

CARIBBEAN EXPORT DEVELOPMENT AGENCY
(Haiti-Dominican Republic Bi-national Cooperation Programme Trade and Private Sector
component, under the 11th European Development Fund (EDF), implemented by Caribben
Export under the delegation agreement FED 2018/399-379)

Financial Statements
(With Independent Auditors Report)
For the year ended in December 2018

CARIBBEAN EXPORT DEVELOPMENT AGENCY
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TABLE OF CONTENT

	<u>Pages</u>
INDEPENDENT AUDITOR'S REPORT	1 - 3
FINANCIAL STATEMENTS	
Statement of financial position	4
Statements of comprehensive income	5
Statement of cash flows	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 12

INDEPENDENT AUDITORS REPORT

To the board of Directors of
Caribbean Export Development Agency
Haiti-Dominican Republic Bi-national Cooperation Programme Trade and Private Sector component,
under the 11th European Development Fund (EDF), implemented by Caribben Export under the
delegation agreement FED 2018/399-379

Opinion

We have audited the financial statements of Caribbean Export Development Agency, Haiti-Dominican Republic Bi-national Cooperation Programme Trade and Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379, which comprise the statement of financial position as of December 31st, 2018, and the statements of activities, income and expenditure report and 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 give a true and fair view of, the financial position of Caribbean Export Development Agency, Haiti-Dominican Republic Bi-national Cooperation Programme Trade and Private Sector component, under the 11th European Development Fund (EDF), implemented by Caribben Export under the delegation agreement FED 2018/399-379, at December 31st, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis of 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 ethical requirements that are relevant to our audit of the financial statements in Dominican Republic, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

Management is also responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement 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, 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the project 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company's audit. We remain solely responsible for our audit opinion.
- We communicate with Management, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

- We also provide Management with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.
- From the matters communicated with Management, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Baker Tilly S.R.L.

Baker Tilly
Fernando Escobar Hurtado St. N°. 8-A
Santo Domingo, Dominican Republic
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November 11, 2021



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STATEMENTS OF FINANCIAL POSITION

December 31, 2018

(Values expressed in EUR)

	<u>Notes</u>	<u>2018</u>
ASSETS		
Current assets		
Cash	3	1,485,458
Accounts receivable	4	<u>12,512</u>
Total current assets		<u>1,497,970</u>
Total assets		<u><u>1,497,970</u></u>
LIABILITY AND NET ASSETS		
Current liabilities		
Accounts payable	5	<u>152,750</u>
Total current liabilities		<u>152,750</u>
Non current liabilities		
Deferred Income	6	<u>1,345,182</u>
Total noncurrent liabilities		<u>1,345,182</u>
Total Liabilities		<u>1,497,931</u>
Net Assets		
Surplus for the year		<u>39</u>
Total Liabilities and Net Assets		<u><u>1,497,970</u></u>

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STATEMENTS OF COMPREHENSIVE INCOME
For the year ended December 31, 2018
 (Values expressed in EUR)

	<u>Notes</u>	<u>2018</u>
Revenue		
Funding revenue	6	178,586
Interest income on short term deposits		<u>39</u>
Total revenue		178,625
Expenses per component		
Quality and Private Sector Development		(60,292)
Public Institutional Support and Dialogue		(12,366)
Administration/Programme implementation		<u>(105,928)</u>
Total expenses		<u>178,586</u>
Surplus for the year		<u>39</u>

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STATEMENTS OF CASH FLOWS
For the year ended December 31, 2018
(Values expressed in EUR)

	<u>2018</u>
Cash from operating activities:	
Surplus for the year	39
Adjustment for non-cash expenses:	
Deferred Income	1,345,182
Net changes in operating assets and current liabilities:	
Accounts receivable	(12,512)
Accounts payable	<u>152,749</u>
Net cash from operating activities	1,485,458
Cash at the beginning of the year	<u>-</u>
Cash at the end of the year	<u><u>1,485,458</u></u>

CARIBBEAN EXPORT DEVELOPMENT AGENCY

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

(Values expressed in EUR)

1. Project overview

Caribbean Export is the only regional trade and investment promotion agency in the African, Caribbean and Pacific (ACP) group. They were established in 1996 by an Inter-Governmental Agreement as the trade promotion Agency of the 15 Member States of CARIFORUM.

Then in July 2005 they assumed an investment promotion mandate after the 14th CARIFORUM Council of Ministers meeting. They have also established collaborative links with the French Caribbean Outermost Regions (FCORs), as well as with the English and Dutch Overseas Countries and Territories (OCTs).

