

### Mission Statement

*To contribute to the poverty reduction and human resource development at the national level by mobilizing funds for the provision of credit, business advisory services and training primarily to the micro and small business sectors.*

### PROFILE

*The National Development Foundation of Dominica (NDFD) limited is a private, non-profit development institution established in 1981 as a limited company by guarantee under the laws of the Commonwealth of Dominica.*

*The mission of the NDFD as encapsulated in its mission statement, is that of poverty and human resource development at national level, by mobilizing funds for the provision of credit, training and technical support primarily to the micro, small and medium size enterprises (MSME's).*

*The Foundation benefited from grant funding to finance its programmes in its early years. Unfortunately, this ended in 1994 and the Foundation has had to accelerate its efforts at becoming a self-sustaining entity. In this regard, we had out of necessity to reduce operating cost while at the same time increasing the Foundation's revenue.*

### GOALS

*The Foundation continues to assist entrepreneurs to start, expand or improve their businesses. The general criteria for accessing the Foundation's financing remains as follows, the business must:*

- *be economically viable;*
- *utilize local raw materials;*
- *manufacture new products or develop existing products;*
- *help in the stimulation of exports or reduction of imports;*
- *be of a productive value to the community.*

### ADMINISTRATION

*The NDFD is administered by a voluntary Board of Directors of at least seven (7) members with knowledge and experience in various disciplines drawn from established private and public institutions. They form a resource base for providing guidance and direction to the Foundation. The day to day management is the responsibility of the Executive Director assisted by a number of other staff members.*

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# Agenda

*For the 34<sup>th</sup> Annual General Meeting  
To be held on Thursday SEPTEMBER 22<sup>nd</sup>, 2016  
4:30pm at the NDFD Conference Room*

<i>National Anthem</i>	<i>4:30pm – 4:35pm</i>
<i>Invocation</i>	<i>4:35pm – 4:40pm</i>
<i>Welcome Remarks</i>	<i>4:40pm – 4:50pm</i>
<i>Chairman's Report - Mr. Oliver Henderson</i>	<i>4:50pm – 5:20pm</i>
<i>Receive and Consider the Executive Director's Report</i>	<i>5:20pm – 5:35pm</i>
<i>Remarks from Minister of Commerce, Enterprise and Small Business Development - Hon. Roselyn V. Paul</i>	<i>5:35pm – 5:45pm</i>
<i>Confirmation of minutes of the 33<sup>rd</sup> Annual General Meeting</i>	<i>5:45pm – 5:55pm</i>
<i>Consider Matters Arising</i>	<i>5:55pm – 6:15pm</i>
<i>Receive and Consider Auditors Report</i>	<i>6:15pm – 6:20pm</i>
<i>Presentation of Financial Statements - Treasurer</i>	<i>6:20pm - 6:25pm</i>
<i>Appointment of Auditors</i>	<i>6:25pm – 6:30pm</i>
<i>Retirement and Election of NDFD Board of Directors</i>	<i>6:30pm – 6:45pm</i>
<i>Testimonials by Clients &amp; Presentations</i>	<i>6:45pm – 7:10pm</i>
<i>Any Other Business</i>	<i>7:10pm – 7:15pm</i>
<i>Vote of Thanks</i>	<i>7:15pm</i>
<i>Closing/Refreshments</i>	

# Guiding Principles

- ✧ *We have a responsibility to use our financial resources for profitable and viable small businesses so as to obtain the highest returns to Dominica.*
- ✧ *We are bound, in our credit activities, to exercise good judgement in the choice of business we finance and in the training, business advisory and counseling services we provide while maintaining the strictest level of confidentiality in dealing with our client's affairs.*
- ✧ *We are committed to support, encourage and develop entrepreneurs whose talents, hard work and management skills will effectively utilize available resources for the benefit of all Dominicans.*
- ✧ *We are committed to fostering the use of the talents of our management and staff; help them gain satisfaction and fulfillment from their work; to reward them as best as we can; to hold them accountable for achieving well articulated objectives, and recognize their contribution to the achievement of our objectives.*
- ✧ *We expect from our staff, an attitude of responsibility, commitment and integrity.*
- ✧ *We have a moral duty to conduct our affairs with integrity, fairness and benevolence to all persons, and in the work place , all employees have the duty to create a harmonious and mutually rewarding environment.*
- ✧ *We have a duty to our Benefactors to be trustworthy, accountable, transparent and effective.*

## **ABBREVIATIONS AND ACRONYMS**

<b>AGM</b>	<i>Annual General Meeting</i>
<b>AID Bank</b>	<i>Agricultural, Industrial and Development Bank of Dominica</i>
<b>BNTF</b>	<i>Basic Needs Trust Fund</i>
<b>CARTF</b>	<i>EU/CARIFORUM Agribusiness Research and Training Fund</i>
<b>CDB</b>	<i>Caribbean Development Bank</i>
<b>CPEC</b>	<i>Caribbean Regional Human Resource Development Programme for Economic Competitiveness</i>
<b>CSME</b>	<i>Caribbean Single Market and Economy</i>
<b>DOWASCO</b>	<i>Dominica Water and Sewerage Company</i>
<b>DYBT</b>	<i>Dominica Youth Business Trust</i>
<b>EC</b>	<i>European Commission</i>
<b>EDF</b>	<i>European Development Fund</i>
<b>EU</b>	<i>European Union</i>
<b>ICDF</b>	<i>International Cooperation and Development Fund</i>
<b>IICA</b>	<i>Inter American Institute for Cooperation on Agriculture</i>
<b>MSEs</b>	<i>Micro and Small Business Enterprises</i>
<b>MSMEs</b>	<i>Micro, Small and Medium Business Enterprises</i>
<b>NAO</b>	<i>National Authorizing Officer</i>
<b>NDFD</b>	<i>National Development Foundation of Dominica Limited</i>
<b>R&amp;T</b>	<i>Research and Training</i>
<b>SMEs</b>	<i>Small and Medium Business Enterprises</i>
<b>USAID</b>	<i>United States Agency for International Development</i>

# Board Of Directors



**MR. OLIVER HENDERSON - CHAIRMAN**



**DR. STEVE JOHN – DEPUTY CHAIRMAN**



**MR. RALPH BLAIZE - TREASURER**



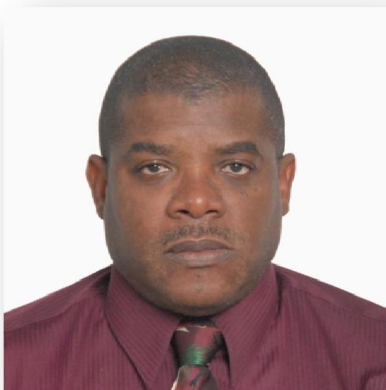
**DR. DAMIEN DUBLIN - DIRECTOR**



**MS. DIANE ETIENE - DIRECTOR**



**MR. ERICKSON LEWIS - DIRECTOR**



**MR. NICHOLAS BRUNO - DIRECTOR**



**MS. SHERMA DARLYMPLE - DIRECTOR**



**MR. GREGOIRE THOMAS - DIRECTOR**

# CHAIRMAN'S REPORT



## Introduction

Theme: **"Empowering the Entrepreneur through Support and Information"**

It is my pleasure to once again address you the benefactors, beneficiaries and well-wishers of the NDFD on the activities which transpired during the previous year, ended December 31, 2015. We are proud to espouse this practice of transparency, prudence and accountability.

## Economic Environment Overview

Development of the Micro, Small and Medium Enterprise (MSME) sector is expected to have a net positive impact on economic activities in any country. However, there are other determining factors which can impact this thrust, many of which are exogenous in nature. It means therefore that, there must be a concerted effort to get the maximum results from our input, since this can be negated or even reversed within an extremely short period of time. This was certainly the case during the second half of 2015, as uncertainty was created amongst nationals with the passing of Tropical Storm Erika which swept away all that was in its path. This resulted in serious thought being given to whether businesses or residents should continue to operate in the usual manner and whether they should even continue or start over from what was washed or slide away. The hope is that lessons of risk mitigation planning and management were learnt from this ordeal.

In the year 2015 we saw reductions in energy costs, particularly with the price of crude oil as demand for this vital commodity remained constant. This drop in commodity prices including metals may have had a positive impact on individuals and the Dominican economy as a whole still did not reach the full expected outcome on the economy mainly due to the small manufacturing sector. We at the NDFD always encourage our clients and prospective clients to think outside the box when seeking to invest, we are of the view that converting raw materials such as our abundance of fruits into quality finish products does have the potential for export and sustainable job creation. The International Monetary Fund (IMF) World Economic Outlook (WEO) for 2015 confirmed that global economic activity remained subdued, with developing and emerging markets showing a decline of five years in succession. Dominica is considered by the IMF as a developing country, and noted that economic activity was severely adversely impacted by the devastation caused by Tropical Storm Erika. During the Article IV consultation with Dominica, it was noted that agricultural output and manufacturing declined sharply, as Tropical Storm Erika decimated crops, and access to farms, and closed the operations of the island's main industrial Plant. Tourism was also negatively impacted with the main airport being severely affected and hence restricting commercial flights. While the storm occurred at the end of August 2015, the effects were so devastating that it caused the loss and reversal of significant achievements made in the preceding months and years, experts estimated such damage will cost the country in excess of \$1.3 Billion East Caribbean dollars which represents approximately 90% of our Gross Domestic Product (GDP).



