

2017 Annual Report

NDFD

National Development Foundation of Dominica Ltd



“Creating an Enabling Environment for
Our MSME Sector that Drives
Economic Growth and Future Development”



MISSION STATEMENT

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.

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 mandate of the NDFD as encapsulated in its mission statement, is that of poverty reduction and human resource development in Dominica, 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, the NDFD in keeping with prudent financial management has become cost efficient while at the same time devised strategies aimed at 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 36th Annual General Meeting

| FORMAL SESSION | |
|---|-----------------|
| 1. National Anthem | 4:30pm - 4:35pm |
| 2. Invocation | 4:35pm - 4:40pm |
| 3. Welcome Remarks | 4:40pm - 4:50pm |
| 4. Chairman's Report – Mr. Nichols Bruno | 4:50pm - 5:05pm |
| 5. Presentation | 5:05pm - 5:15pm |
| 6. Executive Director's Report – Mr. Cletus Joseph | 5:15pm - 5:35pm |
| BUSINESS SESSION | |
| 7. Confirmation of Minutes of the 34 th Annual General Meeting | 5:35pm - 5:45pm |
| 8. Matters Arising | 5:45pm - 6:05pm |
| 9. Auditor's Report | 6:05pm - 6:10pm |
| 10. Presentation of Financial Statements | 6:10pm - 6:15pm |
| 11. Appointment of Auditors | 6:15pm - 6:25pm |
| 12. Retirement and Election of Directors | 6:25pm - 6:40pm |
| 13. Any Other Business | 6:40pm - 6:45pm |
| 14. Vote of Thanks | 6:45pm - 6:50pm |
| 15. Refreshments | 6:50pm |

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 judgment 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

| | |
|-----------------|--|
| AGM | <i>Annual General Meeting</i> |
| AID Bank | <i>Agricultural, Industrial and Development Bank of Dominica</i> |
| BNTF | <i>Basic Needs Trust Fund</i> |
| CARTF | <i>EU/CARIFORUM Agribusiness Research and Training Fund</i> |
| CCIC | <i>Caribbean Climate Innovation Center</i> |
| CDB | <i>Caribbean Development Bank</i> |
| CMFA | <i>Caribbean Micro Finance Alliance</i> |
| CPEC | <i>Caribbean Programme for Economic Competitiveness</i> |
| CSME | <i>Caribbean Single Market and Economy</i> |
| DBOS | <i>Dominica Bureau of Standards</i> |
| DOWASCO | <i>Dominica Water and Sewerage Company</i> |
| DNCW | <i>Dominica National Council of Women</i> |
| DYBT | <i>Dominica Youth Business Trust</i> |
| EC | <i>European Commission</i> |
| EDF | <i>European Development Fund</i> |
| EU | <i>European Union</i> |
| GEF/SGP | <i>Global Environment Facility / Small Grants Programme</i> |
| ICDF | <i>International Cooperation and Development Fund</i> |
| IICA | <i>Inter American Institute for Cooperation on Agriculture</i> |
| MSMEs | <i>Micro, Small and Medium Enterprises</i> |
| NAO | <i>National Authorizing Officer</i> |
| NBD | <i>National Bank of Dominica</i> |
| NDFD | <i>National Development Foundation of Dominica Limited</i> |
| R&T | <i>Research and Training</i> |
| SMEs | <i>Small and Medium Enterprises</i> |
| USAID | <i>United States Agency for International Development</i> |

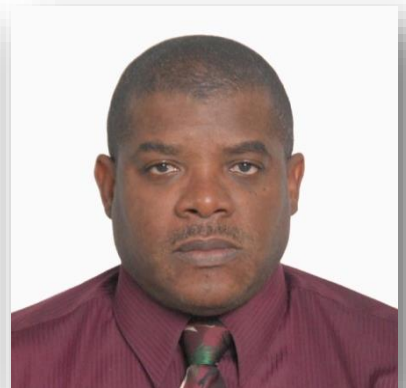
BOARD OF DIRECTORS



Mr. Oliver Henderson - Chairman



Dr. Steve John – Deputy Chairman



Mr. Nicholas Bruno - Treasurer



Dr. Damien Dublin - Director



Ms. Diane Ettiene - Director



Mr. Erickson Lewis - Director



Mr. Ralph Blaize - Director

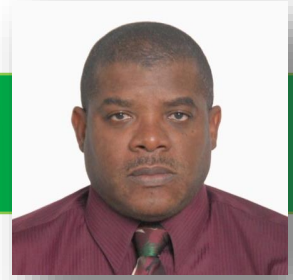


Ms. Sherma Dalrymple - Director



Mr. Gregoire Thomas - Director

CHAIRMAN'S REPORT



Introduction

The National Development Foundation of Dominica (NDFD) is reporting another year of successful operation under the theme “Creating an enabling environment for our Medium Small and Micro Enterprises (MSME) sector that drives economic growth and future development”. This focus parallels the national effort at strengthening our institutions at all levels, while positioning ourselves for increased efficiency and productivity.

The local economy and indeed the entire infrastructure of Dominica were devastated in September 2017 by one of the fiercest hurricane to land on our shores. Consequently, NDFD performance for the last quarter of the year was severely affected, generally mirroring the devastation the hurricane did to the Country and the economy.

The NDFD performance prior to the hurricane paralleled the improvement achieved in the previous year. It has had an increasingly positive impact on the micro sector over the last five (5) years.

The NDFD continued to be a significant player in economic space, providing critical support to the small and micro business sector. Our intervention includes a wide range of financial services and a myriad of business support services. Our clients originate from all areas of the country and their requests are inclusive of agro processing, transportation, fishing, micro farming, poultry and heavy equipment among others.

Business Overview

Prior to Hurricane Maria the Dominican economy was on track to record about 2% growth in GDP, following negative growth realised after the damages caused by Tropical Storm Erika. The first three quarters of the year depicted strong growth in the operation of the NDFD. Our clientele increased during the period and there was a slight diversification in the asset portfolio.

Overall, damages and losses as a result of Maria are estimated at around EC\$3,539 million, equating to 224% of Dominica's 2016 GDP. The productive sector losses and damages was estimated at EC\$509 million, of which Agriculture was EC\$475 million and Commerce and Micro business was EC\$209 million. This level of devastation undoubtedly had a severe impact on the players in the sector.

The sector experienced moderate growth prior to the storm, since then the challenges have created many difficulties for the practitioners in the sector. The NDFD building was significantly damaged; however we were able to obtain rented facilities where we are presently located, while our building is being repaired and enhanced.

Performance

During the year we continued our effort at strengthening the micro sector through our Business Support Unit, and our outreach programme. There are two aspects that need amplification, (1) It can be stated as the limited demand for the business support services, although there is clear need for it and (2), a falloff in our effort during the year, particularly in the area of training.

We are all in agreement that if the sector has to develop redundancies and strength to survive adversities, there must be a mechanism for ensuring the ingredients are not only identified but included in the mix. In this regard we intend to establish a process that mandates inclusion of those essential components into the mix of services offered to our micro practitioners. Surprisingly, there are clients who do not avail themselves to the opportunities being offered. For this very reason we intend to increase our outreach programme to make business support more accessible to the operators in the sector.

Prior to Hurricane Maria the growth on the Loan portfolio was keeping pace with the expected projected growth in Assets. Since then, the activity level has slowed somewhat. Fortunately, although the last three months of activities were slightly curtailed, the impact on the annual performance was not significant. Suffice it to say though that an upward spike in delinquency was experienced. Table 1 below depicts asset levels and arrears from August 2017 to December 2017. As can be seen, the loan portfolio is fairly constant, while there is an increasing level of payments in arrears.

Table 1: Loan Status August 2017 to December 2017

| 2017 | Total Arrears (EC\$) | Total Loans (EC\$) | Delinquency |
|-------------|-----------------------------|---------------------------|--------------------|
| June | 2,949,134 | 15,826,666 | 18.6 |
| September | 3,433,856 | 16,231,890 | 21.2 |
| October | 3,538,953 | 15,881,300 | 22.6 |
| November | 3,689,327 | 15,763,041 | 23.4 |
| December | 3,774,075 | 15,825,578 | 23.9 |

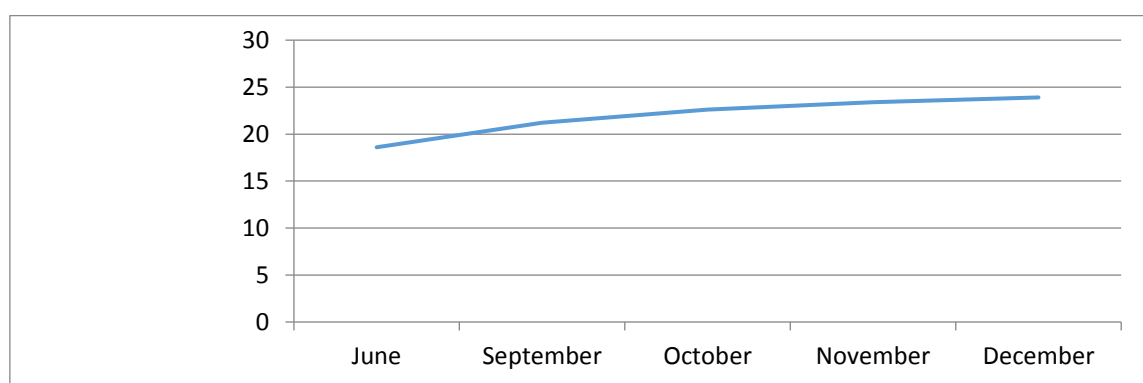


Chart 1: Delinquency August 2017 to December 2017

Governance

The NDFD board is well represented by a wide range of skills possessed by the members. The board members are trained in the fields of Accountancy, Business Management, Law, Systems and Controls, Engineering, Banking and Agriculture. The nine (9) member board scrupulously maintain its good governance mandate, through regular meetings and occasional subject related sessions. The activities of the board are undertaken in strict adherence to the articles of incorporation. Regular activities included review of operations, review and approval of initiations as well as provision of general guidance and in keeping with the ever changing micro business environment.

