9	66,000	66,000
Audit and accounting fees	11	30,480	26,400
Utilities	12	16,296	16,889
Surveys and other public information projects	15	4,837	15,994
Supplies & materials		6,207	12,347
Travelling and subsistence	13	4,270	12,230
Grants & contributions – special events	14	13,581	8,316
Operating maintenance		11,806	8,251
Youth development	10	1,227	5,889
Prevention, surveys, monitoring and evaluation		15,808	5,498
Computer services		6,886	4,288
Advertising and promotion		3,406	3,855
Depreciation	3	3,319	3,622
Total expenses		657,022	678,931
Surplus/(Deficit) for year		32,626	(17,364)

The accompanying notes on pages 8-22 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CHANGES IN NET WORTH
For the year ended 31 December 2019
(Stated in Cayman Islands Dollars)

	Note	Accumulated Surplus/(Deficit)	Total Net worth
Balance as at 31 December 2017		419,730	419,730
Deficit for the year		(17,364)	(17,364)
Balance as at 31 December 2018		**402,366**	**402,366**
Surplus/(Deficit) for the year		32,626	32,626
Balance as at 31 December 2019		**434,992**	**434,992**

The accompanying notes on pages 8-22 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CASH FLOWS
For the year ended 31 December 2019
(Stated in Cayman Islands Dollars)

	Notes	2019	2018
Operating activities			
Net surplus/(deficit) from operations		32,626	(17,364)
Adjustment for non-cash transactions:			
Depreciation Expense	3	3,319	3,622
		35,945	(13,742)
Adjustments to reconcile net surplus/(deficit) from operations to net cash provided by/(used in) operating activities:			
Decrease/(increase) in accounts receivables and prepaid expenses		31,825	(77,604)
Increase/(decrease) in accounts payable		6,788	(2,093)
(Decrease)/increase in accrued payroll liabilities		(23,788)	16,342
(Decrease) in accrued accounting fees		(1,230)	(1,945)
Net cash provided by/(used) in operations		49,540	(79,042)
Investing activities			
Purchase of fixed assets	3	(3,200)	(7,689)
Net cash used in investing activities		(3,200)	(7,689)
Net change in cash and cash equivalents		46,340	(86,731)
Cash and cash equivalents, beginning of year		221,427	308,158
Cash and cash equivalents, end of year		267,767	221,427

The accompanying notes on pages 8-22 form an integral part of these financial statements.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Organization

The National Drug Council (the "NDC" or "Council") became a statutory body in the Cayman Islands with the passage of the National Drug Council Law, 1997 and began operations on 1 January 1998. Its functions are diverse and include primary responsibility for the development, implementation and delivery of substance abuse prevention activities; the design and administration of survey and research initiatives as it relates to substance abuse and misuse in our communities; and the facilitation of monitoring and evaluation activities throughout programmes.

NDC continuously monitors the situation as it relates to substance misuse and abuse in the Cayman Islands; with the aim of formulating drug prevention, treatment and rehabilitation policies and programmes. This monitoring takes place via ongoing research and the maintenance of data collected via stakeholders. The NDC operated under the Ministry of Health, Environment, Culture & Housing for the year ended 31 December 2019. During the year the NDC satisfied its mandates and obligations as agreed in the Purchase and Ownership Agreement. As at 31 December 2019, the NDC had 5 full time employees (2018: 8 employees). In May 2017, the Council had established an office in Cayman Brac with one full-time employee located there. As at 31 December 2019 the employee in Cayman Brac had resigned, while programming continued to be facilitated though the Grand Cayman Prevention team.

2. Significant accounting policies

a) Statement of Compliance

In conformity with the Public Management & Finance law (2018 revision), the financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Financial Reporting Standards applicable to the public sector have been used.

b) Basis of Preparation

The measurement base applied is historical cost adjusted for revaluations of certain assets where assets are revalued. There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will have a significant impact on these financial statements other than enhanced disclosures.

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars which is the functional currency.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2018 have not been early adopted by the Council

Certain new accounting standards have been published that are not mandatory for the 31 December 2019 reporting period and have not been early adopted by the Council. The Council's assessment of the impact of these new standards are set out below.