In the months following the wrath of the storm, NDFD was able to provide some humanitarian relief to a few areas which were severely affected. On the issue of businesses which were impacted the approach was to carry out an immediate assessment of these clients and to determine what the best approach would have been. Each case was treated based on its own circumstances and merits. Interventions included grace periods on repayments, interest waivers, refinancing, and technical assistance in re-strategizing, amongst others. We at the NDFD are proud of the fact that every client within the affected areas was contacted and offered assistance within the realms of possibility.

The experience of this natural disaster overshadowed the entire year 2015 and did re-emphasize our susceptibility to the effects of natural disasters. This must also be taken in stride with the country's vulnerability to turmoil in the global marketplace whereby growth is sluggish. However, we can find our niche and thrive by minimizing the negative impacts by continuing our efforts in striving to execute the productivity and production thrust of MSME's.

The NDFD remains committed to contributing towards economic development with sustained efforts to boost the production of goods and services in the business sector. This ensures that the NDFD contributes towards the attainment of its mission; **"To contribute to poverty reduction and human resource development at the national level by mobilizing funds for the provision of credit, business advisory services and training primarily to the Micro and small business sectors."** This is being done through empowerment of the MSME sector which resulted in the creation of employment and generation of wealth.

This year's theme **"Empowering the Entrepreneur through Support and Information"** is fitting as our structure and programmes are designed to do just that. Our activities are designed and geared to deliver the highest quality of products and services at all times.

## **Financing and Activities**

Overall, the NDFD focuses most of its resources on developing the MSME sector in an effort to drive economic development. We will always make a concerted but meticulous effort at securing the required funds for financing the operations, therefore we at the NDFD will remain prudent in managing our finances.

During 2015, the final tranche of a loan secured from the Dominica National Petroleum Company Ltd (DNPC) was drawn down. These funds were particularly targeted at boosting small, medium and micro businesses, with a view to expand production and create jobs, among other economic objectives. The data for the year suggests that a total of 343 businesses received funding; resulting in a total of 697 jobs created or sustained. While this was a reduction from the previous year, it also points to the fact that there is room for improvement, and we are prepared to work with all stakeholders and other concerned agencies to maximize on the utilization of all available resources.

Additionally we continued our efforts in providing training to the business sector, while at the same time ensuring that resources are allocated to provide hands on technical assistance to those who required it in order to achieve maximum results from their investments. These included putting measures in place



to track activity and to monitor progress and performance which would result in better decision making for the enterprise. This approach we are certain will pay off in the long run.

The Task at hand is one which requires the input of all, and we remain committed to tapping into the resources of all support organizations. We therefore thank them for their support over the past year.

During the period, we were able to maintain satisfactory cash flows to ensure that our activities were adequately managed. Cash was sustained by ensuring that our expenses were prudently controlled and that we collected on our receivables, particularly the chronic delinquents. We recognize the need for other sources of funding in order to facilitate the execution of our mandate and therefore will continue seeking new benefactors.

## **Overall Performance**

As at December 31, 2015, the NDFD balance sheet showed an increase in assets of more than one million dollars. This was mainly due to growth in the loan portfolio. The liabilities showed an increase of \$690,000. Revenues for the period also showed a slight increase over that of the previous while expenses decreased. This resulted in an operating surplus of \$765,000. From this performance, we made provisions for loan losses of \$371,680 and also wrote off \$10,835. This financial performance and position is important to note, as it has contributed towards the stability of the Foundation, and has put us in a position to continue delivering on our services to the MSME sector.

These figures are signs that all of the financial indicators point in the desired direction. This movement in assets, as well as that of the cash position is encouraging, and despite these positive impacts on its own performance and position, we were able to continue in with the provision of enhanced services to the MSME sector, designed to assist in attaining improved performance, production, productivity, by putting in place critical elements of their management processes. It must be underscored that having a strong and financially stable MSME sector is an important aspect of economic development, which lends itself towards profitability for business owners, while creating sustainable jobs. These services include financial, management and record keeping assistance required to.

## **Governance**

In order to ensure that the NDFD remains relevant and effective, the governance structure has to exercise a level of oversight which demands high standards. This includes high ethics, realistic and objective resource-management processes, as well as accountability and management controls. During the year, there was continuous monitoring of policies, and their proper implementation, to make certain that it keeps to the mandate.

The NDFD board for the year 2015 always consisted of nine (9) members who served diligently and brought to the fore their expertise. The board is elected at its annual general meeting, with each member being eligible to serve a three (3) year term. There were regular monthly meetings as well as special meetings when the need arose. It ensures that the Foundation remains true to its mission of

being the organization which leads the development of the MSME sector on island. The emphasis is on empowering this sector by providing financing as well as other support services which will assist in improving performance geared towards increased efficiency, production and productivity.

## Strategic Alliances

We are keen on maintaining close working relationships with all stakeholders who share the vision of national development through enhancement of businesses and human resources. It is as a result of this that there are continued efforts to strengthen existing relationships with both private and public sector institutions to help increase efficiency and increase productivity. Two quotes stand out; **“alone we can do so little; together we can do so much” by Helen Keller and Bill Gates who said “Our success has really been based on partnerships from the very beginning.”** These quotes from two (2) very successful individuals serve as motivation for striving to forge valuable relationships.

NDFD partners include the Government of Dominica, indigenous financial institutions, and local private institutions. The main determining factors in seeking partners is that they share in and or contribute to the mission of national development through the different approaches of human resource development, business support and financing of the business sector. We also Partner with regional and international agencies located on island and elsewhere.

## Future

If it is accepted that every challenge is accompanied by numerous opportunities, then one can surmise that a variety of challenges will bring along a multitude of opportunities. It simply means that we must be prepared to focus on not just the threat posed, but to look deeper and further to recognize the opportunities which are hidden within. Our local economy has not been performing at its optimum, and herein lies a major challenge filled with a myriad of opportunities. We are prepared, and well positioned to utilize our resources (human, financial and otherwise) to propel MSME's in the direction whereby the combined effort will result in a reduction of the trade deficit. One of the ways in which this can be achieved is to recognize that there exists a demand for Dominican manufactured products and fresh produce within the Caribbean and extending to other high value markets. This is the main reason for selecting the theme for this year as; **“Empowering the Entrepreneur through Support and Information”** It is a culmination of efforts made over the years to strengthen the level of support to various sectors. Our team is adequately trained, and experienced to work towards the goal of increasing production and productivity with a view to generating foreign exchange.

In order to achieve this, there are a number of factors which are in favour of the initiative which include but not limited to a favourable view of the Dominican brand, as well as close proximity to the French Departments of Guadeloupe and Martinique, coupled with the fact the entire OECS is now one market space. Our efforts are also supported by the pronouncement of the Prime Minister and Minister of Finance in his 2016/2017 budget that local vessel owners will be assisted financially in order to upgrade their vessels. There are the favourable circumstances for there to be improvements in quality, less losses, and hence increased profits for all involved. We also look forward to playing a significant part in

assisting in more tourism and related services and products with a re-launching of facilities targeted towards this sector.

In addition to ensuring that there is a technical assistance support structure in place, we have also put in place adequate funding for ensuring that business ideas are started, nurtured and grown to achieve their maximum potential. We are cognizant of the fact that this can only be a reality if our clients embrace the entire package deliberately developed to help in business development. We again emphasise that the need for finance is critical, but will not achieve the maximum results if the proper management structures are not in place.

Our country on a whole is still in some sort of recovery mode, as we strive to battle with the scars of the past year 2015. We are optimistic that the task is not insurmountable, and will embrace the opportunities which come with this.

On behalf of the NDFD's board I wish you all the best for the remaining months of 2016.

I thank you.



CHAIRMAN  
**Oliver P Henderson**

# **BENEFACTORS/MEMBERSHIP**

**FOR THE YEAR ENDED 31<sup>ST</sup> DECEMBER 2015**

***DOMINICA SOCIETIES LEAGUE***

***J ASTAPHAN & CO LTD***

***SPRINGFIELD TRADING LTD***

***BELFAST ESTATES***

***PHILLIP NASSIEF***

***JAYS LIMITED***

***NATIONAL BANK OF DOMINICA***

***DR DAMIEN DUBLIN***

***OLIVER HENDERSON***

***NICHOLAS BRUNO***

***ERICKSON LEWIS***

***SHERMA DALRYMPLE***

***RALPH BLAIZE***

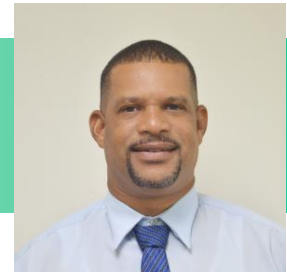
***DIANE ETTIENE***

***GREGOIRE THOMAS***

***DR STEVE JOHN***

# EXECUTIVE DIRECTOR'S REPORT

Year ending 2015 – *By: Mr. Cletus Joseph / Executive Director*



## General Overview

The year 2015 will be forever etched in our memories whereby the effects of a natural disaster were of unprecedented proportions in our lifetime. This however, did not daunt the NDFD in the continuation to advance its mission of development through empowerment of Micro, Small and Medium Enterprises (MSME's). The second half of the year was indeed one of uncertainty, as the entire country had to take the time off to deal with the devastation of infrastructure, livelihoods, and businesses. Clients of the NDFD were directly impacted during this period, and steps had to be taken to assist these clients by either reducing the distress or providing further support in bringing things back up to as normal as possible within a short space of time. The old adage that "character is revealed in a time of adversity" was at work as the Foundation had to implement various methods of assisting its affected clients. 2014 saw the NDFD celebrate thirty-four (34) years of contributing to sustainable development mainly through funding of businesses which creates employment along with other spin offs. While the second half of the year was quite uncertain, the NDFD was able to strategise and get its affected businesses back on track. This was done through the provision of not just cash injections but also additional support and business counseling and advice along with some humanitarian assistance which really brought out the faces of those behind the scenes.