I wish to thank the members of the board for their unwavering dedication and support during the year. It must be pointed out those member's services are fully voluntary in keeping with the mandate

established from inception in 1981. Table 3 identifies the existing board members and depicts their individual tenures.

Over the years, the NDFD has been supported, interacted and have established mutually beneficial relationships with traditional organizations to include, various government departments and ministries, IICA, DNCW, GEF/SGP, DEXIA, DBOS amongst others.

Partners include other financial institutions, government agencies, private institutions and regulatory agencies both national and international. The NDFD continually strives to work with external and local agencies towards strengthening of practitioners and the overall development of the MSME.

I want to take this opportunity to thank the Executive Director and his staff for their hard work and the tremendous effort they exerted in the aftermath of Hurricane Maria.

| Board of Directors | Position | Expiry | Comments | Year Elected |
|----------------------|--------------------|--------|--|--------------|
| Mr. Nicholas Bruno | Chairman | 2018 | Term expires 2018. Eligible for re-election | 2015 |
| Dr. Steve John | Deputy Chairman | 2020 | Term expires 2020 | 2017 |
| Mr. Oliver Henderson | Treasurer | 2018 | Term expires 2018. Eligible for re-election | 2015 |
| Mr. Gregoire Thomas | Director | 2019 | Term expires 2019 | 2016 |
| Dr. Damien Dublin | Director | 2019 | Term expires 2019 | 2016 |
| Mr. Erickson Lewis | Director | 2020 | Term expires 2020 | 2017 |
| Mr. Ralph Blaize | Director | 2020 | Term expires 2020. Eligible for re-election | 2017 |
| Ms. Diane Ettiene | Director | 2018 | Term expires 2018. Not available for re-election | 2015 |
| Ms. ShermaDalrymple | Director | 2019 | Term expires 2019 | 2016 |
| Mr. Cletus Joseph | Executive Director | | | |

Table3: Board of Directors Tenure 2017

I wish on behalf of the board to commend them all.

Building Redundancies

A recent study of the business sector revealed that about sixty-nine per cent of the private sector had effective business continuity plans (BCP) and only about forty-seven per cent had some type of disaster management plans.

Since the passage of Hurricane Maria numerous initiatives have been undertaken to guide the sector and to assist in the increasing of redundancies gear at improving the ability to recovery quickly from hazards.

Negative growth in Dominica was estimated at 6.4% in 2017 due to Maria as the island lost 225% of GDP but the island's economy is expected to grow by 6.9% this year as it rebuilds post the storm. Clearly recovery from the extensive damage caused by Hurricane Maria will test the strength and resilience of the Dominican's economy.

Since the devastation wrought by the storm, the Government of Dominica has set in motion the goal of becoming the first climate resilient nation in the world. This objective is telling and indeed is a wise approach considering the impact of environmental vulnerability of the region. This resilience while prioritising disaster risk management will embrace as many facets within the country; both structural and institutional².

In keeping with the overall national approach to enhance our resilience, strengthen systems, create redundancy and reposition over institutions and facilities to be more responsive and better able to withstand hazards, the NDFD have established the systems that seek to further enhance its own level of resiliency thereby positioning itself to support the micro business sector in the aftermath of hazards.

The NDFD recommits to provide the quality service to the sector and to strengthen our partnerships towards the attainment towards national development.

On behalf of the NDFD's board I wish you all a productive year and full recovery.

I thank you.



Nicholas E Bruno
Chairman

BENEFACTORS/MEMBERSHIP

For the year ended 31st December 2016

MEMBERSHIP

The National Development Foundation of Dominica (NDFD) Limited, a non-governmental Organization (NGO) was established thirty –six (36) years ago in August 1981 and has been the leading NGO providing Small Business Loans, Technical Assistance and Training to the Micro, Small & Medium sized Enterprises (MSME) on island.

During its formative years, financial support was provided by National, Regional and International donor agencies. These include the Pan American Development Fund (PADF), USAID, European Union (EU), Canadian International Development Agency (CIDA), Organisation of American States (OAS), amongst others. In addition, the Government of the Commonwealth of Dominica has been amongst the major national contributors, providing finance at concessionary rates.

The Foundation always seeks to bring on board new partners to assist in the continued development of a critical sector in national economic development. Membership is open to individuals with good character, legal and financial standings as well as bonafide businesses that pay the annual contributions.

BENEFITS OF A MEMBER

1. The individual or company making annual contributions to the Foundation has the opportunity of becoming a member of the Board of Directors after one (1) year of contribution. No person who is in arrears (either as client or guarantor) of any debt to the Foundation shall qualify to become or hold office of Director during the existence of such arrears.
2. Members receive thirty-five (35%) discount on other services provided by the Foundation, namely, Photocopying, Conference Room Rental, Training Fees, and other Business Support Services.
3. Members receive annual reports including financial statements, and are entitled to participate in and vote at Annual General Meetings (AGM) of the Foundation.

MEMBERS

*DOMINICA COOPERATIVE
SOCIETIES LEAGUE LTD*

J ASTAPHAN & CO LTD

SPRINGFIELD TRADING LTD

BELFAST ESTATES

PHILLIP NASSIEF

JAYS LIMITED

*NATIONAL BANK OF
DOMINICA*

DR DAMIEN DUBLIN

NICHOLAS BRUNO

ERICKSON LEWIS

SHERMA DALRYMPLE

RALPH BLAIZE

DIANE ETTIENE

*DOMINICA EXPORT IMPORT
AGENCY*

*DOMINICA BUREAU OF
STANDARDS*

D SUPPLY & TYRE LTD

EXECUTIVE DIRECTOR'S REPORT

Year ending 2017 – By: Mr. Cletus Joseph | Executive Director



General Overview

While combating to recover from the devastating effects of one storm two years prior, another dealt a crippling blow to our beautiful country and economy in 2017. It was noted in the previous year's report that "as a small island developing state there will be bigger and more powerful storms. However, we were just not prepared for the fury of Hurricane Maria which struck on September 18, 2017. This date will be forever etched in our memories and Dominican history as a significant one which changed the physical and economic landscape. However, this disaster did not deter the NDFD from executing its mandate of developing the MSME sector. This was the sort of disaster which contributed to the establishment of the NDFD, and therefore the Foundation is hardened against these occurrences and will only serve to strengthen its resolve to forge ahead.

The last quarter of 2017, was one whereby there was much uncertainty, soul searching, attempts to recover, rebuild, gain confidence and importantly restart. During this period, we were able to restart operations relatively quickly, despite significant damage to the building. Economic development is always impacted by such occurrences, and one may look at the messages which may be signaling to us be it with regard to a change of direction, new opportunities, or the chance afforded to create new alliances and partnerships.

The NDFD continues in its thrust towards National economic development with specific focus on the Micro, Small and Medium Enterprises (MSME's), and other micro finance clients, as well as inclusion of low income households in financial services. This is in keeping with NDFD's mission which is: **"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."** All of the programmes and activities in 2017 were geared towards satisfying this mission; providing a complete package of business planning, financing, and continuous support. Although the task ahead is not an easy one, NDFD remains resolute in its efforts to develop the sector which it has served over the last 36 years. One quote "Life is not about waiting for the storm to pass – it's about learning to dance in the rain" and this is what the NDFD continues to do; learn to make the best out of the challenges that present even with daunting events such as an unprecedented natural disaster. To our clients, partners, benefactors, we continue to stand ready to lead the charge of developing our sector, our economy, our country.

Financial Position and Performance

As at December 31, 2017 total assets of the NDFD stood at \$20,616,982 with total liabilities of \$17,395,332 which shows slight growth over the previous year. The assets of the NDFD are represented as shown in Figure 1 below, Loans receivable increased by \$372,000, which is much less than that of 2016, in part due to the sudden halt and slowdown in operations during the last quarter of the year.

Total revenue for the period was \$2,510,550 and total expenses of \$1,525,359 leaving an operational surplus of \$985,191 for the period. General fund now stands at \$2,225,915 and the revaluation surplus remains at \$995,735.

Financial sustainability is one of the objectives of the NDFD and despite unexpected events, continues to be on that path; the result of prudent financial management and decision making.

Default on loan repayment continues to be one of the major concerns, and the NDFD continues to make provisions for this. Out of the surplus, provision for doubtful debts was made in the amount of \$450,000 while an amount of \$21,000 was written off during the year.