IPSAS 41, *Financial Instruments* was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on the NDC's financial statements. This will be assessed more fully closer to the effective date of adoption.

2. Significant accounting policies cont'd

b) Basis of preparation (continued)

IPSAS 42, *Social Benefits* was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured. It is anticipated that IPSAS 42 will not have an impact on the NDC's financial statements, but this will be assessed more fully closer to the effective date of adoption.

c) Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

d) Use of Estimates

The preparation of financial statements in accordance with IPSAS requires management to make judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

e) Cash and cash equivalents

Cash and cash equivalents include amounts due from bank on demand and interest-bearing deposits with an original maturity of three months or less. All cash and cash equivalents are held with a bank in the Cayman Islands.

f) Fixed Assets

Fixed assets are stated historical cost less accumulated depreciation. Certain assets are donated and are recognised at their fair value at the time of receipt. Depreciation is calculated on a straight-line basis at the rates stipulated below based on the opening cost over the estimated useful lives of the purchased or donated assets as follows:

	Purchased Assets Useful Lives
Office equipment	3 years
Office furniture	6 years
Computer equipment	3 years
Computer software	3 years
Leasehold improvement	3 years

2. Significant accounting policies cont'd

f) Fixed Assets (continued)

Disposals
Gains and losses on disposal of fixed assets are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

Impairment
The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the period end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts.

The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

g) Deferred grant funds and income
Donations and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.

h) Outputs to Government
The Cayman Islands Government (the "Government") has agreed to purchase certain outputs from the NDC. These outputs include public education and information campaigns, research and statistics, policy advice and Law reform. Output revenue is recognized as income when earned. As the NDC has no other significant source of funding for its operational expenses, its ability to continue as a going concern is contingent on this continued support from Government.

i) Donations (Non-exchange)
Donations are recorded when they are received, unless specifically intended for a certain fiscal year.

j) Financial Instruments
The National Drug Council is party to financial instruments as part of its normal operations.

Classification
A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another entity under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and accounts receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another entity under conditions that are potentially unfavourable. Financial liabilities comprise of accounts payable, accrued audit fees, accrued accounting fees and accrued payroll liabilities.

Recognition
The National Drug Council recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument.

2. Significant accounting policies cont'd

j) Financial Instruments (continued)

Measurement
Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition, financial assets are recorded at amortized cost using the effective interest rate method.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

Short term financial assets and liabilities are recorded at historical cost, which is considered to approximate amortised cost due to the short-term nature of these instruments.

De-recognition
A financial asset is derecognized when the NDC realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset.

A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

k) Foreign Currency Translation
Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the balance sheet dates. Financial gains and losses arising on translation are included in the statement of financial performance.

l) Budget amounts
The original budget amounts for the financial year are as presented in the 2018 Annual Budget Statement and approved by the Legislative Assembly on 15 November 2017. Where the Budget is presented in a format that is different from the financial statements, a statement of comparison of budget and actual amounts is included in the financial statements, see note 19.

m) Expenses
Expenses are recognised in the accounting period in which they are incurred.

n) Operating leases
Operating lease payments net of lease incentives received are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

o) Prepayments
The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment.

2. Significant accounting policies cont'd

p) Employee Benefits

Employees are entitled to salaries and wages, annual leave, time in lieu and other similar benefits which are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of the National Drug Council are paid to one agreed pension funds provider. Contributions of 5% on behalf of the employees are made to the designated funds by the Council. Employees contribute 5% from their salaries to the funds as well.

Health insurance coverage is paid by the National Drug Council for the employees of the Council. Employees must pay for any dependents covered under the plan.

q) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

3. Fixed Assets

	Office Equipment	Office Furniture	Computer Equipment	Computer Software	Lease Improvements	Total
Cost:						
Balance at 01 Jan 2018	**41,114**	**35,593**	**39,170**	**19,139**	**24,020**	**159,036**
Additions during year	1,356	-	6,333	-	-	7,689
Balance at 31 Dec 2018	**42,470**	**35,593**	**45,503**	**19,139**	**24,020**	**166,725**
Additions during year	-	-	3,200	-	-	3,200
Balance at 31 Dec 2019	**42,470**	**35,593**	**48,703**	**19,139**	**24,020**	**169,925**
Accumulated depreciation:						
Balance at 01 Jan 2018	**41,114**	**32,620**	**39,072**	**19,139**	**24,020**	**155,965**
Depreciation for period	-	2,117	1,505	-	-	3,622
Balance at 31 Dec 2018	**41,114**	**34,737**	**40,577**	**19,139**	**24,020**	**159,587**
Depreciation for year	452	756	2,111	-	-	3,319
Balance at 31 Dec 2019	**41,566**	**35,493**	**42,688**	**19,139**	**24,020**	**162,906**
Net Book value at 31 Dec 2018	**1,356**	**856**	**4,926**	**-**	**-**	**7,138**
Net Book value at 31 Dec 2019	**904**	**100**	**6,015**	**-**	**-**	**7,019**

4. Accounts receivable & prepaid expenses

	2019	2018
Accounts receivable	184,500	221,950
Prepaid expenses	14,202	8,577
	198,702	230,527

Accounts receivable includes $172,700 (2018: $221,950) related to outputs supplied to the Ministry for which funds had not been received at 31 December 2019.

5. Accrued payroll liabilities

	2019	2018
Accrued vacation	4,048	15,273
Accrued salaries	-	9,780
Accrued other payroll liabilities	5,067	6,820
Accrued pension	-	1,030
	9,115	32,903

6. Outputs to Government

	2019	2018
Outputs to Government	668,605	644,781
	668,605	644,781

NDC's outputs are supplied in the normal course of business to the Ministry of Health, Environment, Culture and Housing. The outputs relate to all expenses for the year based on activity and time spent on the efforts of the Council and take into consideration office and programme supplies as well as human resource costs. During the year, Cabinet approved supplementary funding under section 12 of the Public Management and Finance Law (2018 Revision and 2019 Amendment) $31,605 to fund a Prevention Educator Trainee post for the National Drug Council. As at 31 December 2019, a Supplementary Bill for 2019 was presented to and approved by the Legislative Assembly on 9 April 2019.

7. Other income

	2019	2018
Donations	18,597	11,052
Fundraising activities	235	4,375
Fee income	-	750
Boardroom rental	480	380
Other income	447	-
Discounts	1,284	229
	21,043	16,786

Donations include specific funds received from the private sector which are earmarked towards the Purple Ribbon bus service.

8. Personnel emoluments

	2019	2018
Salaries & wages	378,092	406,073
Medical insurance	52,271	50,435
Pension	20,324	20,062
Motor car allowance	6,793	7,250
Movement in annual leave provision	3,207	5,140
Movement in accrued time-in-lieu	12,212	392
	472,899	489,352

During the ordinary course of its business, staff may perform duties beyond their normal working hours. Employees who accumulate any such time are allowed to recover it in subsequent periods when they are not busy. The policy of the NDC is that a maximum of 37.5 hours (5 days) can be taken over to the next annual year. These must be used within the first quarter of the following annual year if it is suitable to the NDC, or it will be written off. In 2019 these amounts were not written off after the first quarter but were carried forward for the full year due to the Council's needs. The 2019 accrued time-in-lieu reflects the number of hours brought forward and eligible for carry over into the upcoming financial year (2020).

9. Rent & future commitments

On 6 April 2015 the NDC entered into an agreement with International Logistics and Consulting LLC (c/o Meri Tarlova) for the premises at Caymanian Village at a rate of $5,500 per month. Rental payments in 2019 in the amount of $66,000 (2018: $66,000) were made to Meri Tarlova. The current lease expires on the 30 April 2020 and full payments were made through to 30 April 2020, therefore, future commitments for the 4 months total $22,000. On 4 April 2020, the NDC renewed the lease agreement for a five year period with International Logistics and Consulting LLC (c/o Meri Tarlova) for the premises at Caymanian Village which maintains a rate of $5,500 per month for each of the next five years and which covers the period from 1 May 2020 to 30 April 2025.