The challenges brought on by the challenges of 2015 gave the NDFD further opportunity to espouse in tangible ways its mission of **"To contribute to poverty reduction and human resource development at the national level by mobilizing funds for the provision of credit, business advisory services and training primarily to the Micro and small business sectors."** This therefore leads and guides the activities of the NDFD in its quest to elevate the standard of living within our beloved Nature Island.

The services of the NDFD continue to be sought from all parts of the island, and this provides an impetus for the Foundation to continue to be agile in adapting to the ecosystem within which it and its clients operate. This approach is critical as it has enabled the Foundation to thrive during its thirty-three (33) years of service to the MSME sector in Dominica despite the challenges faced during this period.

During 2014, the NDFD was able to monitor the operating environment, and improve upon its strategies and methods of delivering the highest quality of services and products to its clients, which contributes towards remaining relevant and a highly demanded organization in Dominica, and recognized as a model to be emulated in the region.

## Governance

Critical to the viability and sustainability of any organization is the quality of oversight which is exercised in its operations. This includes the establishment of policies as well as continuous monitoring of their proper implementation by the members of the governing body of an organization. It includes the mechanisms required to balance the powers of the members who have the associated accountability with their primary duty of enhancing the prosperity and viability of the organization.

The board, during 2015 did execute its duty of governing the NDFD by ensuring regular meetings to set, review, and ensure that targets were being met, while sticking to the overall mission as well as keeping the Foundation sustainable.

The board of nine (9) members was made up of two (2) females and seven (7) males from diverse backgrounds which have assisted in providing a well rounded and professional skills set at such a critical level. This was done by ensuring that there were monthly meetings convened, with reporting on

activities and progress. The board was at all times constituted of its stipulated nine (9) members, led by the Chairman Mr. Oliver Henderson. For the year 2015, the board was comprised as indicated in table 1 below:

*Table 1: Board of Directors Composition and Term*

	BOARD OF DIRECTORS	POSITION	TERM/YEAR FIRST SERVED/ELECTED	YEAR FOR EXPIRY	COMMENTS
1.	Oliver Henderson	Chairman	2009	2018	
2.	Dr. Steve John	Deputy Chairman	2008	2017	
3.	Mr. Nicholas Bruno	Treasurer	2009	2018	
4.	Ralph Blaize	Director	2008	2017	
5.	Dr Damien Dublin	Director	2011	2016	Out-going and Eligible for re-election
6.	Diane Ettiene	Director	2012	2018	
7.	Ericson Lewis	Director	2012	2017	
8.	Sherma Dalrymple	Director	2013	2016	Out-going and Eligible for re-election
9.	Gregoire Thomas	Director	2014	2016	Out-going and Eligible for re-election

## Financial Review

NDFD is the name which is synonymous with small business development and growth, and therefore ensures that it sets a high standard in terms of operations and performance. These can therefore be emulated by the businesses which are being assisted through the various programmes which are administered. Good financial performance is an indication of the prudent operations and procedures implemented to ensure execution of policies and attainment of various objectives. This is reflected in the statements of income and expenses as well as that of the financial position as at December 31, 2015.

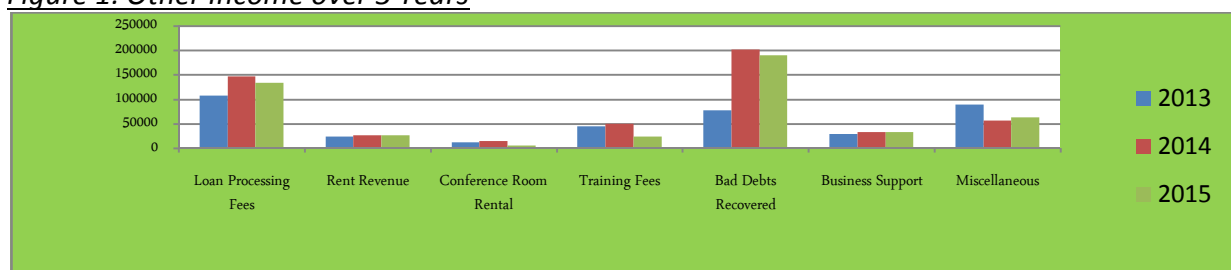
For the financial period under review, the NDFD generated total revenues of \$2,139,610 which is 1.5% increase over that of the previous period. This increase must be considered, bearing in mind that there was also a 5.8% reduction in expenses over the same period, hence a resultant operational surplus of \$765,030. This surplus is 18% better than that generated in 2014.

The main revenue item for the year 2015 was interest on loans which amounted to \$1,634,005 while Other Income was 486,297. Other Income was comprised of the following:

- Loan Processing Fees \$134,003
- Rent Revenue \$29,955
- Training Fees \$24,017
- Business Support \$32,680
- Bad Debts Recovered \$190,517

The Table below gives a comparison of the revenue for the past three (3) years.

*Figure 1: Other Income over 3 Years*



### **Financial Position and Performance**

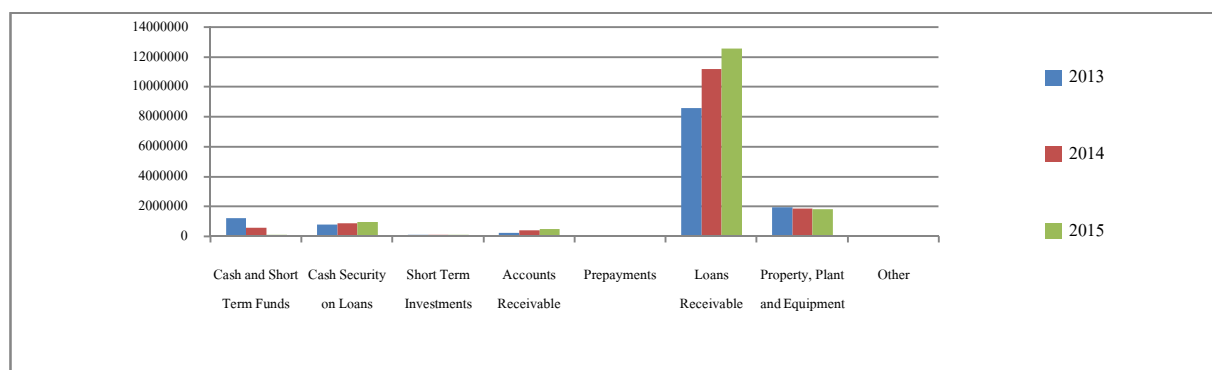
In order that the NDFD remains well positioned to light the way forward for the businesses which it guides and funds, the work continued in building a sound financial foundation. As at December 31, 2015 total assets stood at \$16,075,625 with total liabilities of \$13,738,320. The asset base grew by \$1,442,576 or 10% over that of the previous year. This was achieved while liabilities grew by \$690,471 to \$13,738,283 which is 5% higher than 2014. Increase in liabilities was as a result of drawdown of the third and outstanding amount of a loan secured from the Dominica National Petroleum Company Limited (DNPC) in 2013. The cash position was enhanced by this injection, assisting the NDFD to provide support to the MSME sector in terms of loan financing.

Given the available resources, financial performance had to be carefully monitored to ensure that there was sufficient revenue generated and costs controlled. The General Fund moved from \$137,652 at the end of 2014 to \$902,682 as at December 2015. This is an indication of a significant improvement in the financial position of the NDFD.

The cash position of the Foundation remained stable, with an end of year balance of \$112,629. The NDFD remained cognizant of its mission to improve and strengthen the MSME sector in terms of funding development of products and services. One of the goals is to have businesses which collectively contribute significantly to the economic development. Hence the cash impact on loan financing was in the amount of \$1,732,000.

The Foundation is poised to take on the necessary activities to bolster its cash position in order to meet the demands, as we strive to assist our clients to improve on the performance of their enterprises' into viable and sustainable entities which continue to create employment, while contributing to the reduction in poverty. However, the NDFD will remain vigilant and monitor and manage its available resources to ensure that it fulfills its mission and achieve the vision. This will involve the effective and timely collection of outstanding and overdue balances on originated loans, prudence in the evaluation and assessment of new loans and projects to be funded, while remaining innovative and creative in servicing the MSME sector.