Figure 1: Composition of Assets

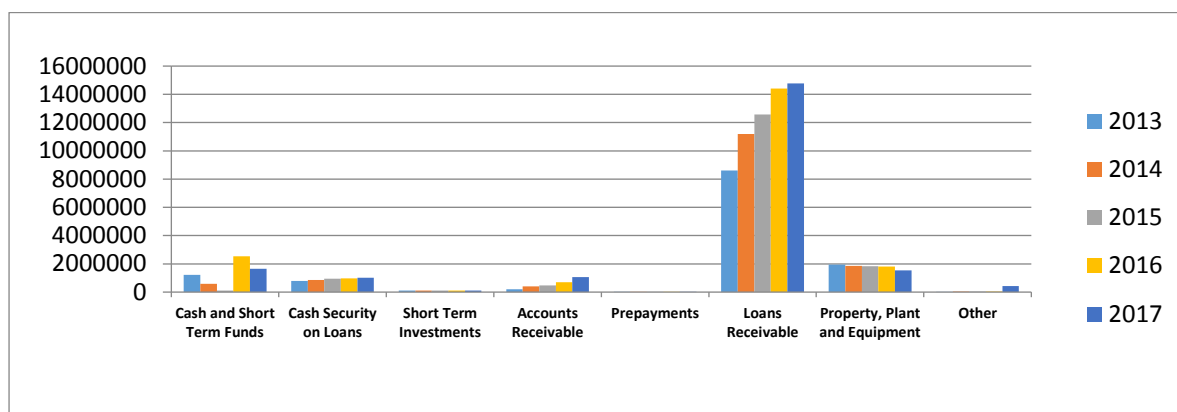
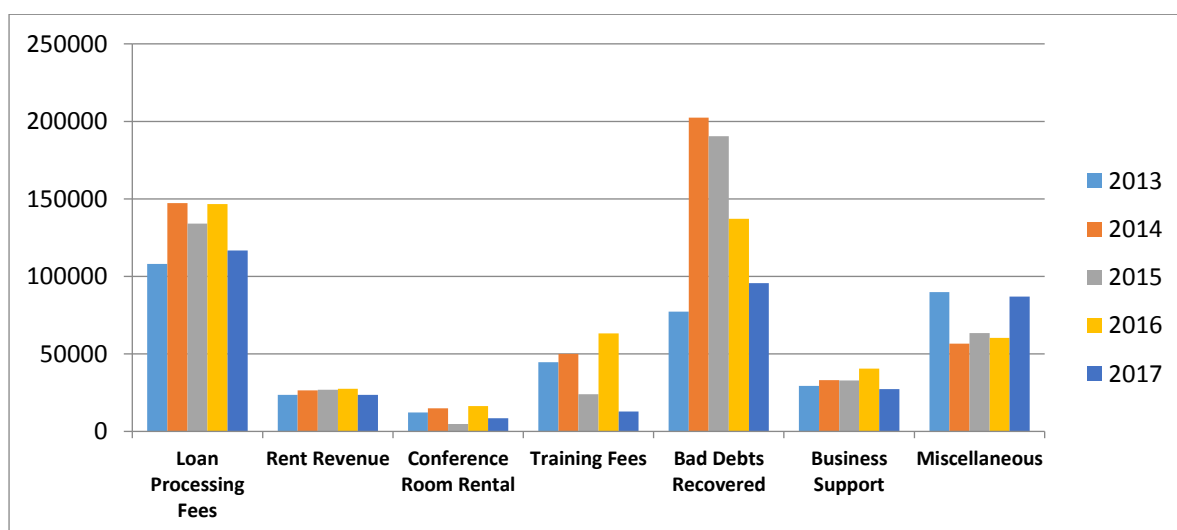


Figure 2: Other Income



Operations

Accounts Department:

This department continued to ensure that the NDFD operates effectively and efficiently in terms of accountability for the financial resources and other assets. The Accounts Department comprises of five (5) staff members headed by the Finance Manager. In June of 2016, Finance Manager Mr Fidel Grant who served from August 2007, resigned – we thank him for his services over the years and wish him well in his new position and future endeavours. This made way for some vertical mobility and therefore Ms Lydia Andrew acted in the Finance Manager position for the balance of the year, while some internal restructuring was being worked out for more effective alignment of resources and improved efficiencies in keeping with the institution's mandate.

ACCOUNTS DEPARTMENT STAFF



Finance Manager
Mr. Fidel N. Grant
(- July)



Accounts Assistant
Tasha Paquette



Cashier/Accounts Clerk
Shara Walsh



Credit Officer
Juanita Casey



Cashier
Ann-Marie Xavier

Business Support

This unit continued to provide services to the small business sector to ensure that their operations were brought up to the standard which enabled them to be viable. The Business Support Services Unit plays a vital role in getting small and micro businesses to rise from the stage of conception to actual operation. It includes a number of functions such as:

- promotion of a facility funded by IICA targeted at rural women in business across the Island who are active members of a local association aimed at growth and development.
- co-ordination of outreaches to raise awareness of the products and services of the NDFD
- collaborated with the training/administrative department for the coordination of a Small Business Management Training targeted at small business clients
- provision of hands on technical assistance to clients on site
- development of businesses plans, cash flow statements, etc
- Development of business plans, as well as monitoring of implementation of these to guide along the path of building towards economic success.

The department continued activities to update the database throughout the year. Data was collected when weekly field visits were conducted by the Department staff.

Figure 3: Services Provided by the BSSU

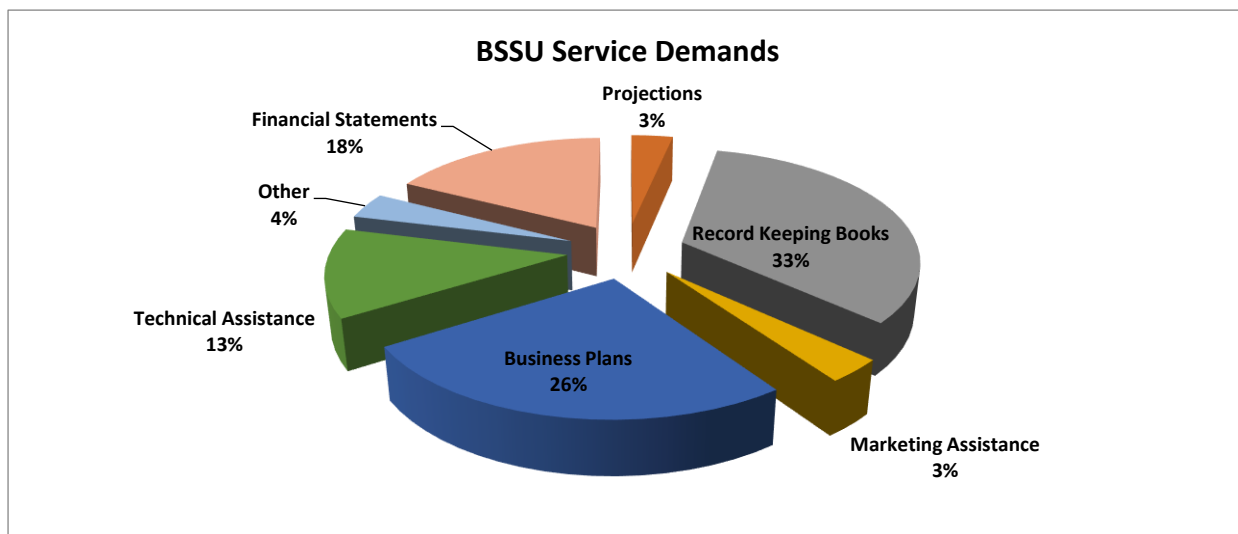
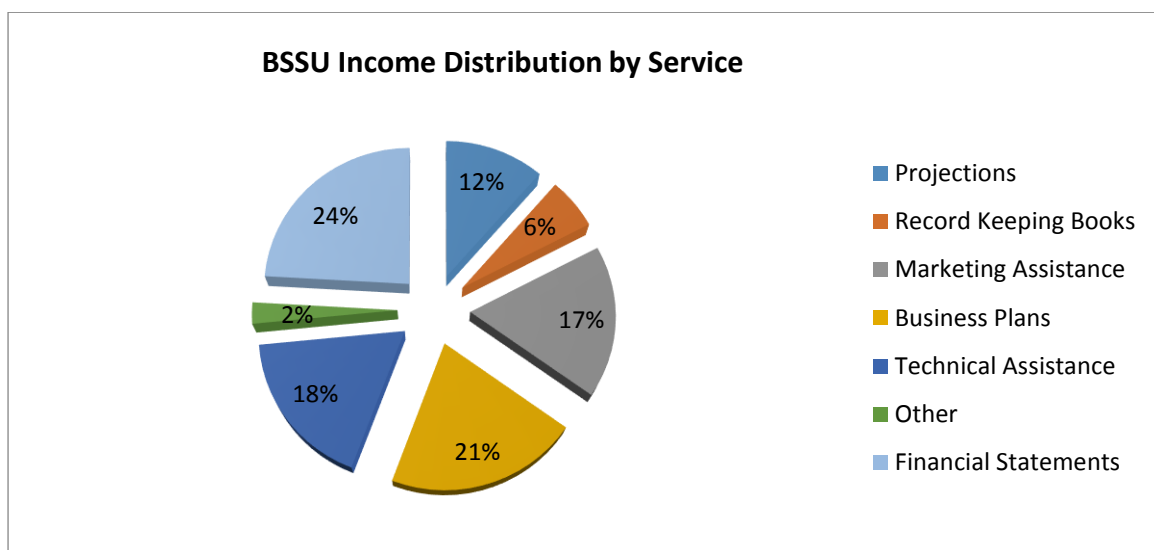


Figure 4: Income Distribution by Service



The BSSU comprises of a total of four staff members inclusive of the supervisor.