10. Youth Development

Peer mentoring continues in the schools and the NDC supports this initiative through education and awareness activities as well support to the awards and the award ceremony. Youth to Youth is a youth empowerment movement which seeks to help youth develop leadership skills while creatively promoting a drug-free lifestyle. In 2013 the NDC reintroduced the movement to the youth of the Cayman Islands. Portions of the Government grant income have been made to support the following Youth Development projects:

	2019	2018
Peer Mentor	-	237
Youth to Youth	1,227	5,652
	1,227	5,889

11. Audit & Accounting fees

The fees relate to statutory audit fee and professional accountancy services amounting $15,000 (2018: $15,000) and $ 15,480 (2018: $11,400) respectively for the year ended 31 December 2019.

12. Utilities

	2019	2018
Electricity	6,359	6,246
Telephone	9,457	10,262
Water	480	381
	16,296	16,889

13. Travelling and subsistence

Portions of the Government grant income have been made to support training and development initiatives of the Council.

	2019	2018
Travel expense	3,721	9,899
Staff Development	375	1,139
Executive Director Training	-	559
Prevention Officer Training	-	433
Administrative Training	-	200
Programme Manager Training	174	-
	4,270	12,230

14. Grants & Contributions – Special events

A portion of the Government purchases of outputs and public contributions through donations have been made to support the following significant special events:

	2019	2018
Purple Ribbon Bus	13,581	8,316
	13,581	8,316

15. Surveys and other public information projects

Portions of the Government grant income and public contributions have been made to support the following significant surveys and other public information projects:

	2019	2018
SPSS Expense	1,071	978
Teleform	974	921
Census and Surveys	2,792	14,095
	4,837	15,994

16. Related parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry of Health, Environment, Culture and Housing for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 31 December 2019, the Council billed $668,604 to the Government for services sold (2018: $644,781). Of the billed amount, $172,700 was receivable as at 31 December 2019 (2018: $221,950). This amount is included in the accounts receivable in the Statement of Financial Position.

Key Management Personnel

There is one full time employee on an open-ended employment agreement that is considered to be at the senior management level. The total remuneration for this employee includes regular salary, pension and health insurance contributions. The pension and health insurance benefits provided to key management personnel are the same as that which is provided for all employees. With the resignation of the Director effective 30 September 2019, the Programme Manager has assumed the role in an acting capacity, effective 1 October 2019. Total remuneration, therefore, for the 2019 period for key management personnel, was $138,207 (2018 $111,005) which is inclusive of remuneration for the past Director through 30 September 2019 and remuneration for the Acting Director as of 1 October 2019 through 31 December 2019.

Governing Council members

There are currently 13 members that make up the NDC Governing Council. No stipend is paid to any of the members (2018 $Nil).

Dividend Payments

Pursuant to Section 16 of the Public Management and Finance Law (2018 Revision), Section 39(3) of the Public Authorities Law, 2017, and section 19 of the Policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies (the Policy), taken together, NDC as per section 19(a) of the Policy is exempt from delivering dividend payments as the operations of NDC are not self-sustainable without the purchase of outputs by core government to fund operations.

17. Other Disclosures

Suspected Fraud
During the year 2011/12, management became aware of suspicious activity relating to its cash balances. Specifically, an amount of around $ 5,500 had been misappropriated from its bank accounts. A further unquantified amount had been misappropriated through fraudulent time booking leading to wage overpayment to a former employee. The matter is under investigation with the Courts and management awaits its conclusion. During the year ended 31 December 2019 the Council has not been provided with an update on the matter.

18. Financial instrument risks

The Council is exposed to a variety of financial risks including credit risk, exchange rate risk and liquidity risk. The Council's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2018 Revision).

Credit risks
Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Council. Financial assets which potentially expose the Council to credit risk comprise cash and cash equivalents and receivables.

The Council is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The Council is also exposed to a significant concentration of credit risk in relation to receivables transactions, all of which are due from the Cayman Islands Government. No credit limits have been established. As at 31 December 2019, no provision for doubtful debts (2018:$0) has been made on these receivables as management considers these debts to be recoverable in full.

The carrying amount of financial assets recorded in the financial statements represents the Council's maximum exposure to credit risk. No collateral is required from debtors.

Exchange rate risk
The Council does not have significant exposure to currency exchange rate risk as the Cayman Islands dollar is pegged to the United States Dollar.