**Figure 2: Composition of Assets**





## Operational Activities

### ***Accounts Department:***

The NDFD is structured in manner that will provide the best results. There are five departments which have been adequately staffed and equipped to execute their duties. The strategy adopted was to implement a model that ensures financing of sustainable enterprises, provision of the required support services to enable these to be successful while getting sufficient debt servicing. The Accounts Department is charged with implementing the NDFD policies and procedures based on GAAP and IFRS which incorporates the historical cost concept. The Department is headed by the Finance Manager along with four (4) other staff members. There was some realignment of resources within the entire operations to ensure that the most effective utilization of skills was achieved.

### **ACCOUNTS DEPARTMENT STAFF**



**Finance Manager**  
Mr. Fidel N. Grant



**Accounts Assistant**  
Tasha Paquette



**Cashier**  
Shara Walsh



**Credit Officer**  
Juanita Casey



**Accounts Clerk**  
Mrs. Clarissa Attidore-Athanaze

### ***Business Support***

The Business Support Services Unit (BSSU) is charged with the responsibility to provide businesses with all of the critical services required to assist with operations and success. With a total staff compliment of three (3), there was a concerted effort to deliver these which include:

- Hands on training in Financial Education where a total of 54 individuals were trained in basic use and recording of financial information
- On-site technical assistance to 13 businesses. These services include marketing plan development and implementation, configuration of accounting systems as well as compilation of financial statements. It also involved follow up on business plan development as well as management advice

Table 2 below gives a summary of the services provided and the number of businesses assisted.

*Table 2: Services Provided by the BSSU*

Service	No. Assisted
Preparation of Income Statements	11
Financial Projections	21
Online & Other Marketing	76
Accounting and related services	5
Other services Technical Assistance	13
Business Plans Development	7
Record Keeping Books	92
<b>Total No. Assisted</b>	<b>225</b>

The department has also made strides to better track clients in order that information can be easily retrieved and specific actions taken. This has been in the making and has started delivering the anticipated results.

## **BUSINESS SUPPORT SERVICES DEPARTMENT**



Support Services Coordinator  
Naomi Romain



Business Support Assistant  
Consula Cuffy



Marketing &  
Business Support Assistant  
Annasha LaRonde

### ***Business Development and Loans***

A growth in the loan portfolio is an indication that the services of the NDFD are being utilized. It is a sign that the NDFD continues to contribute to the mandate of empowering the human resource base of the country by directing funds into productive purposes. The year 2015, despite continued uncertainty in the financial sector saw the NDFD underwrite a total of 1,451 loans with a total value of \$8,215,977 which was a decrease of 12 % in number and 14% in value from that of 2015.

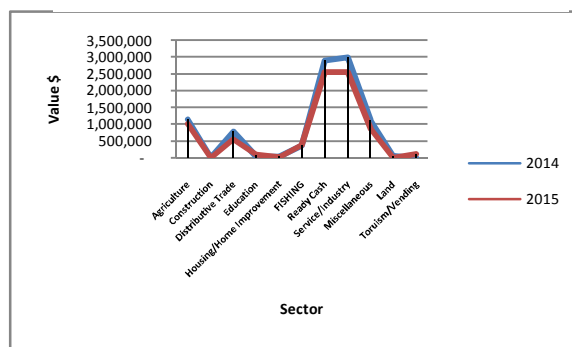
Despite the reduction, there were sectors and sub-sectors which were impacted positively during the course of the year. Amongst these were fishing which showed 8% increase in both total number and value of loans over the previous year. Another sector which the NDFD was able to significantly impact was tourism, whereby there were no loans in 2014, but 8 in 2015 to a value of \$118,509.

While the overall agriculture portfolio showed a decline of 22% in number and 12% in value, the poultry and pork production sub-sectors showed encouraging increases. There were also many requests for equipment, tools and vehicles and vehicle repairs from farmers. Agriculture remains a key sector on the island, however the farmer population is one which must be looked at and ways found to encourage a young crop of agricultural entrepreneurs (agripreneurs) who could revolutionize this sector and make it more productive and rewarding. The agricultural sector was one of the worst hit during the passage of Tropical storm Erika on August 27, 2015. Clients of the NDFD reported loss of equipment and crops in excess of \$500,000. This does not include losses suffered from sale of produce as a result of the inaccessibility of farms. The affected clients were assisted in various ways including implementation of moratorium, refinancing, and visiting for technical assistance.

Services and industry are among the sectors which growth and development are being encouraged because of the export potential and the ability to provide substitutes for imported products. In addition, there are many sustainable jobs created within these, and the ability to add value along the value chain especially for raw materials produced locally. This sector however, showed a decline in requests when compared to the previous year.

As at the end of financial year 2015, the portfolio consisted of 2,019 loans with a total value of \$12,566,861. When compared to the previous year there was an increase in the value of loans in the portfolio by 16%. This year the overall value of loans granted showed a decrease of 14% while the number of loans granted also decreased by 12%. These decreases were mainly due to limited cash flow for the financial year in review.

*Figure 3: Loan sector distribution comparison*



## LOANS DEPARTMENT STAFF



Business Development Officer  
Mrs. Sharon Vidal-Francis



Business Development Officer  
George Challenger



Business Development Officer  
Lydia Andrew



Ready Cash Officer  
Mr. Danley Carbon

### **Recovery and Collection**

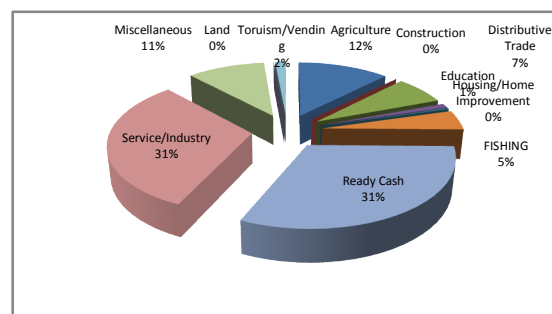
Once the loans are disbursed, the NDFD puts its utmost efforts into ensuring that the repayments are made. This is done at various levels; the Foundation is structured to ensure success of the businesses which it funds by having follow-ups soon after, provision of required support, and also in the event that these fail, the Recoveries department takes over.

The overall economic situation is being considered when recovery methods are being employed.

However, during 2015, the traditional strategies were implemented, from telephone calls followed by letters and the final step being that of court action when all else fails.

As at December 31, 2015, the overall portfolio at risk was at 17.6% of the \$12,617,923 portfolio. There lies a major challenge to control the level of default. In this, the Foundation is making significant strides, but will be improved if business owners embrace the entire package being offered.

*Figure 5: Loan Distribution by Sector for 2015*



## **RECOVERIES DEPARTMENT**



Recoveries Officer  
**Leon Peter**



Recoveries Assistant  
**Juan George**



Recoveries Assistant  
**Mrs. Sandrine Eugene-St.Luce**

### **Training and Partnerships**

Economic development cannot be achieved by having a solitary initiative which isolates other players in the ecosystem. This point was emphasized at *The Global Economic Outlook forum at Davos 2015* where one member of the Executive Board of the European Central Bank said: “We can’t do everything for Europe. We all have a job to do. We’ve done our part... others need to do their part. There’s nothing we can do at the ECB that can lift the growth rate of Europe in a lasting way – that’s about productivity, that’s about having the right business environment, that’s about having people who want to invest. We can make it cheaper to invest but people have to want to invest.” This quote is very much applicable in our situation even more so given the size of our economy and the available human, financial and other resources.

NDFD is very much aware of this, and therefore has always sought to collaborate with others in the execution of its work plan. The need to increase productivity through increasing access to finance, reduction of work duplication and, improvements in efficiency is achieved when these resources are identified, allocated and utilized effectively. It is imperative therefore, to seek new partnerships while improving those which are already in existence. While every organisation has its own objectives, it is smart to recognize where shared activities will have a win-win impact resulting in similar or shared goals being achieved. For the period 2015, relationships were strengthened and maintained with the following organizations:

- Basic Needs Trust Fund (BNTF)
- IICA – continued to administer and monitor a programme whereby rural women involved mainly in agriculture and agro-processing received training and soft loan financing through a collaborated effort.
- National Authorising Office (NAO) – designed a programme whereby 15 targeted businesses received training and hands on assistance to improve on their operations, standards, and general management systems.
- Dominica Manufacturers Association – many collaborative efforts at improving the stature of the agro-processors on island. A key partner in the programme funded by the NAO /BAM
- Junior Achievement (JA) a partnership to provide support to young persons in schools aimed at encouraging entrepreneurship.
- Global Environment Facility (GEF) – thirty (30) grantees and potential grantees completed certificate training courses in the areas of Grant and Proposal writing, Project writing, Project Monitoring and Evaluation.
- Caribbean Micro-Finance Alliance (CFMA) – through this body to which the NDFD is affiliated, the thrust to provide continued Financial Education training.
- Caribbean Climate Innovation Centre (CCIC) – the NDFD became the Dominican hub for the CCIC which is an organization focused on providing grant assistance to business ideas and projects which positively impact issues of climate change and sustainable development. The CCIC headquarters is located in Jamaica, and one of the services is to create a platform where entrepreneurs can link with other entrepreneurs regionally and globally to discuss ideas and share knowledge. One Dominican business has since benefited from this initiative in 2015.

The NDFD continued to implement training programmes geared at equipping the general public with various skills and knowledge. A total of eighty-five persons attended the sessions listed in table 2 below.