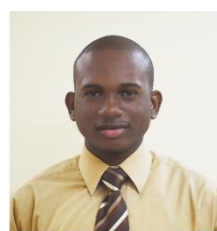
BUSINESS SUPPORT SERVICES DEPARTMENT



Support Services Officer
Naomi Romain



Business Support Assistant
Consula Cuffy



Business Support Assistant
Karl Leblanc



Marketing &
Business Support Assistant
Annasha LaRonde

Business Development and Loans

During financial year 2017, a total of **1,177** loans were approved with a total value of **\$7,933,187** which is a decrease from that of 2016. Out of the loans approved, \$3,106,090 was new funds granted. As compared to 2016, there was a decrease in the number and value of loans granted by 30% and 27% respectively. Part of the reason for the decline in loans approved and disbursed was the effect of Hurricane Maria which caused a temporary halt in the loan application and granting process. There was a lot of uncertainty during the three (3) month period following this monster storm as clients contemplated the next best steps for their businesses. There was uncertainty based on a number of factors:

- Displacement of families
- Destruction of infrastructure
- Damage to processing facilities, business places
- Loss of stock and machinery/equipment
- Diminished and no access to market
- Limited transportation and storage
- Unavailability of stock, raw materials, power, water etc

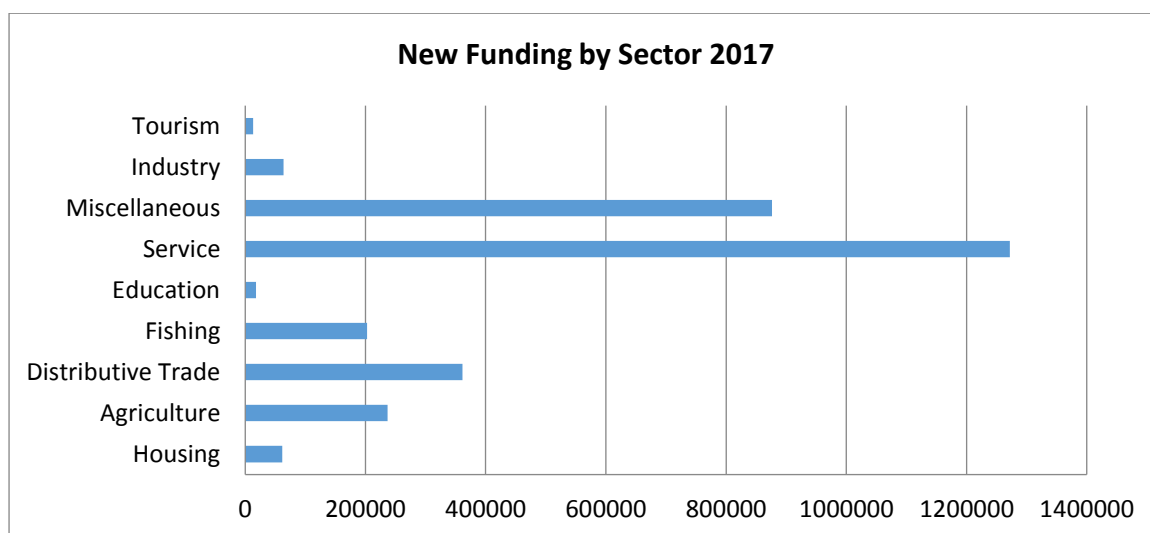


Figure 5: Graph showing Direction of new funding

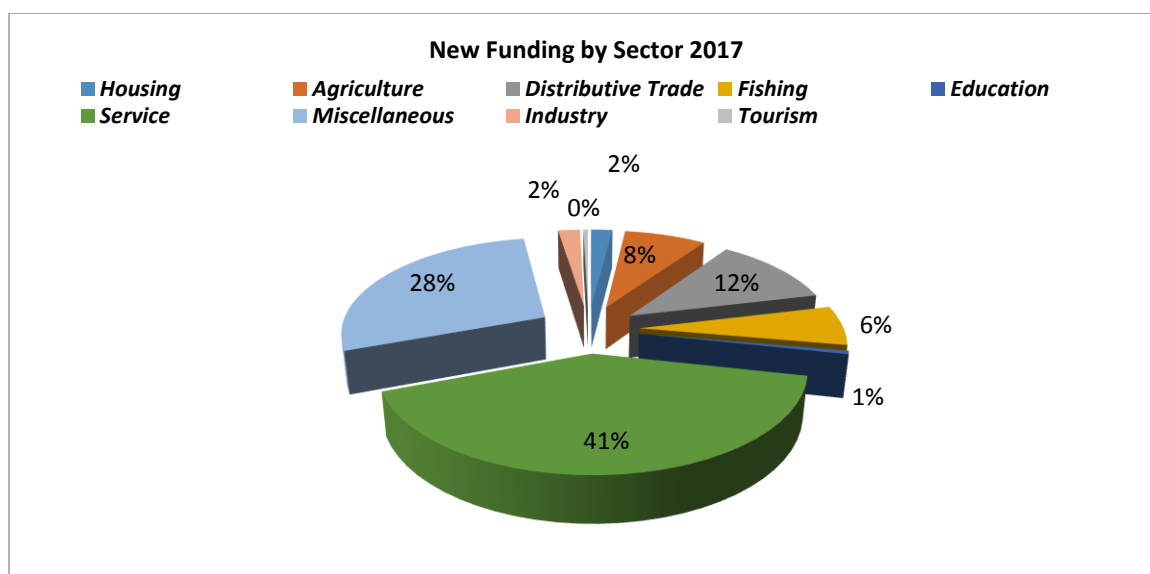
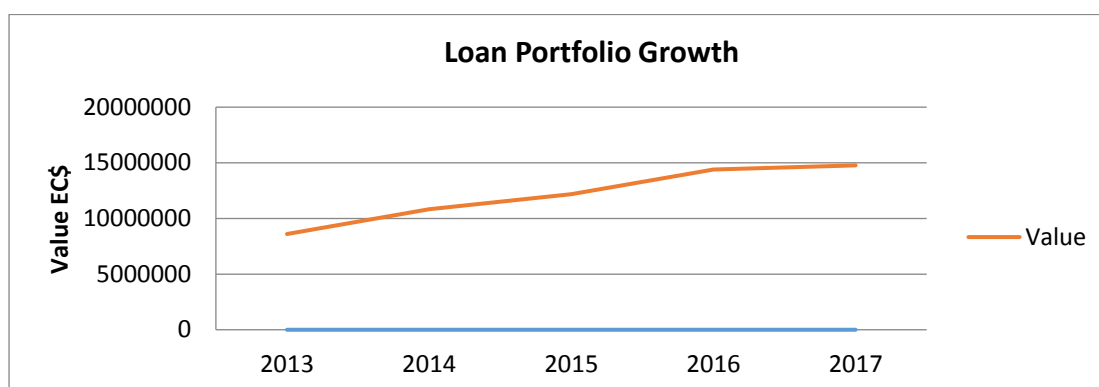


Figure 6: Chart Showing distribution of New Funding by Sector

Figure 7: Five (5) Year Loan Portfolio Growth



Impact per sector

The **Fishing** Sector suffered significant losses during the passage of Hurricane Maria, with a number of fishers reporting damaged, destroyed or lost vessels, and equipment. From our estimates, 39 fishers reported being negatively affected by this storm and an estimated value in excess of \$500,000. Despite this, the sector continued to perform well, even with a reduction of 48% from 2016.

The **Distributive Trade** sector covers all activities which includes buying and selling of products on a retail or wholesale basis. . For the year in review there was a slight decrease in the number, and a 45% decrease in the value of loans granted. For the past years, this sector has been one of the most rapidly growing, however it was also significantly impacted by the storm in terms of peoples buying power, and damage and destruction to plant and equipment as well as loss of stock.

Industry sector involves processing of goods and manufacturing of products such as the production of craft, garment, manufacturing/agro-processing, soap and oil making to name a few. This sector has allowed for persons with specific skills to convert raw materials to more refined products with longer shelf life and “ready to use” forms, as export markets and job creation. This sector was also severely impacted in terms of equipment loss, shortage of raw materials and damage to other factors of production.

Services sector continues to be the largest portfolio within the NDFD loan portfolio, and increased by 5% over that of 2016. The sector was boosted with a special facility put in place through a signed MOU between the Ministry of Trade and the NDFD. This facility was aimed at enhancing the capacity of vessels engaged in inter-regional transportation of produce. This would include improvements which will allow for adherence to maritime requirements, repairs, engine works or any other related works.

Over the past few years, **Agriculture** has always featured, albeit at lower level of dominance. There are decreases in the number of loans granted as well as the values. This sector has played a significant role in the country's economic development and despite the decrease in value of 38% and 41% in number granted, the NDFD continues and is committed to putting measures in place to support agricultural production since it contributes to the county's food security and farmers' livelihoods. This sector was also devastated by the monster storm of September 18, 2017, but it was also one of those which quickly recovered. This is also a period of time when we can seriously consider a more strategic and clinical approach to cultivation of higher value crops, the use of more modern technologies alongside the traditional crops incorporating ecologically friendly techniques to boost the market appeal of our fresh as well as value added products.