Caribbean Export has evolved over the past 20 years from an Implementing Management Unit of the CARICOM Regional Trade Development Programme (CRTDP) as established in 1988, to the CARICOM Export Development Project (CEDP), which in 1996 became the Caribbean Export Development Agency.

The 11th EDF Haiti-DR Bi-National Cooperation Programme, Trade and Private Sector Component, under the Delegation Agreement FED2018/399-379 is to: Strengthen the economic and commercial cooperation between Haiti and the Dominican Republic in a sustainable manner by supporting initiatives that can reduce the current imbalances in the long term and reduce poverty levels.

The implementation period of this Delegation Agreement, will commence from May 7st 2018, as indicated in article 2, paragraphs 2.1 and 2.2 of the Special Conditions of such signed Agreement for a period of 45 months. The total project cost is estimated at EUR 5,765,306, with a maximum contribution of EUR 5,650,000 to be provided by the European Union from 11th EDF Caribbean Regional Indicative Programme Agreement. The programme will be implemented by the Caribbean Export Development Agency through its Sub-Regional Office in the Dominican Republic using its own rules and procedures via a delegation agreement.

This Trade and Private Sector component is executed by Caribbean Export through its Subregional Office in the Dominican Republic , supported by a Programme Office in Port-au-Prince, Haiti.

The Agency carries out numerous work programme activities within the context of Bi-National programmes such as study tours, export promotion activities to meet the objectives as follows:

- The promotion of a more balanced and formal binational trade between Haiti and the Dominican Republic.
- The quality of goods produced in both countries and the competitiveness of enterprises is enhanced with special attention to three (3) value chains: Cocoa/Chocolate; Essential Oils/Cosmetics; and Handicraft/Fashion/Accessories/Jewellery.
- The institutional cooperation, between the Ministries working in trade related issues and the Customs Administrations, as well as the public-private and private-private dialogue is reinforced.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

(Values expressed in EUR)

2. Basis of presentation and principles of accounting policies

Basis of accounting

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). Accounting policies have been consistently applied in the financial statements of Caribbean Export Development Agency

The financial statements have been prepared to reasonable values from their historic cost, except by certain assets and liabilities that are presented to their reasonable value with other method.

Functional currency and presentation

The financial statements are presented in Euro (EUR), currency used by the Organization for the presentation of their financial statements, as established in the delegation agreement signed with the European Union.

Transactions in foreign currencies

Since May 2018, the contributions for the development of the Program are received and registered in Euros by the Organization, this being the functional currency of the Program. However, part of the funds are sporadically converted and transferred to other accounts of the Organization in pesos (RD\$) in the DR, as well as in dollars (US\$) in Haiti, to facilitate local payments related to the implementation of the Program. The transactions in these different currencies are converted to the functional currency for reporting purposes, using the exchange rate equivalent to the funds transferred from the Euros account to each of the aforementioned bank accounts, to cover the transactions of a particular period. In the year 2018, the Organization will not recognize gains or losses from exchange, resulting from conversion.

Cash and cash equivalents

The Organization considers as cash all the funds deposited in cashier and the banks, as well as small investments in securities with an expiration of less or equal to three months, counted from the acquisition date.

Accounts payable

It is a present obligation of legal character or implied to the date of the financial statements of the Organization, which can be determined reliably and as a result of past events, to its expiration and to cancel it, the Organization expects to rid themselves of resources that include or have included benefits.

Reveue recognition

Revenues are recognized at the time of the transaction. These revenues are generated by cash transfers. The income is recognized as the projects advance, they are not recognized as income until used for the purposes defined. In this case, the contribution will remain in a liability account toward the donor.

Advances from European Union

European Union transfers cash to executing agencies, the transfer is recorded as an advance and the programme expenditure is recorded when incurred.

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

(Values expressed in EUR)

2. Basis of presentations - cont.

Advances for travel expenses

The advances for travel expenses consist in pay out to staff members or contractors for travel related activities.

Deferred income

The Agency recognizes deferred revenues when the advances are received from the European Union and recognizes revenue when the expenses related to the program are recorded. Unspent amounts are classified in the deferred revenue liabilities section of the statement of financial position.

Expenses and components

The Agency classify their expenses in four components, The classification allows the Agency to have a better segregation of their expenditures. The components are also subdivide in subcomponents and they proceed to elaborate the budget based on the subcomponents.