**Table 3: Training Programs for 2015**

NAME OF TRAINING PROGRAM	FEMALES	MALES
Customer Service Training	13	1
Business Continuity After a Natural Disaster	7	4
Public Speaking & Presentation of Self	11	1
Supervisory Leadership	14	9
Office Management	16	3
Professional Image	6	-
<b>TOTAL</b>	<b>67</b>	<b>18</b>

One recurring factor in this statistic which needs improving is the ratio of male to female where once again females outnumbered males by almost four (4) to one (1).

There was also training opportunities provided through partnerships, with other organizations, as part of staff development in critical areas. The NDFD also serves on various committees, and provides complimentary training to the general public and community groups.

## ADMINISTRATIVE/TRAINING DEPARTMENT



HR/Training Officer  
Mrs. Carrie Charles-Thomas



Secretary/Receptionist  
Lowana St. Jean



Office Assistant  
Christine Fontaine



Cleaner  
Mrs. Davina Joseph

**Table 4: Loan value distribution by sector**

SECTOR	2014 Value in \$EC	No of loans.	2015 Value in \$EC	No. of Loans
Agriculture	1,140,119	134	1,004,311	105
Construction	9,800	2	-	0
Distributive Trade	783,557	66	562,969	50
Education	35,406	4	88,534	8
Housing/Home Improvement	37,549	5	16,100	2
FISHING	354,790	24	383,714	26
Ready Cash	2,890,703	1102	2,559,329	989
Service/Industry	2,992,256	166	,553,328	144
Staff	113,755	13	74,872	10
Miscellaneous	1,108,757	137	852,811	108
Land	59,706	3	1,500	1
Tourism/Vending	-	-	118,509	8
<b>TOTAL</b>	<b>9,526,397.17</b>	<b>1656</b>	<b>8,215,977.02</b>	<b>1,451</b>

### Outlook:

During the year 2015, The NDFD strived to develop and equip itself to the point whereby businesses which receive funding under any one of its facilities will be assisted in business development. These include designing and streamlining of operations; ensure proper financial and other record systems are implemented, and how to use these. There were also efforts made to develop the financial literacy of clients as an effort to equip them with requisite skills to effectively manage financial resources. This approach has helped to position a significant sector of the clients with tremendous potential for further growth and development.



This was a deliberate allocation of resources aimed at seeing a concentrated effort made at expansion of production and increased productivity. Such an achievement will lend itself to making these businesses more viable and successful.

The NDFD also tried to push resources towards the production of fresh produce, which assists in the goal of self sufficiency and food security. The aim is to remain resolute as we seek to get past those bottlenecks and other obstacles which hinder the attainment of excellence in economic development.

The NDFD is now as committed as ever to its mission of poverty reduction and human resource development through the three (3) pronged approach of; increasing access to financial resources, training and support services to small and micro businesses. This is therefore guided by the choice of theme for the next year which is ***“Empowering the Entrepreneur through Support and Information.”***

NDFD is grateful for the assistance all collaborating agencies during the past years, and looks forward towards stronger alliances, closer working partnerships, spurred on by diligent and smart work. This theme for the next period will certainly lend itself to building sustainable business which will contribute towards national development. An appeal is being made to the businesses/ business owners to embrace the total package of the NDFD and soar towards economic excellence.



# FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2015

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## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

National Development Foundation of Dominica Limited  
Great Marlborough Street  
Roseau  
Commonwealth of Dominica



We have audited the accompanying financial statements of the National Development Foundation of Dominica Limited which comprise the statement of financial position as at December 31, 2015, and the statement of comprehensive income and general fund and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, these financial statements present fairly, in all material respects, the financial position of the National Development Foundation of Dominica Limited as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

*KPB Chartered Accountants*

Roseau, Dominica  
August 12, 2016

#### KPB CHARTERED ACCOUNTANTS

Pedro Investments Building, Independence Street, P.O. Box 202, Roseau,  
Commonwealth of Dominica Tel. 448 2511/2 Fax 448 5201

E-mail: [kpbdm@cwdom.dm](mailto:kpbdm@cwdom.dm) website: [www.kpbcharteredaccountants.com](http://www.kpbcharteredaccountants.com)

Partners: Kieron Pinard-Byrne (CEO/Chairman), Marvlyn Estrado, Orlando Allan Richards



**PrimeGlobal**

An Association of  
Independent Accounting Firms

**National Development Foundation of Dominica Limited**

Notes to the Financial Statements

For the Year Ended December 31, 2015

	Notes	2015	2014
		EC\$	EC\$
<b>ASSETS</b>			
Cash and Short-term funds	4	112,629	581,013
Short-term investments	5	100,922	100,843
Accounts receivable	6	481,184	349,452
Prepayments		10,517	13,579
Loans receivable/fund assets	7	12,184,346	10,834,843
Cash security on loans	8	940,252	868,030
Other assets	9	31,919	31,537
Property, plant and equipment	11	1,831,341	1,853,752
<b>TOTAL ASSETS</b>		<b>15,693,110</b>	<b>14,633,049</b>
<b>LIABILITIES</b>			
Bank overdrafts	4	4,317	-
Accounts payable and accruals	10	186,834	132,576
Cash security on loans	8	940,252	68,030
Long-term loans	12	4,979,442	4,491,953
Payable to funds	13	1,361,803	1,289,581
Fund liabilities	14	6,265,672	6,265,672
<b>Total Liabilities</b>		<b>13,738,320</b>	<b>13,047,812</b>
<b>ACCUMULATED FUND</b>			
Capital Grants	15	438,888	451,850
General Fund		520,167	137,652
Revaluation Surplus	11	995,735	995,735
		<b>1,954,790</b>	<b>1,585,237</b>
<b>TOTAL LIABILITIES AND ACCUMULATED FUND</b>		<b>15,693,110</b>	<b>14,633,049</b>

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

THESE FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON AUGUST 12, 2016 AND SIGNED ON BEHALF OF THE TRUSTEES BY



CHAIRMAN

**Oliver Henderson**



TREASURER

**Nicholas Bruno**

**National Development Foundation of Dominica Limited**

Notes to the Financial Statements

For the Year Ended December 31, 2015

		2015	2014
	Notes	EC\$	EC\$
<b>REVENUE</b>			
Interest on loans		1,634,005	1,540,169
Interest on term deposits and treasury bills		16,908	39,005
		<u>1,650,913</u>	<u>1,579,174</u>
<b>Total interest and investment incomes</b>			
Membership dues/donations		2,400	3,450
Other income	16	486,297	524,593
		<u>2,139,610</u>	<u>2,107,217</u>
<b>Total Revenue</b>			
<b>EXPENSES</b>			
Salaries, staff benefits and allowances		707,872	702,743
Interest, bank charges and fees		162,979	143,708
Depreciation	11	85,451	111,430
Capital grant amortization	15	(12,962)	(18,337)
General and administrative expenses	17	431,240	522,818
<b>Total Expenses</b>		<u>1,374,580</u>	<u>1,462,362</u>
<b>SURPLUS BEFORE THE FOLLOWING</b>			
		765,030	644,855
Adjustments to prior years' loans receivable		-	(2,779)
Provision for loan loss	7	(371,680)	-
Loans written off		(10,835)	(364,579)
		<u>382,515</u>	<u>277,497</u>
<b>NET INCOME FOR THE YEAR</b>			
<b>GENERAL FUND BEGINNING OF YEAR</b>			
		137,652	(139,845)
<b>GENERAL FUND END OF YEAR</b>			
		<u>520,167</u>	<u>137,652</u>

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

**National Development Foundation of Dominica Limited**

Notes to the Financial Statements

For the Year Ended December 31, 2015

	2015	EC\$	2014 EC\$
<b>Cash flows from operating activities</b>			
Surplus before the following		765,030	644,855
<b>Adjustments for</b>			
Depreciation		85,451	111,430
Amortization of capital grant		(12,962)	(18,337)
Prior period adjustment loans receivable		-	(2,779)
Loans written off		(10,835)	(364,579)
Gain / (loss) on disposal of fixed asset		(10,000)	-
Provision for loan loss		(371,680)	-
<b>Cash flows before changes in operating assets and liabilities</b>		445,004	370,590
Increase in short term investments		(79)	(50)
(Increase)/decrease in prepayments		3,062	561
(Increase)/decrease in accounts receivable		(131,732)	(139,109)
(Increase)/Decrease in loans receivable/fund assets		(1,349,503)	(2,231,388)
Increase in cash security on loans - assets		(72,222)	(67,906)
Decrease/(Increase) in other assets		(382)	(1,958)
(Decrease)/Increase in accounts payable and accruals		54,258	(34,514)
(Decrease)/Increase in cash security on loans - liability		72,222	67,906
Increase/(decrease) in amount payable to fund		72,222	23,173
(Decrease)/Increase in fund liabilities		-	39,350
<b>Net cash from operating activities</b>		(907,150)	(1,973,345)
<b>Cash flow from investing activities</b>			
Purchase of fixed assets		(63,040)	(27,134)
Proceeds on disposal of fixed assets		10,000	-
<b>Net cash from investing activities</b>		(53,040)	(27,134)
<b>Cash flows from financing activities</b>			
Loan proceeds		1,000,000	2,137,559
Long term loan repayment		(512,511)	(766,685)
Capital grants received		-	-
<b>Net cash from financing activities</b>		487,489	1,370,874
Net cash flows		(472,701)	(629,605)
Cash and cash equivalent at beginning of year		581,013	1,210,618
<b>Cash and cash equivalent at end of year</b>		108,312	581,013

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

**1. Incorporation and Principal Activities**

The National Development Foundation of Dominica Limited was on the 19<sup>th</sup> August 1981 incorporated under the Companies Ordinance, CAP 318 of the Revised Laws of the Commonwealth of Dominica, 1961, as a company limited by guarantee whose ongoing operations are guided by the Companies Act of 1994. It is a non-profit organization formed for the purpose of promoting self-help development among micro-business sectors of Dominica by issuing loans and providing other forms of assistance, and to encourage and advance economic and social development in Dominica. The Foundation achieves its objectives through its Revolving Loan Fund.