The year 2017 was an exceptional year given the devastation wrought on by hurricane Maria, and hence is not an appropriate yardstick by which growth can be measured. However, there can be lessons learned, from the experience, one of these being the susceptibility of the business sector to natural disasters and other catastrophic events. Critical questions need to be asked as a result; how are these treated in terms of making provisions for the speedy recovery in the event of future events, what measures are being put in place to reduce the impacts of future events.

Figure 8: Graph showing business sector funding Distribution

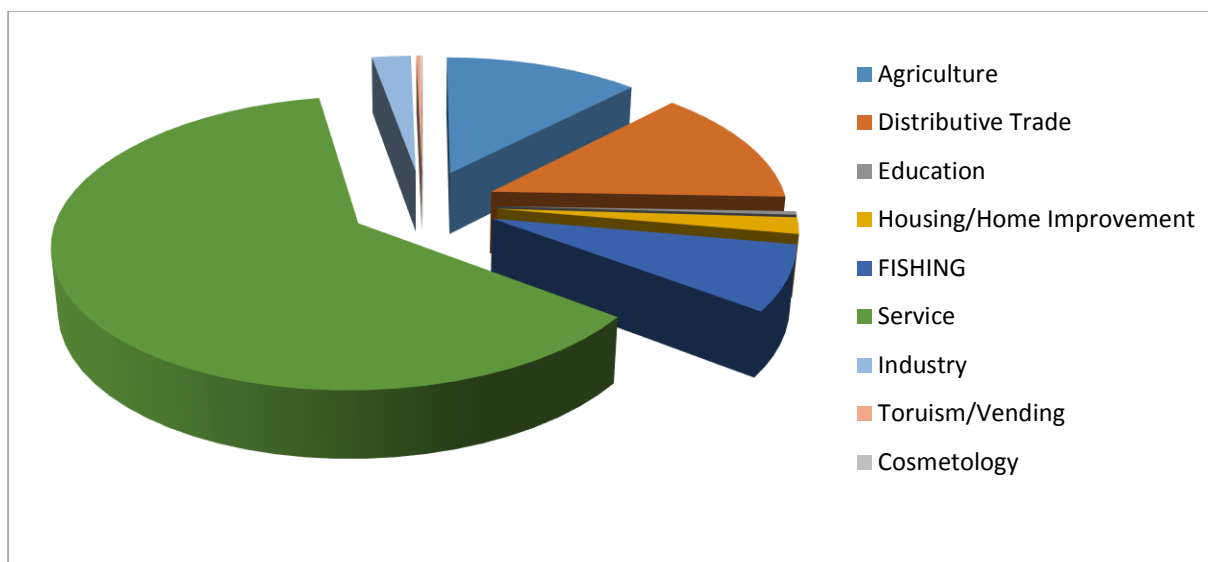


Figure 9: Productive loans by sector

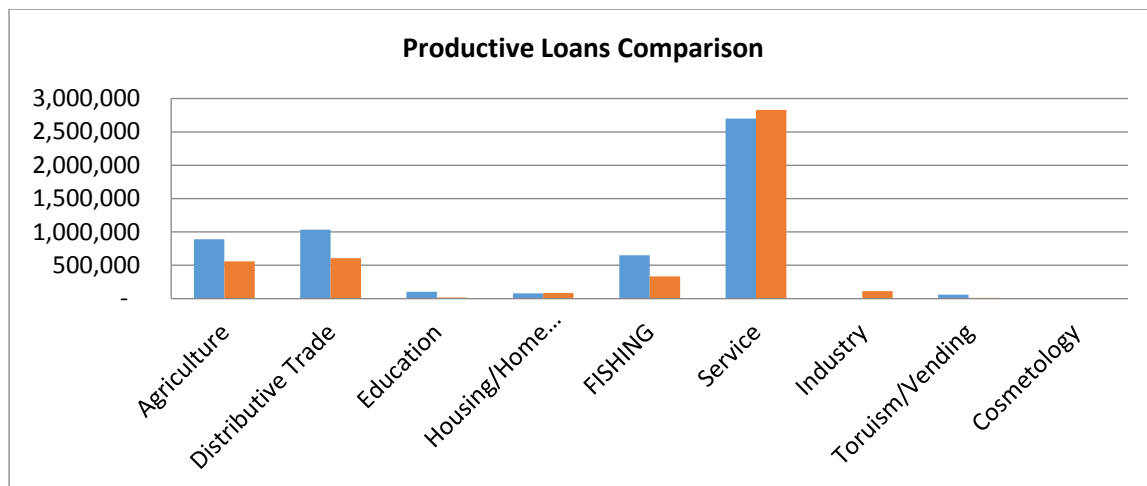
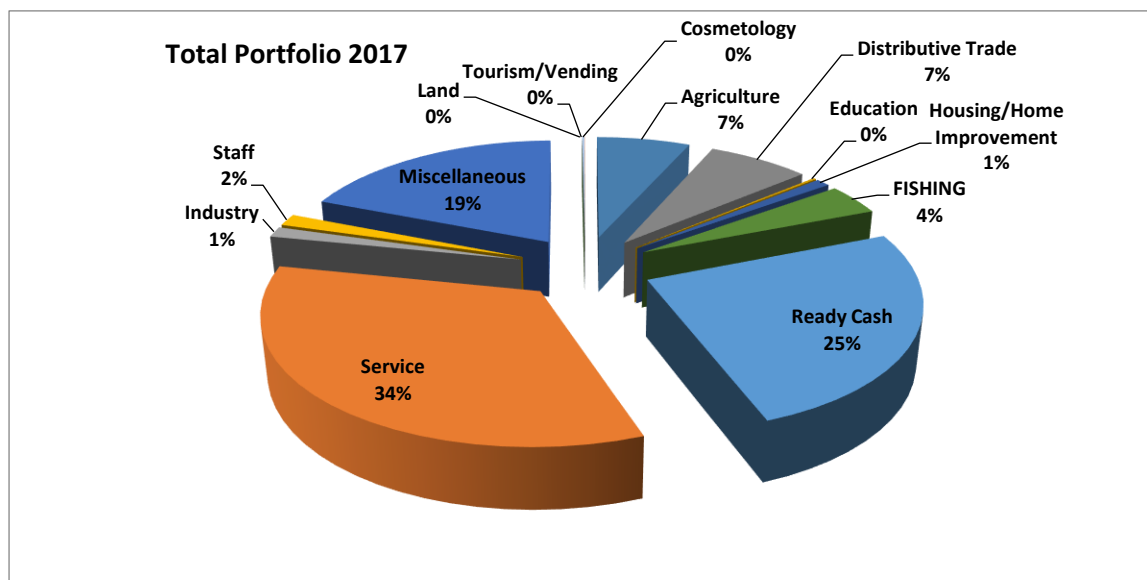


Figure 10: Total Lohan Portfolio Composition



Business Development Officers (pics) Table 1: Loan value distribution by sector

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

Recoveries and Collection

Financial year 2017 was very challenging mainly due to the ravages of Hurricane Maria which struck Dominica on September 18, 2017. This catastrophic disaster brought the country to a standstill during the last four (4) months of the year. Businesses and their owners suffered significant losses, resulting increase in loan delinquency as compared to the previous years' observations. Many clients' were unable to honor their debt obligations during the last quarter of the year since their main focus was to ensure the wellbeing of their homes and families.

The NDFD therefore implemented a few measures to accommodate these clients and to allow them to be in a better financial situation. Some of these included granting of moratorium, refinancing, rescheduling of existing loans and the provision of more technical assistance. This approach helped to maintain and strengthen the relationship with its clients, by determining the extent of damages and losses caused experienced and ways the Foundation could help in restoration of their businesses and personal lives.

Despite the above interventions, the NDFD experienced an increase in the default rate on its loan portfolio. As at December 31, 2017, the Portfolio at Risk (PAR) stood at 23.8%, a total value of \$3,774,074, an increase of ten (10) percentage points over that of the previous year. Therefore, other clients were closely monitored by the Foundation in the event that additional assistance would be required which could enhance the ability to service their loans. Irrespective of Hurricane Maria, the Foundation continued to recover its outstanding debts by making regular calls, use of contracted bailiffs, court action, application of cash deposit and implementation of guarantor's salary standing orders. Emphasis was placed on written off loans and as of the end of the financial year ended December 31, 2017 the amount of ninety-five thousand, eight hundred and ninety-three dollars and twenty-nine cents (\$95,893.29) was collected. Work continues to ensure that the NDFD collects on its receivables, in order that it can continue to fulfill its mandate.