Liquidity risk
Liquidity risk is the risk that the Council is unable to meet its payment obligations associated with its financial liabilities when they are due.

The Council maintains sufficient cash balances held in bank accounts which enables the entity to meet its payment obligations as they are due.

19. Statement of comparison of budget and actual amounts

For the year ended 31 December 2019

	Variance Notes	2019 Actual	2019 Budget	2019 Final Budget	Variance (Actual vs. Budget)
Revenues					
Outputs to Government	a	668,605	637,000	668,605	31,605
Other Income	b	21,043	20,000	20,000	1,043
Total revenues		689,648	657,000	688,605	32,648
Expenses					
Personnel emoluments	c	472,899	497,584	529,189	(24,685)
Rent		66,000	66,000	66,000	-
Prevention, surveys, monitoring and evaluation	d	15,808	21,500	21,500	(5,692)
Travelling and subsistence	e	4,270	14,500	14,500	(10,230)
Audit and accounting fees	f	30,480	16,500	16,500	13,980
Utilities	g	16,296	21,554	21,554	(5,258)
Computer services	h	6,886	-	-	6,886
Operating maintenance		11,806	9,750	9,750	2,056
Youth development	i	1,227	-	-	1,227
Advertising & promotion	j	3,406	-	-	3,406
Depreciation		3,319	1,729	1,729	1,590
Supplies & materials		6,207	7,550	7,550	(1,343)
Surveys and other public information projects	k	4,837	-	-	4,837
Grants & contributions – special events	l	13,581	-	-	13,581
Total expenses		657,022	657,000	688,272	(22)
Net surplus/(deficit) for the year		32,626	0	0	32,626

19. Statement of comparison of budget and actual amounts cont'd

ASSETS **Current Assets**	**Variance Notes**	**2019 Actual**	**2019 Budget**	**Variance (Actual vs. Budget)**
Cash and cash equivalents	m	267,767	243,750	24,017
Funds Due from Cabinet	n	172,700	182,781	(10,081)
Prepaid expenses and other receivables	n	26,002	7,707	18,295
Total Current Assets		466,469	434,238	32,231
Security Deposit		5,500	-	5,500
Fixed assets	o	7,019	3,466	3,553
Total assets		478,988	437,704	41,284
LIABILITIES AND EQUITY				
Current Liabilities				
Accounts Payable	p	14,031	9,750	4,281
Accrued Vacation	q	4,048	-	4,048
Accrued Audit Fees	f	15,000	10,000	5,000
Accrued other payroll liabilities	r	5,067	24,582	(19,515)
Accrued consultancy	f	5,850	-	5,850
Total Current Liabilities		43,996	44,332	(336)
EQUITY				
Accumulated Surplus		434,992	215,778	219,214
Total Liabilities and Equity		478,988	437,704	41,284

19. Statement of comparison of budget and actual amounts cont'd

Statement of Cash Flows	**2019 Actual**	**2019 Budget**	**Variance (Actual vs. Budget)**
Net cash provided by operations	49,540	-	49,540
Investing activity			
Purchase of fixed assets	(3,200)	-	(3,200)
Net cash (used in) investing activities	(3,200)	-	(3,200)
Net change in cash and cash equivalents:			
Cash and cash equivalents, beginning of year	221,427	215,800	5,627
Net Change in Cash and cash equivalents	46,340	27,950	18,390
Cash and cash equivalents, end of year	267,767	243,750	24,017

**There were no changes between the approved and final budgets to the budgeted statement of financial position and cash flows and therefore the final budget column has been excluded.*

a. Outputs to Government (over by $31,605) - Supplementary funding, approved by Cabinet on 15 November 2018, for FY 2018 and 2019 to fund a Prevention Educator Trainee post for the Council. This funding was presented to and approved by the Legislative Assembly on 9 April as part of the 2019 Supplementary Appropriation Bill presented by the Ministry of Finance on the same date.

b. Other Income (over by $1,043) - Donations and fundraising activities exceeded budgeted amounts.

