

Caribbean Export Development Agency
10th EDF – European Union Funds
(Programme Phase II Contribution Agreement)

Financial Statements
For the year ended 31 December 2016
(Expressed in Barbados Dollars)

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Financial Statements
For the year ended 31 December 2016

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Caribbean Export Development Agency 10th EDF – European Union Funds Programme (Contribution Agreement)

Opinion

We have audited the accompanying financial statements of Caribbean Export Development Agency 10th EDF- European Union Funds Programme (Contribution Agreement), which comprise the statement of financial position as at December 31, 2016, and the statement of comprehensive income, and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Caribbean Export Development Agency 10th EDF- European Union Funds Programme (Contribution Agreement) as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with the basis of accounting as described in Note 2.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (“ISAs”). Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We have fulfilled the responsibilities described in the *Auditor’s Responsibilities for the Audit of the Financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements which have been prepared in accordance with the Financial Rules and Regulations of the Agency, as described in Note 2, and for such internal control as the 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 Agency’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 Agency or to cease operations, or has no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Directors of Caribbean Export Development Agency 10th EDF – European Union Funds Programme (Contribution Agreement)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency'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 Agency's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Agency 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.



INDEPENDENT AUDITOR'S REPORT (CONT'D)

To the Directors of Caribbean Export Development Agency 10th EDF – European Union Funds Programme (Contribution Agreement)

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

We 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 we identify during our audit.

Other Legal Matter

This report is made solely to the Agency's directors, in accordance with Article 16 of the Financial Regulations, Rules and Directives of the Organization. Our audit work has been undertaken so that we might state to the Agency's Directors those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Agency and the Agency's directors as a body, for our audit work, for this report, or for the opinion we have formed.

Ernst & Young Ltd

Barbados
20 May 2019

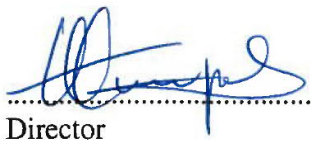
CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Statement of Financial Position
As at 31 December 2016

	Notes	2016 \$	2015 \$
Assets			
Cash	3	3,956,698	7,519,329
Accounts receivable		393,753	374,735
Due from related funds	4	339,972	1,592,933
		4,690,423	9,486,997
Liabilities			
Bank overdraft		143,320	-
Accounts payable and accrued liabilities		435,344	2,615,696
Due to related funds	5	96,370	167,373
Deferred operating income	6	4,001,002	6,690,140
		4,676,036	9,473,209
General Fund		14,387	13,788
		4,690,423	9,486,997

The accompanying notes form an integral part of these financial statements.

Approved by the Board of Directors on 20 May 2019 and signed on its behalf by:


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Director

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Statement of Comprehensive Income
For the year ended 31 December 2016

	Notes	2016 \$	2015 \$
Income			
Interest income		599	2,322
Funding revenue	6	5,824,907	12,188,501
		5,825,506	12,190,823
Expenses			
CARICOM/ DR Relations		33,315	74,289
Competitiveness and Innovation		2,559,054	7,981,364
CARIFORUM/FCORs/OCTs – Relations		171,992	413,880
Trade and Export Development		2,190,311	3,196,863
Institutional strengthening/Programme Implementation		738,443	425,944
Visibility		46,792	9,680
Audit expense		85,000	86,481
		5,824,907	12,188,501
Surplus for the year		599	2,322

The accompanying notes form an integral part of these financial statements.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Statement of Cash Flows
For the year ended 31 December 2016

	2016	2015
	\$	\$
Cash flows from operating activities		
Surplus for the year	599	2,322
Changes in operating assets and liabilities		
(Increase) decrease in accounts receivable	(19,018)	199,265
Decrease in due from related funds	1,252,961	74,753
(Decrease) increase in accounts payable and accrued liabilities	(2,180,352)	1,085,026
Decrease in due to related funds	(71,003)	(95,044)
Decrease in deferred operating income	(2,689,138)	(8,915,380)
Net cash used in operating activities	(3,706,550)	(7,651,380)
Net decrease in cash for the year	(3,705,951)	(7,649,058)
Cash at beginning of year	7,519,329	15,168,387
Cash at end of year	3,813,378	7,519,329
Cash at the end of the year is made up as follows:		
Cash	3,956,698	7,519,329
Bank overdraft	(143,320)	-
	3,813,378	7,519,329