**2. Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

**(a) Basis of preparation**

These financial statements are prepared in accordance with International Accounting Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention as modified by the revaluation of land and building. The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

**(b) Going Concern**

These financial statements have been prepared on a going concern basis and assume that international funding agencies and/or financial institutions and the Government of the Commonwealth of Dominica shall be providing continuing finance by way of grants or loans in support of the National Foundation of Dominica Limited ongoing operational activities.

**(c) Summary of IFRS pronouncements effective for periods beginning on or after 1 January 2015**

The following is a summary of IFRS for pronouncements that must be applied, if applicable in 2015 a business entity with a calendar year-end that is preparing financial statements in accordance with IFRS. The pronouncements are effective for years beginning on or after January 1, 2015:

- Defined Benefit Plans: Employee Contributions (Amendments to IAS 19).
- Annual Improvements to IFRS's 2011 – 2013 & 2012 – 2014 cycles.
- IFRS 14 Regulatory Deferral Accounts.
- Accounting for Acquisitions of Interests in Joint Operations (Amendments of IFRS 11).

## **2. Summary of significant accounting policies cont'd**

### **(c) Summary of IFRS pronouncements effective for periods beginning on or after 1 January 2015 cont'd**

- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38).
- Agriculture: bearer plants (Amendments to IAS 16 and IAS 41).
- Equity method in separate financial statements (Amendments to IAS 27).
- Sale or contribution of assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28).

### **(d) Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise balances with less than three months maturity from the date of acquisition.

### **(e) Financial assets**

#### **(i) Classification**

The entity classifies its financial assets as short term investments, accounts receivable, loans receivable and fund assets. Management determines the classification of its financial assets at initial recognition.

#### **(ii) Recognition**

Short term investment and accounts receivable are recognised initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

Loans receivable are non-derivative financial assets with fixed or determinable payment that are not quoted in an active market and where management has no intention of trading.

Interest on short term investments and loans is included in the statement of income. No interest is recognised on loans that are delinquent for three or more consecutive months. In the case of impairment, the impairment loss is reported as a deduction from the carrying value of the loan and recognised in the statement of income.

#### **(iii) Provision for impairment**

A provision for impairment/loan loss is established if there is objective evidence that the Foundation will be unable to collect all amounts due according to the original contractual terms of the accounts receivables/loans. The amount of a provision would be the difference between the assets' carrying amount and the present value of the estimated future cash flows, including amounts recoverable from collateral, discounted based on the interest rate at inception. When a financial assets is uncollectible, it is written off against the provision for impairment. Such amounts are written off after all the necessary procedures have been completed and the amount of the loss as been determined.



## 2. Summary of significant accounting policies cont'd

### (f) Foreign exchange transaction and translation

Foreign exchange transactions during the year are accounted for at the exchange rates prevailing at the transaction dates.

Asset and liabilities denominated in foreign currencies are translated into Eastern Caribbean Dollars at the exchange rate prevailing at the balance sheet date. Gains and losses arising from fluctuations in exchange rates are reflected in the income statement.

### (g) Depreciation and amortisation

The Foundation's land and building are shown at fair value based on a valuation carried out in June 2010 by Derek Angol, Chartered Quantity Surveyor. Depreciable property, plant and equipment are stated at historical cost or valuation less depreciation. Where fixed assets are received as grants, cost is taken as the value attributed to such assets by the donors.

Depreciation and amortization are calculated on the straight-line method to write down the cost of such assets to their residual value over their estimated useful lives as follows:

Building	2.5%
Motor vehicle	20%
Office equipment, furniture and fittings	15-20%
Computer software	20%

All repairs and maintenance are charged to the income statement during the financial period in which they occurred.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the income statement.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Capital grants received for fixed assets are deferred and amortized at the same rate as the depreciation on the assets to which they relate.

**2. Summary of significant accounting policies cont'd**

**(h) Impairment of Non-current Assets**

Non-current assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

**(i) Payables**

Payables are stated at cost.

**(j) Provisions**

Provisions are recognised when the NDFD has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

**(k) Currency**

All amounts stated in these financial statements are expressed in Eastern Caribbean Dollars, which is the functional and presentation currency of the Foundation.

**(l) Taxation**

The Foundation's income is exempt from taxation under section 25 of the Income Tax Act Chapter 67:01 of the Laws of the Commonwealth of Dominica.

**(m) Comparatives**

Where necessary, comparatives figures have been adjusted to conform to changes in presentation in the current year.

### **3. Financial Risk**

#### **Financial risk management**

Financial assets of the National Development Foundation of Dominica Limited include cash, accounts receivable, fixed deposits and loans receivable. Financial liabilities of the Foundation include accounts payable and provisions, fund liabilities and long-term loan liabilities. The NDFD's activities relate principally to the use of financial instruments. As such, the NDFD is exposed to financial risks and the principles utilized by management in dealing with these risks are set out below.

#### **(a) Credit risk**

NDFD lends money to clients in the micro-business sector, and as a result, the Foundation is exposed to credit risk, which is the risk that counterparties to loan agreements will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred at the balance sheet date. Significant changes in the economy, or in the health of a particular industry segment that represent a concentration in the Foundation's portfolio, could result in losses that are different from those provided for as at the balance sheet date. Management therefore carefully manages its exposure to credit risk.

#### **(b) Market risk**

The Foundation takes on exposure to market risks, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk arise from open position in interest rate and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices. The Foundation's exposure to market risk arises from interest rate movement on loans receivable and long-term loans.

#### **(c) Currency risk**

The Foundation's exposure to currency risk is minimal since the Foundation's assets and liabilities are held in the functional currency, which is the Eastern Caribbean Dollar.

#### **(d) Interest rate risk**

Interest rate risk attaches to the NDFD's interest bearing financial instruments. Therefore interest Income and interest expense will be affected by changes in market interest rates.

The NDFD monitors its exposure to interest rate risk from its financial instruments.

### 3. Financial Risk cont'd

#### Financial Risk Management cont'd

##### ( e ) Liquidity risk

Liquidity risk is the risk that the NDFD will encounter difficulty in raising funds to meet commitment associated with financial instruments. The NDFD seeks to maintain sufficient available cash to meet the demands of its clients.

##### ( f ) Operational risk

Operational risk is derived from inadequate or failed internal processes, people and systems or from external events. The NDFD's exposure to operational risk is governed by various policies and procedures that will be reviewed when necessary.

##### ( g ) Fair value of financial assets and liabilities

All financial assets and liabilities are carried at fair value.

### 4. Cash and Cash Equivalent

	2015	2014
	EC\$	EC\$
<b>Cash and Short-term Funds</b>		
National Bank of Dominica - Savings Account	39,958	404,996
Cash on hand	1,248	3,359
Current Accounts	71,423	172,658
	112,629	581,013
<b>Bank Overdraft</b>		
National Bank of Dominica - Current Account	4,317	-
<b>5. Short-term Investments</b>		
Treasury Bills - Government of Dominica		
Nominal Value \$100,000	98,400	98,400
National Co-operative Credit Union Limited		
Fixed deposit	2,522	2,443
	100,922	100,843

**6. Accounts Receivable**

	2015	EC\$	2014 EC\$
Sundry persons		1,111	1,111
Other receivables/rent		41,064	32,366
Staff advances		11,018	4,854
Training program receivables		9,086	8,261
Late fee receivable		82,999	66,789
Interest receivable on loans		350,247	238,393
Other receivables		(14,341)	(2,322)
Less provision for doubtful accounts		-	-
		481,184	349,452

**7. Loans Receivable/Fund Assets**

	2015 EC\$	2014 EC\$
Revolving Loan Fund/USAID	3,060,179	2,796,968
GOCD/DREP	28,898	29,824
Dominica Social Security Business Loans	98,143	134,663
STABEX Technical Assistance Fund	37,165	61,175
GOCD Agricultural loans	661,838	639,835
CAPT IN AGE	-	4,909
IICA	15,244	25,631
Micro Credit Facility	14,700	10,691
Social Protection Fund	7,218	20,540
OCD Special Fund	853,031	934,373
Ready Cash	1,666,219	1,726,582
Young Farmers Credit Fund	57,590	40,128
Women's Bureau/DNCW	16,500	6,141
Dominica Aid Bank Fund	1,150,981	1,402,737
Dominica National Petroleum Company Limited	4,888,320	3,000,646
	12,556,026	10,834,843
Less provision for loan loss	371,680	-
	12,184,346	10,834,843
<b>Provision for loan loss</b>		
Balance - beginning of year	-	-
Accounts written off against the provision	-	-
Provision made for the year	371,680	-
	371,680	-
Balance - end of year	371,680	-