RECOVERIES DEPARTMENT



Recoveries Supervisor
Floria Fontaine



Recoveries Officer
Leon Peter



Recoveries Assistant
Juan George

Training and Partnerships

The NDFD always sought to provide more client centric trainings during the course of the year, as part of ensuring that the focus was on the development of the cadre of small and micro business persons. Table 1 below indicates the progress made in this area. Realigning of this is an ongoing task as we seek to ensure a wholistic development of the client base.

| TRAINING PROGRAM | FEMALES | MALES |
|---------------------------------|-----------|-----------|
| Chaos Management | 3 | 3 |
| Customer Service (Public) | 6 | 1 |
| Customer Service (Clients) | 7 | 2 |
| Financial Education | 3 | 1 |
| Organizational & Group Behavior | 5 | 2 |
| Record Keeping | 4 | 1 |
| Small Business Management | 6 | 2 |
| Supervisory Leadership | 7 | 3 |
| TOTAL | 41 | 15 |

Staff also received the opportunity to develop in various areas including formal training to degree level as indicated in the table below.

| TRAINING/WORKSHOP | STAFF | | COUNTRY |
|---|---|--|----------------------------|
| Masters in Project Management | Sharon Vidal-Francis | | Dominica UCI/Costa Rica |
| Bachelor of Science Degree in Banking & Finance | Naomi A. Romain | | Dominica |
| Bachelor of Science Degree in Management Studies | Elenor T. Pacquette | | Dominica |
| Associate Degree in Administrative Administration | Annasha LaRonde | | Dominica |
| Business Planning | Karl Leblanc Consula Cuffy | | Dominica |
| Chaos Management | Karl Leblanc | | Dominica |
| Capacity Building in Sustainable Health | Cletus Joseph Danley Carbon George Challenger Karl Leblanc Sharon Vidal-Francis Juanita Casey Lydia Andrew Carrie Charles-Thomas | Tasha Pacquette Davina Joseph Consula Cuffy Christine Fontaine Lowana St. Jean Aretha Henry Naomi Romain Leon Peter | Dominica |
| Managing Workload Chaos | Aretha Henry Karl Leblanc | | Dominica |

Highlights Activities

Some of the main highlights during 2017 are listed below:

- The “**Tripple B**” newsletter had one publication in 2017, featuring clients of the NDFD in the Fishing Sector.

- **Creole in the Streets** (CITS) was not possible in 2017 as a direct result of the devastation of hurricane Maria.

Outlook:

The NDFD was conceptualized in times when the Dominican business landscape faced peculiar challenges and has played a significant role in economic development from then on. Our current situation certainly is reflective of this late 70's and early 80's period, hence herein lies the opportunity to once again renew its resolve and execute its mandate. There will be focus placed on funding for start-ups, as well as upgrade packages to have tremendous positive impact to develop a thriving business sector. It is important to note that: "The road to success is not easy to navigate, but with hard work, drive and passion, it's possible to achieve, and you can live your dream by working hard towards it (Tommy Hilfiger).

The NDFD remains committed now more than ever to 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."**

The last quarter of 2017 was really a challenging period, and has served to strengthen NDFD's resolve to further the quest to develop a sector which is sustainable, and has the capacity to recover quickly from challenges.

The NDFD looks forward to the roll out of a few new initiatives such as:

- Financial products which help to fund renewable and energy efficient initiatives as a project funded by the Inter-American Development Bank (IDB) and its partners
- Funding of Green initiatives which contribute to environmental preservation
- Recycling and reuse initiatives

The NDFD thanks all of its stakeholders, partners, and well-wishers who have over the years assisted in delivering value to its clients, and we do look forward to an even stronger.



Mr. Cletus Joseph
Executive Director

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2017

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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, 2017, 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.

Auditors' 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, 2017, 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
September 5, 2018

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 website: www.kpbcharteredaccountants.com
Partners: Marvlyn Estrado, Orlando Allan Richards
Associate: Kieron Pinard-Byrne



PrimeGlobal


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Independent Accounting Firms


NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2017

| | Notes | 2017 EC\$ | 2016 EC\$ |
|---|-------|-------------------|-------------------|
| ASSETS | | | |
| Cash and Short-term funds | 4 | 1,660,175 | 2,545,749 |
| Short-term investments | 5 | 101,011 | 100,966 |
| Accounts receivable | 6 | 1,068,315 | 699,708 |
| Prepayments | | 13,806 | 13,079 |
| Loans receivable/fund assets | 7 | 14,770,307 | 14,398,307 |
| Cash security on loans | 8 | 1,016,127 | 980,882 |
| Other assets | 9 | 34,438 | 32,485 |
| Staff gratuity account | 14 | 10,850 | - |
| Insurance claim receivable | 16 | 397,225 | - |
| Property, plant and equipment | 11 | 1,544,728 | 1,810,154 |
| TOTAL ASSETS | | 20,616,982 | 20,581,330 |
| LIABILITIES | | | |
| Staff gratuity fund | 14 | 10,850 | - |
| Accounts payable and accruals | 10 | 329,593 | 233,713 |
| Cash security on loans | 8 | 1,016,127 | 980,882 |
| Long-term loans | 12 | 8,334,318 | 8,825,312 |
| Fund liabilities | 13 | 7,704,444 | 7,833,849 |
| Total Liabilities | | 17,395,332 | 17,873,756 |
| ACCUMULATED FUND | | | |
| Capital Grants | 15 | - | 438,888 |
| General Fund | | 2,225,915 | 1,272,951 |
| Revaluation Surplus | 11 | 995,735 | 995,735 |
| | | 3,221,650 | 2,707,574 |
| TOTAL LIABILITIES AND ACCUMULATED FUND | | 20,616,982 | 20,581,330 |

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

THESE FINANCIAL STATEMENTS WERE APPROVED BY THE BOARD OF DIRECTORS ON SEPTEMBER 5, 2018 AND SIGNED ON BEHALF OF THE TRUSTEES BY


OLIVER HENDERSON
 CHAIRMAN


NICHOLAS BRUNO
 TREASURER

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA LIMITED

Statement of Comprehensive Income and General Fund

For the Year Ended December 31, 2017

| | Notes | 2017 EC\$ | 2016 EC\$ |
|--|-------|--------------|--------------|
| REVENUE | | | |
| Interest on loans | | 2,072,166 | 1,842,790 |
| Interest on term deposits and treasury bills | | 28,732 | 6,690 |
| Total interest and investment incomes | | 2,100,898 | 1,849,480 |
| Membership dues/donations | | 4,350 | 4,450 |
| Other income | 17 | 405,302 | 491,952 |
| Total Revenue | | 2,510,550 | 2,345,882 |
| EXPENSES | | | |
| Salaries, staff benefits and allowances | | 745,476 | 757,873 |
| Interest, bank charges and fees | | 307,357 | 235,608 |
| Depreciation | 11 | 83,755 | 61,610 |
| General and administrative expenses | 18 | 388,771 | 546,136 |
| Total Expenses | | 1,525,359 | 1,601,227 |
| SURPLUS BEFORE THE FOLLOWING | | 985,191 | 744,655 |
| Provision for loan loss | 7 | (450,000) | (200,000) |
| Loans and accounts payable written off | | (21,115) | - |
| NET INCOME FOR THE YEAR | | 514,076 | 544,655 |
| Other Comprehensive Income: | | | |
| Fund liabilities relieved | | - | 208,129 |
| Capital grant transferred to general fund | 15 | 438,888 | - |
| NET COMPREHENSIVE INCOME FOR THE YEAR | | 952,964 | 752,784 |
| GENERAL FUND BEGINNING OF YEAR | | 1,272,951 | 520,167 |
| GENERAL FUND END OF YEAR | | 2,225,915 | 1,272,951 |

The accompanying notes form an integral part of these financial statements

NATIONAL DEVELOPMENT FOUNDATION OF DOMINICA LIMITED
Cash Flow Statement
For the Year Ended December 31, 2017

| | 2017 EC\$ | 2016 EC\$ |
|--|--------------|--------------|
| Cash flows from operating activities | | |
| Surplus before the following | 985,191 | 744,655 |
| Adjustments for | | |
| Depreciation | 83,755 | 61,610 |
| Loans and accounts payable written off | (21,115) | - |
| (Gain) / loss on disposal of fixed asset | (33,541) | - |
| Provision for loan loss | (450,000) | (200,000) |
| Fund liabilities relieved | - | 208,129 |
| Cash flows before changes in operating assets and liabilities | 564,290 | 814,394 |
| Increase in short term investments | (45) | (44) |
| (Increase)/decrease in prepayments | (727) | (2,562) |
| (Increase)/decrease in accounts receivable | (368,607) | (218,524) |
| (Increase)/Decrease in loans receivable/fund assets | (372,000) | (2,213,961) |
| Increase in cash security on loans - assets | (35,245) | (40,630) |
| Decrease/(Increase) in other assets | (1,953) | (566) |
| (Decrease)/Increase in accounts payable and accruals | 106,730 | 46,879 |
| (Decrease)/Increase in cash security on loans - liability | 35,245 | 40,630 |
| Increase/(decrease) in amount payable to fund | 35,245 | 14,503 |
| (Decrease)/Increase in fund liabilities | (164,650) | 191,871 |
| Insurance claim receivable | (397,225) | - |
| Net cash from operating activities | (598,942) | (1,368,010) |
| Cash flow from investing activities | | |
| Purchase of fixed assets | (213,859) | (40,423) |
| Proceeds on disposal of fixed assets | 63,211 | - |
| Impairment of building | 365,860 | - |
| Net cash from investing activities | 215,212 | (40,423) |
| Cash flows from financing activities | | |
| Loan proceeds | - | 4,530,000 |
| Long term loan repayment | (490,994) | (684,130) |
| Capital grants received | - | - |
| Net cash from financing activities | (490,994) | 3,845,870 |
| Net cash flows | (874,724) | 2,437,437 |
| Cash and cash equivalent at beginning of year | 2,545,749 | 108,312 |
| Cash and cash equivalent at end of year | 1,671,025 | 2,545,749 |

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, 2017

1. Incorporation and Principal Activities

The National Development Foundation of Dominica Limited was on the 19th 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 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 2017

The following is a summary of IFRS for pronouncements that must be applied, if applicable in 2017 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, 2017:

- Annual Improvements to IFRS's 2012 – 2014 cycle.
- 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 2017 cont'd

- Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38).
- Equity method in separate financial statements (Amendments to IAS 27).
- IFRS 9 – Financial Instruments (effective for accounting periods beginning on or after January 1, 2018).