The accompanying notes form part of these financial statements.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Notes to the Financial Statements
For the year ended 31 December 2016

1. Establishment, principal activity and registered office

Caribbean Export Development Agency (Caribbean Export) is a regional export development and trade and investment promotion organization of the forum of Caribbean States (CARIFORUM) and funded by the European Union and CARIFORUM States. It was established on 1 January 1996, by the “Agreement Establishing Caribbean Export Development Agency (Caribbean Export)”, signed by the CARIFORUM States. The predecessor organization to Caribbean Export was the Caricom Export Development Project (CEDP). The CARIFORUM Member States that are members of Caribbean Export are noted below: -

- Antigua and Barbuda
- Bahamas
- Barbados
- Belize
- Dominica
- Dominican Republic
- Haiti
- Grenada
- Guyana
- Jamaica
- St. Lucia
- St. Kitts & Nevis
- St. Vincent & the Grenadines
- Suriname
- Trinidad & Tobago

Counterpart Governments contribute funds to cover the operational costs of the Agency.

The principal place of business of the Agency is located at 1st Floor, Baobab Tower, Warrens, St. Michael, Barbados, with a sub-regional office located at C/ Pedro Henriquez Ureña #150, Torre Diandy XIX, 7th Floor, La Esperilla, Santo Domingo, Dominican Republic.

The financial statements for the 10th EDF – European Union Funds Programme (Contribution Agreement) (the “Programme”) have been prepared for the year ended 31 December 2016. The Programme seeks to increase the international competitiveness of the private sector in CARIFORUM States and to help the potentially competitive sectors, and has an overall goal of poverty alleviation. It supports improvement of the trade environment as well as the institutional strengthening of Business Service Organisations (BSOs) to enhance the range and quality of services delivered to their members and clients.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Notes to the Financial Statements
For the year ended 31 December 2016

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with accounting policies described below. They are not intended to present the financial condition or results of the Programme in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities but have been presented in accordance with the Financial Rules and Regulations of the Agency, which have been approved by the European Union Delegation in accordance with the recommendation of the MOORE STEPHENS L.L.P. report which was issued on 12 January 2011 by the European Union appointed Evaluator and are not intended for any other purpose. The presentation differs from the International Financial Reporting Standard for Small and Medium-sized Entities as it relates to the accounting treatment for capital items which are expensed and not capitalized as well as accounting for realized and unrealized foreign exchange losses which are not recognized.

a) Basis of preparation

These financial statements are prepared under the historical cost convention.

b) Currency

The financial statements are expressed in Barbados dollars, the primary currency in which the Agency operates. Monetary assets and liabilities and transactions in currencies other than Barbados dollars are translated at the exchange rate prevailing at the time of the transaction. Gains and losses on foreign exchange are not included in the operating results for the year the year.

c) Use of estimates

The preparation of financial statements in conformity with policies described above requires management to make estimates and assumptions that affect 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 those estimates.

d) Revenue recognition

Revenue is recognized on the accrual basis.

e) Taxation

The Programme is not subject to income tax.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Notes to the Financial Statements
For the year ended 31 December 2016

2. Summary of significant accounting policies (cont'd)

f) Deferred operating income

Deferred operating income is recognized at the date of the statement of financial position. Funds relating to program implementation are included as deferred income and are credited to the statement of comprehensive income in the same year as the relevant expenses are incurred.

g) European Development Fund (EDF) Funding

Funds from the EDF are recognized at their fair value where there is a reasonable assurance that the funding will be received.

3. Cash

	2016	2015
	\$	\$
Cash	3,956,698	7,519,329
Bank overdraft	(143,320)	-
	3,813,378	7,519,329

Included in the cash balance above are foreign exchange losses of \$2,994,741 (2015 - \$2,972,484) which were not recognized in the Statement of Comprehensive Income.