## 8. Cash Security on Loans

	2015 EC\$	2014 EC\$
<hr/>		
This represents cash deposits made by clients as security on their loans		
Opening balance	410,228	410,228
Deposits made	1,647,131	1,383,518
Repayment	(1,117,107)	(925,716)
	<hr/> 940,252	<hr/> 868,030
	<hr/>	<hr/>
Assets comprise of:		
Term deposits	2,500	2,500
Receivable from general fund	938,967	866,745
Interest receivable	(1,215)	(1,215)
	<hr/> 940,252	<hr/> 868,030
	<hr/>	<hr/>

## 9. Other Assets

Supplies	24,546	24,546
Uncollected cheques	75	75
Other	7,298	6,916
	<hr/> 31,919	<hr/> 31,537
	<hr/>	<hr/>

## 10. Accounts Payable and Accruals

Trade Accounts payable	79,383	76,933
Commission payable	(4,322)	(1,176)
Clients' advance payments	112,743	57,056
Clients' legal liability	(6,990)	(14,715)
Rent deposit	6,020	5,120
Accrued expenses	-	9,358
	<hr/> 186,834	<hr/> 132,576
	<hr/>	<hr/>

**11. Property, Plant & Equipment**

	Furniture &Fittings	Computer Software	Motor Vehicles	Office Equipment	Building	Land	Total
	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$	EC\$
<b>COST/VALUATION</b>							
Balance - December 31, 2013	193,727	172,510	148,500	668,167	894,088	891,800	2,968,792
Disposals	-	-	-	-	-	-	-
Additions	5,516	-	-	21,618	-	-	27,134
Balance - December 31, 2014	199,243	172,510	148,500	689,785	894,088	891,800	2,995,926
Disposals	-	-	-	-	-	-	-
Additions	8,944	-	-	54,096	-	-	63,040
Balance - December 31, 2015	208,187	172,510	148,500	743,881	894,088	891,800	3,058,966
<b>DEPRECIATION</b>							
Balance - December 31, 2013	158,569	156,071	96,525	521,215	98,364	-	1,030,744
Depreciation expense	17,659	12,771	29,700	28,948	22,352	-	111,430
Elimination on disposal	-	-	-	-	-	-	-
Balance - December 31, 2014	176,228	168,842	126,225	550,163	120,716	-	1,142,174
Elimination on disposal	-	-	-	-	-	-	-
Depreciation expense	11,821	2,356	22,275	26,647	22,352	-	85,451
Balance - December 31, 2015	188,049	171,198	148,500	576,810	143,068	-	1,227,625
<b>NET BOOK VALUE</b>							
December 31, 2013	35,158	16,439	51,975	146,952	795,724	891,800	1,938,048
December 31, 2014	23,015	3,668	22,275	139,622	773,372	891,800	1,853,752
December 31, 2015	20,138	1,312	-	167,071	751,020	891,800	1,831,341

The NDFD's land and building were revalued by Derek Angol B.Sc. (Hon) MRICS, Chartered Quantity Surveyor in June 2010. The resulting surplus of \$995,735 has been included in equity as revaluation surplus.



**12. Long-term loans**

	2015 EC\$	2014 EC\$
5% Dominica Aid Bank loan repayable by monthly installments of \$28,410.00. The total loan amount is \$1,500,000 of which \$1,000,000 was received in 2011 and \$500,000 was received in 2012	299,834	622,381
3% Dominica National Petroleum Company (DNPC) total loan \$5 million; repayable by monthly installments over 20 years	4,679,608	3,869,572
	4,979,442	4,491,953
Less current portion of long-term loans	498,945	537,392
Long-term portion	4,480,497	3,954,561

**13. Payable to Funds (Net)**

GOCD/DREP	66,338	66,338
RLF	1,517,052	1,517,052
GOCD special loan fund	25,765	25,765
CSF	765,657	693,435
STABEX	20,373	20,373
FA/training	3,665	3,665
OAS Retrofit Administration	26,369	26,369
IICA/MOA I	219	219
STABEX imprest fund	57	57
GOCD/CPEC	5,809	5,809
Institutional strengthening fund	15,000	15,000
French TM Fund	3,106	3,106
(NDFD) ABMTC Fund	17,521	17,521
YFAF	19,523	19,523
MCFSP	24,536	24,536
STABEX Grant	80,109	80,109
Less fund receivables	(1,229,296)	(1,229,296)
	1,361,803	1,289,581

**14. Fund Liabilities**

	2015 EC\$	2014 EC\$
GOCD Special Loan Fund	999,980	999,980
Other Funds	10,276	10,276
OAS/CHF Housing Retrofit Fund	13,149	13,149
STABEX Diversification Project Fund	189,122	189,122
STABEX Technical Assistance Fund	250,860	250,860
Revolving Loan Fund	3,081,606	3,081,606
Training Assistance Fund - Staff	2,250	2,250
CPEC Funds	18,952	18,952
GOCD/CPEC	55	55
STABEX EU/EDF	156,188	156,188
Social Protection/Micro Credit Fund	349,388	349,388
IICA Fund	61,047	61,047
Young Farmers Credit Fund	92,077	92,077
STABEX Imprest Fund	(31,764)	(31,764)
Government Agricultural Loan Fund	999,940	999,940
Women's Bureau/DNCW	55,680	55,680
Institutional Strengthening Fund	16,866	16,866
	<u>6,265,672</u>	<u>6,265,672</u>

Fund liabilities comprise the balance at the year end of funding received by the NDFD under grant agreements, memorandum of understanding and other funding agreements, with the Government of Dominica, USAID, CDB and other regional/international organizations. Each agreement stipulates the terms and conditions under which the funds are to be administered by the NDFD.

**15. Capital Grants**

	2015 EC\$	2014 EC\$
Unamortized balance beginning of year	451,850	470,187
Capital grants received during the year	-	-
Amortized during the year	(12,962)	(18,337)
Unamortized balance end of year	<u>438,888</u>	<u>451,850</u>

**National Development Foundation of Dominica Limited**

Notes to the Financial Statements

For the Year Ended December 31, 2015

**16. Other Revenue**

	2015 EC\$	2014 EC\$
Loan processing fees	134,003	147,244
Rent revenue	26,955	26,465
Conference room revenue	4,695	14,977
Training fees	24,017	49,921
Bad debts recovered	190,517	202,394
Business support	32,680	33,037
Miscellaneous	63,430	50,555
Gain on disposal of fixed asset	10,000	-
	<u>486,297</u>	<u>524,593</u>

**17. General and**

Insurance	23,147	25,283
Advertising	14,015	28,496
Stationery and office expenses	91,612	109,174
Telecommunications	50,973	38,330
Utilities	55,647	61,133
Subscription	2,830	4,360
Motor vehicle expenses	18,116	20,506
Training services and related expenses	6,980	10,588
Security services	41,959	32,598
Conference room expenses	1,421	1,159
Repairs and maintenance	15,316	43,752
Annual General Meeting expenses	9,304	9,290
Computerization expenses	22,202	24,854
Travel and related expenses	24,239	23,155
Audit fees and related expenses	9,650	9,500
Hydro/water	3,819	2,903
Mini mall expenses	2,330	678
Legal and professional fees	1,240	955
Rent/rates	2,309	450
Donations	11,417	18,208
Board of Directors expenses	5,829	21,074
Anniversary expenses (Creole in the Streets)	16,885	36,372
	<u>431,240</u>	<u>522,818</u>

**18. Contingencies and Commitments**

As at December 31, 2015, seven (7) loans amounting to \$59,881 (2014 - 24 loans; \$313,071) were approved and undisbursed.

**19. Post Balance Sheet Events**

There were none.