(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.

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

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.

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

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

| | 2017 EC\$ | 2016 EC\$ |
|---|------------------|------------------|
| Cash and Short-term Funds | | |
| National Bank of Dominica - Savings Account | 1,294,550 | 605,341 |
| Cash on hand | 2,845 | 2,093 |
| Current Accounts | 362,780 | 1,938,315 |
| | <u>1,660,175</u> | <u>2,545,749</u> |

5. Short-term Investments

| | | |
|--|----------------|----------------|
| Treasury Bills - Government of Dominica | | |
| Nominal Value \$100,000 | 98,400 | 98,400 |
| National Co-operative Credit Union Limited | | |
| Fixed deposit | 2,611 | 2,566 |
| | <u>101,011</u> | <u>100,966</u> |

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

6. Accounts Receivable

| | 2017 | 2016 |
|--------------------------------------|------------------|----------------|
| | EC\$ | EC\$ |
| Sundry persons | 1,111 | 1,111 |
| Other receivables/rent | 44,229 | 48,860 |
| Staff advances | 4,559 | 10,233 |
| Training program receivables | 6,250 | 3,161 |
| Late fee receivable | 143,745 | 105,478 |
| Interest receivable on loans | 861,147 | 486,952 |
| Other receivables | 7,274 | 12,743 |
| Client's other receivables | - | 31,170 |
| Less provision for doubtful accounts | - | - |
| | <u>1,068,315</u> | <u>699,708</u> |

7. Loans Receivable/Fund Assets

| | 2017 | 2016 |
|---|-------------------|-------------------|
| | EC\$ | EC\$ |
| Revolving Loan Fund/USAID | 3,761,179 | 3,554,856 |
| GOCD/DREP | 24,209 | 24,209 |
| Dominica Social Security Business Loans | 66,554 | 78,462 |
| STABEX Technical Assistance Fund | - | 6,793 |
| GOCD Agricultural loans | 537,997 | 623,897 |
| IICA | 10,630 | 14,867 |
| Micro Credit Facility | 9,127 | 11,758 |
| Social Protection Fund | 3,940 | 5,052 |
| GOCD Special Fund | 615,819 | 697,373 |
| Ready Cash | 1,843,912 | 2,146,020 |
| Young Farmers Credit Fund | 42,358 | 42,112 |
| Women's Bureau/DNCW | 50,852 | 43,392 |
| Dominica Aid Bank Fund | 792,045 | 900,230 |
| Dominica National Petroleum Company Limited | 3,544,938 | 4,217,180 |
| NBD Fund | 3,904,806 | 2,023,275 |
| Debt Consolidation | 259,294 | 437,155 |
| Boat fund | 180,971 | - |
| | <u>15,648,631</u> | <u>14,826,631</u> |
| Less provision for loan loss | <u>(878,324)</u> | <u>(428,324)</u> |
| | <u>14,770,307</u> | <u>14,398,307</u> |

Provision for loan loss

| | | |
|--|----------------|----------------|
| Balance - beginning of year | 428,324 | 371,680 |
| Accounts written off against the provision | - | (143,356) |
| Provision made for the year | 450,000 | 200,000 |
| Balance - end of year | <u>878,324</u> | <u>428,324</u> |

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

8. Cash Security on Loans

| | 2017 EC\$ | 2016 EC\$ |
|--|--------------|--------------|
| <hr/> | | |
| This represents cash deposits made by clients as security on their loans | | |
| Opening balance | 410,228 | 410,228 |
| Deposits made | 1,673,258 | 1,673,258 |
| Repayment | (1,067,359) | (1,102,604) |
| | <hr/> | <hr/> |
| | 1,016,127 | 980,882 |
| | <hr/> | <hr/> |
| Assets comprise of: | | |
| Term deposits | 2,500 | 2,500 |
| Receivable from general fund | 1,014,842 | 979,597 |
| Interest receivable | (1,215) | (1,215) |
| | <hr/> | <hr/> |
| | 1,016,127 | 980,882 |
| | <hr/> | <hr/> |

9. Other Assets

| | | |
|---------------------|--------|--------|
| Supplies | 24,546 | 24,546 |
| Uncollected cheques | 75 | 75 |
| Other | 9,817 | 7,864 |
| | <hr/> | <hr/> |
| | 34,438 | 32,485 |
| | <hr/> | <hr/> |

10. Accounts Payable and Accruals

| | | |
|---------------------------|---------|---------|
| Trade Accounts payable | 86,499 | 124,986 |
| Commission payable | (4,227) | (4,331) |
| Clients' advance payments | 246,215 | 116,748 |
| Clients' legal liability | (4,366) | (9,710) |
| Rent deposit | 6,020 | 6,020 |
| Accrued expenses | (548) | - |
| | <hr/> | <hr/> |
| | 329,593 | 233,713 |
| | <hr/> | <hr/> |

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

11. Property, Plant & Equipment

| | Furniture & Equipment EC\$ | Computer Software EC\$ | Motor Vehicles EC\$ | Building EC\$ | Land EC\$ | Total EC\$ |
|-----------------------------|---|---------------------------------------|------------------------------------|--------------------------|----------------------|-----------------------|
| COST/VALUATION | | | | | | |
| Balance - December 31, 2015 | 952,068 | 172,510 | 148,500 | 894,088 | 891,800 | 3,058,966 |
| Additions | 40,423 | - | - | - | - | 40,423 |
| Disposals | - | - | - | - | - | - |
| Balance - December 31, 2016 | 992,491 | 172,510 | 148,500 | 894,088 | 891,800 | 3,099,389 |
| Additions | 59,903 | 1,956 | 152,000 | - | - | 213,859 |
| Disposals | (68,181) | - | (148,500) | - | - | (216,681) |
| Impairment of assets | - | - | - | (365,860) | - | (365,860) |
| Balance – December 31, 2017 | 984,213 | 174,466 | 152,000 | 528,228 | 891,800 | 2,730,707 |
| DEPRECIATION | | | | | | |
| Balance - December 31, 2015 | 764,859 | 171,198 | 148,500 | 143,068 | - | 1,227,625 |
| Depreciation expense | 28,233 | 1,025 | - | 22,352 | - | 51,610 |
| Eliminated on disposal | - | - | - | - | - | - |
| Balance - December 31, 2016 | 793,092 | 172,223 | 148,500 | 165,420 | - | 1,279,235 |
| Depreciation expense | 38,185 | 418 | 22,800 | 22,352 | - | 83,755 |
| Eliminated on disposal | (38,511) | - | (148,500) | - | - | (187,011) |
| Balance – December 31, 2017 | 792,766 | 172,641 | 22,800 | 187,772 | - | 1,175,979 |
| NET BOOK VALUE | | | | | | |
| December 31, 2015 | 187,209 | 1,312 | - | 751,020 | 891,800 | 1,831,341 |
| December 31, 2016 | 199,399 | 287 | - | 728,668 | 891,800 | 1,820,154 |
| December 31, 2017 | 191,447 | 1,825 | 129,200 | 340,456 | 891,800 | 1,554,728 |

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. The building housing the Foundation's operations was severely impaired by Hurricane Maria on September 18, 2017.

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

12. Long-term loans

| | 2017 EC\$ | 2016 EC\$ |
|---|--------------|--------------|
| 4% National Bank of Dominica repayable over a maximum period of 10 years. | 4,058,988 | 4,344,815 |
| 3% Dominica National Petroleum Company (DNPC) total loan \$5 million; repayable by monthly installments over 20 years | 4,275,330 | 4,480,497 |
| | 8,334,318 | 8,825,312 |
| Less current portion of long-term loans | 654,020 | 526,682 |
| Long-term portion | 7,680,298 | 8,298,630 |

Security:

1. NBD Loan – (i) A first charge debenture over all fixed and floating current and future assets of the NDFD Ltd.
2. DNPC Loan – An undertaking by NDFD Ltd to deposit with the DNPC its Certificate of Title in respect to a portion of land in Roseau containing 3,185 sq.ft.

13. Fund Liabilities

| | 2017 \$ | 2016 \$ |
|-----------------------------------|------------|------------|
| GOCD Special loan fund | 999,980 | 999,980 |
| Revolving Loan Fund | 4,298,518 | 4,298,518 |
| IICA Fund | 61,047 | 61,047 |
| Young Farmers Credit Fund | 92,077 | 92,077 |
| Government Agricultural Loan Fund | 999,940 | 999,940 |
| Women's Bureau/DNCW | 55,680 | 55,680 |
| Government of Dominica Boat Fund | 235,350 | 400,000 |
| STABEX Grant | 80,109 | 80,109 |
| CSF | 815,404 | 780,160 |
| GOCD/DREP | 66,338 | 66,338 |
| | 7,704,443 | 7,833,849 |

Fund liabilities comprise the balance at the year end of funding received by the NDFD under grant agreement, 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

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

14. Staff Gratuity Fund/Account

The Board of Directors took a decision at a meeting held in 2017 to set up a staff gratuity fund which is to be funded by staff salary deduction and employers contribution. This fund is deposited into a separate bank account, represented in the Statement of Financial Position

15. Capital Grants

| | 2017 EC\$ | 2016 EC\$ |
|---|--------------|--------------|
| Unamortized balance beginning of year | 438,888 | 438,888 |
| Capital grants received during the year | - | - |
| Transferred to general fund | (438,888) | - |
| Unamortized balance end of year | - | 438,888 |

16. Insurance Claim Receivable

The Foundation's operations were severely affected by Hurricane Maria which devastated the island on September 18, 2017. A claim was filed with its Insurers for damages to its building and furniture and equipment. The Insurance adjusters settled on a claim of \$397,225 which has been reflected as receivables in the Statement of Financial Position.