4. Due from related funds

	2016	2015
	\$	\$
Counterpart Governments	69,328	1,015,556
Revenue	-	15,693
CARTFUND Health & Wellness	-	36,451
CARTFUND Specialty Food	-	36,457
Bi-National Programme	10,000	-
The World Bank	189,388	-
Services Component	-	293,773
IADB	65,114	184,626
CAIPA Membership Fees	6,142	10,377
	339,972	1,592,933

These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)

Detailed Statement of Expenses
For the year ended 31 December 2016

5. Due to related funds

	2016	2015
	\$	\$
Revenue	7,523	19,415
Services Component	76,556	147,958
CARTFUND Health & Wellness	12,291	-
	<hr/>	
	96,370	167,373
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These amounts are unsecured, non-interest bearing and have no fixed terms of repayment.

6. Deferred operating income

The Programme was funded by the European Community, where the first pre-financing EUR €8,258,262.48, second pre-financing EUR €9,950,681.11, third pre-financing EUR €6,397,514.46, fourth pre-financing EUR €1,452,908.09, and fifth pre-financing EUR €1,406,250 were received. During the year, BDS \$5,824,907 was recognized in income to match expenses incurred. The balance of BDS \$4,001,002 was recorded in deferred operating income on the statement of financial position. There are no unfulfilled conditions or contingencies attached to this amount.

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)
(For Management Purposes Only)

Detailed Statement of Expenses
For the year ended 31 December 2016
(expressed in Barbados dollars)

	2016	2015
	\$	\$
<u>Competitiveness and Innovation</u>		
<i>Regional Investment Strategy</i>	235,948	567,835
Stakeholder Consultations	-	21,021
Start-up Implementation	-	234,811
Co-ordination, Monitoring and Evaluation	186,965	297,157
Development of Regional Investment Strategy	48,983	14,846
<i>Investment Promotion</i>	74,407	263,600
Regional Branding as Investment Destination	-	26,252
Investment Missions/Tours	-	9,797
CAIPA Website Development	-	78,729
Training and Technical Assistance	74,407	36,958
Institutional Support - CAIPA	-	111,864
<i>Direct Assistance Scheme</i>	1,219,120	4,508,364
Promotion of Grant Scheme	63,900	42,634
Training	-	22,473
Co-ordination, Monitoring and Evaluation	614,711	919,733
Sensitization of Banking Sector & Other Stakeholders	-	54,962
Delivery of Assistance	540,509	3,468,562
<i>Priority Niche Sectors</i>	1,022,482	2,615,658
Technical Assistance and Training	102,549	255,737
Collection and Dissemination of Strategic Information	27,797	650,503
Strengthening of Regional Networks	-	27,277
Trade Missions and Meetings	66,079	530,690
Promotion	51,937	55,291
Delivery of Assistance to Sectors	314,837	607,237
Strengthening of BSO Capacity	226,551	270,977
Co-ordination, Monitoring and Evaluation	232,732	217,947
<i>Education - SME Links</i>	7,097	25,907
Meetings	7,097	8,789
Technical Assistance	-	17,118
Total for Competitiveness and Innovation	2,559,054	7,981,364

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)
(For Management Purposes Only)

Detailed Statement of Expenses
For the year ended 31 December 2016
(expressed in Barbados dollars)