c. Personnel emoluments variance (under by $24,685) - In 2019, the Council budgeted for 8 full-time employees. Due to changes in staffing including the resignation and departure of the Director, Research Analyst and Prevention Educator (Cayman Brac) there was a reduction in personnel costs; salaries, pensions, motor car upkeep and health payments.

d. Prevention surveys monitoring and evaluation and other public information projects variance (under by $855) should be considered along with (k) Surveys and Other Public Information Projects. This specific category included surveys which were facilitated by volunteers and utilized local resources which reduced the costs of related expenses.

e. Travelling and Subsistence (under by $10,230) - Overseas travel expenses both between islands, regionally and internationally were reduced as overseas training for NDC staff and Youth to Youth was limited.

f. Audit and accounting fees variance (over by $13,980) - The increase in audit and accounting fees are related to the difference in actual audit fees to budgeted audit fees as well as the additional accounting support utilized in 2019.

19. Statement of comparison of budget and actual amounts cont'd

g. Utilities (under by $5,258) - The NDC continues to seek methods to reduce its utility expenses. This includes implementation of practices for the use of air conditioning, lighting and all efforts are utilized to manage usage of telephone services.

h. Computer Services (over by $6,886) - Ongoing upgrades, service and support to the computer network due to the failing server in 2018 were undertaken in 2019. The copier was replaced by another of the same model which had been utilized less and had longer use expectancy. This allowed for continued use of existing supplies and utilization of parts for replacements which are difficult to be found due to the age of the equipment.

i. Youth Development represents the allocation of funds towards the efforts of the Council in its Youth-To-Youth (Y2Y), Peer Mentoring and Boys2Men Programming development. These costs in 2019 were separated from the overall theme of Prevention, surveys, monitoring and evaluation in order to accurately demonstrate the development activities in these areas.

j. With a discounted promotional rate, the NDC acquired a spotlight space in the Cayman Parent Magazine for distribution of information to the community. These ads ran in each edition in 2019 and provided a forum for education of alcohol and drug related issues.

k. Surveys and Other Public Information Projects should be considered along with (d) Prevention surveys monitoring and evaluation. This specific category included costs related to the Her Majesty Cayman Islands Prison Survey administration, analysis and reporting and education campaigns.

l. Grants and Contributions reflects the Designated Driver and Purple Ribbon Bus Campaign operated in 2019. Funds are received outside of budgeted government funding, specifically through private and corporate sector contributions all allocated to this event in 2019.

m. Cash and Cash equivalents (over by $24,017) - Due to changes in staffing and reduced personnel expenses in 2019 cash equivalents were increased.

n. Prepaid Expenses and Other Receivables (over by $18,295) - The NDC completes and prepares invoices for services as they are delivered. Receivables due from Government were based on outputs delivered in the last quarter of 2019. Prepaid expenses included software licenses and subscriptions fees not in tandem with the financial year.

o. Fixed Assets (over by $3,553) - Ongoing upgrades to the computer network, hard-drive upgrades to existing laptops, the purchase of new desktops and an implementation of Windows 10.

p. Accounts Payable (over by $4,281) - All efforts were made to ensure that all invoices were received by the Council by close of fiscal year to ensure timely payments to vendors.

19. Statement of comparison of budget and actual amounts cont'd

q. Accrued Vacation (over by $4,048) - Employees are due and expected to take leave in the year assigned. Due to staff shortages and organisational commitments employees were not always able to leave as requested in 2019.

r. Accrued other payroll liabilities include the accrued Toil "Time-In-Lieu" due to employees at the end of year (under by $19,515) - The variance is due to payments of accrued leave to employees who resigned.

20. Subsequent events

On 11 March 2020, The World Health Organisation officially declared the COVID-19 outbreak a pandemic. The global and local measures put in place to contain the spread of COVID-19 have caused significant disruption to business and economic activity. While the disruption is currently expected to be temporary, the financial effects on the NDC will depend on factors such as (i) the duration and spread of the outbreak, (ii) the restrictions and advisories from Government, and (iii) the effects on the economy overall, all of which are highly uncertain. While the NDC expects this matter to impact its operating results, the financial impact and duration cannot be reasonably estimated at this time.

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to 30 April 2020 which is the date that the financial statements were available to be issued.