# STATISTICAL REPORTS for 2015



## SELECTED PERFORMANCE INDICATORS FOR 2015

ITEMS	2015	2014	2013	2012	2011-1981
Number of loans Granted	1451	1656	1468	1935	11755
Value of Loans (\$)	8,215,977.02	9,526,398.00	6,669,729.00	7,867,672.00	56,597,690.44
Average Loan Size (\$)	5,662.29	5,752.66	4,543.41	4,065.98	33,564.26
Number of Jobs created or sustained	655	820	235	610	10843
Average number of jobs per loan	0.45	0.50	0.16	0.32	5.92
Effective Interest Rate	12.50%	12.50%	12.50%	12.50%	

## CLASSIFICATION OF LOAN RECIPIENTS

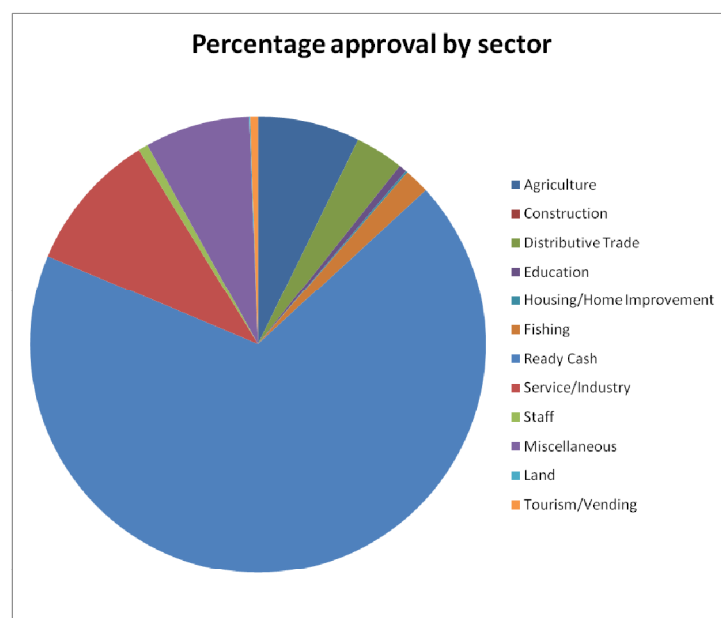
LOANS RECIPIENT	2015	2014	2013	2012	2011-1981
Women	763	867	750	1045	8194
Men	688	787	717	888	6364
Groups	0	1	1		35
Cooperatives	0	1	1	1	
Companies/Associations	0				294
<b>TOTAL</b>	<b>1451</b>	<b>1656</b>	<b>1469</b>	<b>1934</b>	<b>14887</b>

## APPROVALS/DISBURSEMENT FOR 2015

SECTOR	Approved	Undisbursed (\$)	
		Number	Amount
Agriculture/Fishing	105	2	\$ 33,184.20
Construction			
Distributive Trade	50		
Education	8	1	\$ 4,222.00
Housing/Home Improvement	2		\$ -
Fishing	26		
Ready Cash	989	1	\$ 1,944.39
Service/Industry	144		
Staff	10	1	\$ 8,407.56
Miscellaneous	108	1	\$ 6,500.00
Land	1		
Tourism/Vending	8	1	\$ 5,622.84
<b>TOTAL</b>	<b>1,451</b>	<b>7</b>	<b>\$ 59,880.99</b>

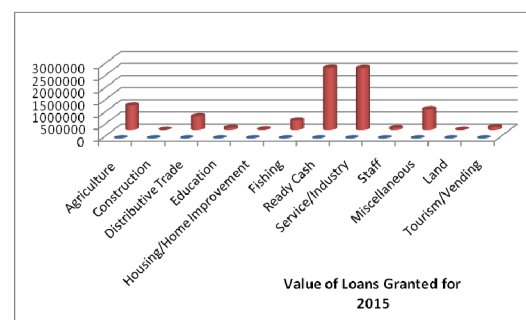
## SECTORAL ANALYSIS

Sectors	Nos.
Agriculture	105
Construction	0
Distributive Trade	50
Education	8
Housing/Home Improvement	2
Fishing	26
Ready Cash	989
Service/Industry	144
Staff	10
Miscellaneous	108
Land	1
Tourism/Vending	8
<b>Totals</b>	<b>1451</b>



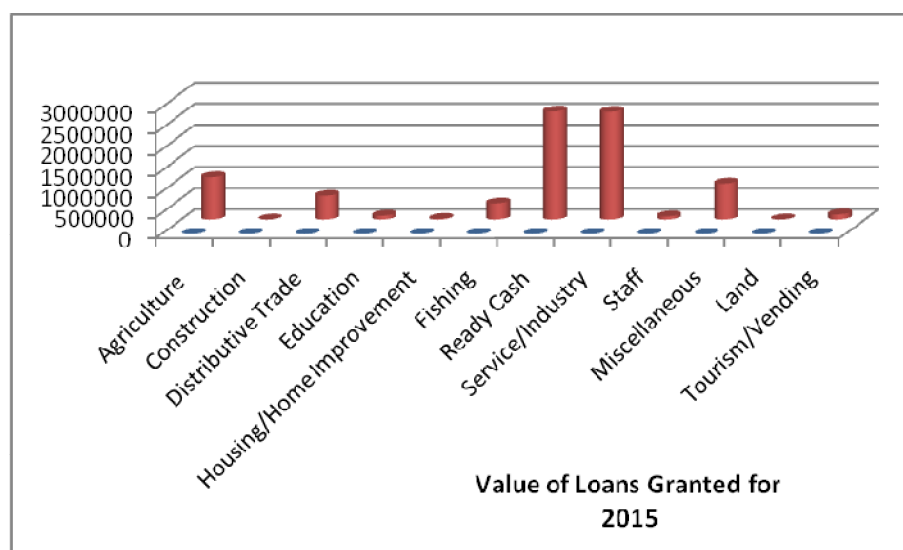
## JOBS CREATED PER SECTOR

Sectors	Nos.	Value
Agriculture	105	\$ 1,004,311.00
Construction	0	\$ -
Distributive Trade	50	\$ 562,969.00
Education	8	\$ 88,534.00
Housing/Home Improvement	2	\$ 16,100.00
Fishing	26	\$ 383,714.00
Ready Cash	989	\$ 2,559,329.00
Service/Industry	144	\$ 2,553,328.00
Staff	10	\$ 74,872.00
Miscellaneous	108	\$ 852,811.00
Land	1	\$ 1,500.00
Tourism/Vending	8	\$ 118,509.00
<b>Totals</b>	<b>1451</b>	<b>\$ 8,215,977.00</b>



## VALUE OF LOANS GRANTED

Sectors	Nos.	Value
Agriculture	105	\$ 1,004,311.00
Construction	0	\$ -
Distributive Trade	50	\$ 562,969.00
Education	8	\$ 88,534.00
Housing/Home Improvement	2	\$ 16,100.00
Fishing	26	\$ 383,714.00
Ready Cash	989	\$ 2,559,329.00
Service/Industry	144	\$ 2,553,328.00
Staff	10	\$ 74,872.00
Miscellaneous	108	\$ 852,811.00
Land	1	\$ 1,500.00
Tourism/Vending	8	\$ 118,509.00
<b>Totals</b>	<b>1451</b>	<b>\$ 8,215,977.00</b>



# NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA STATISTICAL DIGEST 2006-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	1981-2015
No. of loans granted	220	271	935	1234	1,236	1581	1,935	1,468	1,656	1,451	14,905
Value of loans (\$)	1,400,706	1,794,674	3,534,444	4,301,532.44	4,620,441	5,983,172	7,867,672	6,669,729	9,526,398	8,215,977	408,935,238
Average loan size (\$)	6,367	6,622	3,780	3,486	3,738.22	3,784.42	4,066.00	4,543.00	5,752.66	5,662.29	25,206
Operation Cost (\$)	964,942	964,942	760,395	901,598	992,384	1,148,796	1,200,891	1,195,138	1,462,362	1,374,580	21,480,585
Cost per loan (\$)	4,386	3,561	813	731	803	727	620.62	814.13	883.07	947.33	5,794
Cost/loan dollar (\$)	0.69	0.54	0.22	0.21	0.21	0.19	0.15	0.18	0.15	0.17	1.11
No. of jobs affected	253	296	644	832	626	630	610	235	820	697	12,860
Avg. no. of jobs/loans	1.15	1.10	0.69	0.67	0.51	0.40	0.32	0.16	0.5	0.48	3.48
Cost per job (\$)	3,814	3,260	1,181	1,084	1,585	1823	1969	5086	1783	1972	8,399
<u>Gender</u>											
* Men	121	139	429	682	645	802	1045	750	867	763	6,777
* Women	98	131	506	552	591	779	888	717	787	688	5,407
Groups/Companies/ Cooperatives	1	1					2	1	2	0	178
<u>Location</u>											
* Rural	116	161	500	654	656		1022	778	993	871	7,634
* Urban	104	110	435	580	580		913	690	663	580	5,943
Jobs created/sector	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>	<u>Loan</u> <u>Jobs</u>
Service	34 57	83 81	117 234	49 98	68 136	13 146	112 224	110 95	148 311	135 274	2173 3799
Agriculture	20 47	37 48	26 78	173 346	165 330	130 260	108 216	100 88	134 297	105 239	1543 3130
Distributive Trade	39 71	41 44	44 88	77 231	42 84	57 114	41 82	53 37	66 114	50 96	1219 2769
Industry	08 19	20 20	19 57	00 00	00 00	00 00	3 6	2 2	18 36	9 15	21 42
Construction	07 18	02 04	02 06	08 24	00 00	8 16	2 4	2 1	2 00	0 0	211 664
Fishing	08 14	08 08	00 00	09 27	10 20	13 26	17 34	18 9	24 42	26 64	227 461
Retrofit/ Home improvement	15 23	09 12	24 72	38 76	26 52	10 20	15 30	4 00	5 00	2 0	337 623
Tourism	02 04	09 19	03 09	10 30	2 4	9 18	3 6	5 3	00 00	8 9	61 121
Other/Ready Cash	62 00	34 33	668 100	808 00	913 00	1258 8	1616 8	1167 00	1242 00	1098 0	7268 382
Staff	10 00	06 00	03 00	01 00	00 00	7 0	9 00	2 00	13 00	10 0	71 10
Education	15 00	22 23	29 00	61 00	10 00	16 0	9 00	5 00	4 00	8 0	243 0
	220 253	246 296	935 644	1,234 832	1,236 626	1581 608	1777 602	1468 235	1656 820	1451 697	13374 12001