The four components are the following:

1. Initiatives to support Trade Formalization (TF)
2. Quality and Private Sector Development (QP)
3. Public Institutional Support and Dialogue (IS)
4. Administration/Programme implementation (AD)

- Administrative Fee (*)

(*) The budget includes an Administrative fee up the 7% of the total eligible direct costs, which does not need to be justified with accounting documentation, as established in the Delegation Agreement signed with the European Union.

3. Cash

Cash consists of the following:

	<u>2018</u>
Banreservas	1,480,013
Banque Nationale de Credit BNC	<u>5,445</u>
	<u>1,485,458</u>

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For the year ended December 31, 2018

(Values expressed in EUR)

4. Accounts receivable

Accounts receivable consists of the following:

	<u>2018</u>
Head Office-Barbados (a)	12,343
A/R of the Agency's own funds (Counterpart) (b)	<u>169</u>
	<u>12,512</u>

(a) Corresponding to an outstanding Debit Note for the 10th EDF Regional Program under EDF agreement FED/2011/260-647 that was handled at Head Office-Barbados.

(b) Corresponding to bank charges for the transfer received from the EU, whose expenditure is not eligible to be covered by the Program funds, according to the Delegation Agreement.

5. Accounts payable

	<u>2018</u>
Accounts payable reimbursements (a)	149,000
Accounts payable others (b)	<u>3,750</u>
	<u>152,750</u>

(a) Between the signing date of the FED2018/399-379 agreement in May 2018 and the date of receipt of the first financing in November 2018, the Caribbean Export Agency made payments for Binational Program expenses. As of December 31, 2018, accounts payable of EUR \$149,000 correspond to balances in favor of the Caribbean Export Agency and it is expected that at the end of each year this account payable will be reduced by a proportion of 2% of the global expenses as established in the regulatory agreement with the European Union.

(b) Corresponds to compensation to the Senior Advisor Operations as per indicated in the Delegation Agreement, accrued in 2018 but paid in the following year.

6. Deferred 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.

The programme is funded by the European Union with a counterpart contribution from the implemented Agency, where the first pre-financing was EUR1,520,197 in november 2018. During the year 2018, the total expenses has been EUR178,586 from which EUR175,015 has been recognized as the 98% of programme expenses covered by the EU funds, and the remaining 2% corresponding to EUR3,572 are expenses assumed by the agency according to the EDF agreement 2018/399-379. The balance of EUR1,345,182 were recorded in deferred operating income on the statement of financial position at December 2018. There is not unfulfilled conditions or contingencies attached to this amount.

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NOTES TO THE FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Values expressed in EUR)

7. Expenses per component

A detail of the expenses per component as of December 31, 2018, is as follows:

	<u>2018</u>
Quality and Private Sector Development	
<i>Technical Support</i>	
Salary of Senior Advisor DR	27,949
Salary of Senior Advisor Haiti	30,899
Support to BDS Services Provided by BSO	<u>1,231</u>
Total sub component	<u>60,079</u>
 <i>Programme assistance to Cacao/Chocolate value chain</i>	
Technical Working Groups	<u>213</u>
Total sub component	<u>213</u>
Total, component	<u><u>60,292</u></u>
 2018	
Public Institutional Support and Dialogue	
<i>Support to Trade and Industry Ministries</i>	
Technical Working Groups	<u>4,666</u>
Total sub component	<u>4,666</u>
 <i>Support to Public-Private / Private-Private Dialogue</i>	
Technical Working Groups	<u>7,700</u>
Total sub component	<u>7,700</u>
Total, component	<u><u>12,366</u></u>

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NOTES TO THE FINANCIAL STATEMENTS

For the year ended December 31, 2018

(Values expressed in EUR)

7. Expenses per component (Cont.)

	<u>2018</u>
Administration/Programme implementation	
<i>Organizational Structuring- Haiti Office</i>	
Operations Advisor Haiti	360
Administrative and Financial Assistant HT	18,300
Chauffer HT	1,767
Vehicle gas, maintenance and insurance Haiti	1,518
Office rent and maintenance HT	26,904
Communications HT	4,546
Utilities HT	499
Offices supplies HT and equipment maintenance	<u>1,824</u>
Total sub component	<u>55,718</u>
<i>Organizational Structuring- Dominican Republic Office</i>	
Financial Officer DR	18,300
Office rent and maintenance DR	24,096
Communications DR	1,654
Other costs operations	3,750
Utilities DR	<u>2,410</u>
Total sub component	<u>50,210</u>
Total, component	<u>105,928</u>