	2016	2015
	\$	\$
<u>Trade and Export Development</u>		
<i>Trade and Market Intelligence</i>	867,535	897,226
Market Research Studies and Surveys	7,000	322,048
Collection and Dissemination of Strategic Information	-	90,434
Meetings	-	2,239
Website Development and Maintenance	100,703	4,823
Promotion and Public Awareness Campaigns	-	56,398
Co-ordination, Monitoring and Evaluation	759,832	421,284
<i>Regional Export Strategy</i>	-	52,207
Strategy Development	-	43,592
Promotion	-	8,615
<i>Trade Policy and Advocacy</i>	428,213	460,800
Promotion and Public Relations	-	6,035
Website Development and Maintenance	-	37,038
Co-ordination, Monitoring and Evaluation	428,213	379,598
Preparatory Studies & Surveys	-	38,129
<i>Intellectual Property Rights</i>	-	183,970
Technical Assistance and Training	-	36,855
Workshops and Seminars	-	90,304
Promotion and Public Awareness Campaigns	-	56,811
<i>BSO - Support</i>	894,563	1,430,846
Technical Assistance and Consultancy	-	12,721
Training/Workshops & Seminars	-	39,7310
Co-ordination, Monitoring and Evaluation	894,563	1,378,394
<i>Cariforum - EU Business Forum</i>	-	171,814
Website Development and Maintenance	-	83,814
Meetings	-	17,251
Creation of Secretariat Services	-	70,749
Total for Trade and Export Development	2,190,311	3,196,863

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)
(For Management Purposes Only)

Detailed Statement of Expenses
For the year ended 31 December 2016
(expressed in Barbados dollars)

	2016	2015
	\$	\$
<u>CARIFORUM/FCORs/OCTs – Relations</u>		
<i>Dissemination of Information on trade and Investment Laws and Regulations</i>	4,145	38,513
Collection and Dissemination of Strategic Information	-	4,146
Promotion and Public Relations	-	34,367
Website Development and Maintenance	4,145	-
<i>Business Opportunities</i>	142,091	375,310
Trade Missions and Meetings	-	54,821
Technical Assistance and Training	-	7,680
Co-ordination, Monitoring and Evaluation	142,091	312,809
<i>Task Force on Trade and Investment Meetings</i>	25,756	57
	<u>25,756</u>	<u>57</u>
Total for CARIFORUM/FCORs/OCTs - Relations	<u>171,992</u>	<u>413,880</u>

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)
(For Management Purposes Only)

Detailed Statement of Expenses
For the year ended 31 December 2016
(expressed in Barbados dollars)

	2016 \$	2015 \$
<u>CARICOM/DR RELATIONS</u>		
<i>Dissemination of Information on Trade and Investment Laws and Regulations</i>	-	26,738
Collection and Dissemination of Strategic Information	-	1,174
Promotion and Public Relations	-	10,748
Workshops and Seminars	-	2,233
Website Development and Maintenance	-	12,583
<i>Business Opportunities</i>	-	33,448
Collection and Dissemination of Strategic Information	-	33,448
<i>CARICOM/DR Business Forum</i>	33,315	14,103
Meetings	33,315	14,103
Total for Caricom/DR Relations	33,315	74,289

CARIBBEAN EXPORT DEVELOPMENT AGENCY
10TH EDF – European Union Funds Programme (Contribution Agreement)
(For Management Purposes Only)

Detailed Statement of Expenses
For the year ended 31 December 2016
(expressed in Barbados dollars)

	2016 \$	2015 \$
<u>INSTITUTIONAL STRENGTHENING/ PROGRAMME IMPLEMENTATION</u>		
<i>Development and Promotion of Strategic Plan</i>	-	19,940
Consultancy	-	19,940
<i>Organizational and Institutional Restructuring</i>	376,140	113,175
Recruitment and Repatriation Expenses	-	48,563
Operational Procedures Review	-	5,496
Equipment and Materials Purchase and Installation	111,021	-
Technical Assistance and Consultancy	265,119	59,116
<i>Strengthening of Donor Co-ordination Capacity</i>	12,709	60,130
Meetings	12,709	35,249
Technical Assistance and Consultancy	-	24,881
<i>Coordination with Regional EDAs</i>	48,534	58,443
Meetings	-	56,011
Co-ordination, Monitoring and Evaluation	48,534	2,432
<i>Strengthening of Relevance to Regional Private Sector</i>	301,060	174,256
Meetings	163,053	22,324
Technical Assistance and Consultancy	-	43,814
Promotion	55,624	54,460
Co-ordination, Monitoring and Evaluation	82,383	53,658
Total for INSTITUTIONAL STRENGTHENING/ PROGRAMME IMPLEMENTATION	738,443	425,944