17. Other Revenue

| | 2017 EC\$ | 2016 EC\$ |
|---------------------------------|--------------|--------------|
| Loan processing fees | 116,795 | 146,730 |
| Rent revenue | 23,615 | 27,560 |
| Conference room revenue | 8,487 | 16,373 |
| Training fees | 12,825 | 63,285 |
| Bad debts recovered | 95,733 | 137,065 |
| Business support | 27,286 | 40,611 |
| Miscellaneous | 87,020 | 60,328 |
| Gain on disposal of fixed asset | 33,541 | - |
| | 405,302 | 491,952 |

National Development Foundation of Dominica Limited

Notes to the Financial Statements

For the Year Ended December 31, 2017

18. General and Administrative Expenses

| | | |
|--|---------|---------|
| Insurance | 33,103 | 25,903 |
| Advertising | 21,238 | 18,138 |
| Stationery and office expenses | 91,565 | 88,975 |
| Telecommunications | 57,378 | 62,390 |
| Utilities | 36,254 | 52,692 |
| Subscription | 2,130 | 2,310 |
| Motor vehicle expenses | 6,745 | 15,499 |
| Training services and related expenses | 3,045 | 3,939 |
| Security services | 32,202 | 37,779 |
| Conference room expenses | 1,122 | 4,573 |
| Repairs and maintenance | 13,403 | 27,718 |
| Annual General Meeting expenses | 3,773 | 11,718 |
| Computerization expenses | 34,362 | 19,858 |
| Travel and related expenses | 5,847 | 32,362 |
| Audit fees and related expenses | 9,500 | 9,500 |
| Hydro/water | 4,007 | 4,192 |
| Mini mall expenses | 6,551 | 1,703 |
| Legal and professional fees | 610 | 79,059 |
| Rent/rates | 8,207 | 638 |
| Donations | 11,315 | 11,557 |
| Board of Directors expenses | 6,414 | 5,287 |
| Anniversary expenses (Creole in the Streets) | - | 30,346 |
| | <hr/> | <hr/> |
| | 388,771 | 546,136 |
| | <hr/> | <hr/> |

20. Contingencies and Commitments

As at December 31, 2017, 29 loans amounting to \$ 429,739.49 (2016 - 26 loans; \$575,927) were approved and undisbursed.

21. Post Balance Sheet Events

There were none.

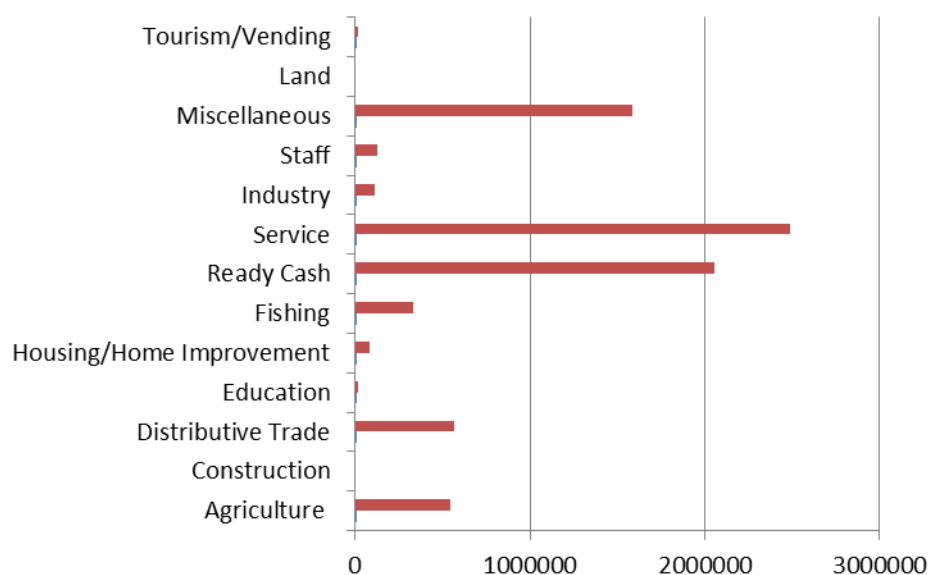
STATISTICAL REPORTS FOR 2017

| SELECTED PERFORMANCE INDICATORS FOR 2017 | | | | | |
|--|--------------|---------------|--------------|-----------|---------------|
| ITEMS | 2017 | 2016 | 2015 | 2014 | 2013-1981 |
| Number of loans Granted | 1,177 | 1701 | 1451 | 1656 | 15,158 |
| Value of Loans (\$) | 7,933,187.54 | 10,906,879.98 | 8,215,977.02 | 9,526,398 | 71,135,091.40 |
| Average Loan Size (\$) | 6,740.18 | 6,375 | 5,662.29 | 5,752.66 | 42,173.65 |
| Number of Jobs created or sustained | 253 | 678 | 655 | 820 | 11,688 |
| Average number of jobs per loan | 1.7 | 0.40 | 0.45 | 0.50 | 6.36 |
| Effective Interest Rate | 12.50% | 12.50% | 12.50% | 12.50% | |

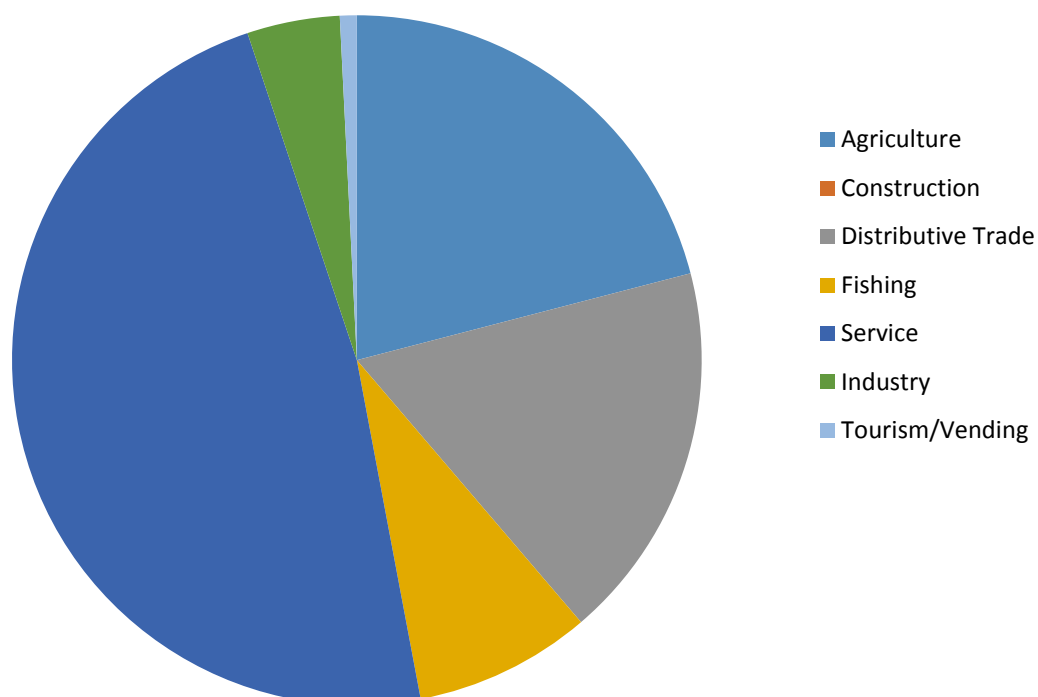
| CLASSIFICATION OF LOAN RECIPIENTS | | | | | |
|-----------------------------------|--------------|--------------|--------------|--------------|---------------|
| Loans recipient | 2017 | 2016 | 2015 | 2014 | 2013-1981 |
| Women | 602 | 866 | 763 | 867 | 9,989 |
| Men | 575 | 835 | 688 | 787 | 7,969 |
| Groups | | | | 1 | 36 |
| Cooperatives | | | | 1 | 1 |
| Companies/Associations | | | | | 294 |
| TOTAL | 1,177 | 1,701 | 1,451 | 1,656 | 18,290 |

| APPROVALS/DISBURSEMENT FOR 2017 | | |
|---------------------------------|--------------|---------------------|
| SECTOR | APPROVED | VALUE |
| Agriculture | 53 | 543,747.74 |
| Construction | - | - |
| Distributive Trade | 45 | 568,270.90 |
| Education | 2 | 18,151.00 |
| Housing/Home Improvement | 7 | 84,766.73 |
| Fishing | 21 | 335,453.33 |
| Ready Cash | 729 | 2,056,221.40 |
| Service | 121 | 2,489,141.98 |
| Industry | 11 | 111,837.44 |
| Staff | 9 | 127,091.83 |
| Miscellaneous | 177 | 1,585,505.19 |
| Land | - | - |
| Tourism/Vending | 2 | 13,000.00 |
| TOTAL | 1,177 | 7,933,187.54 |

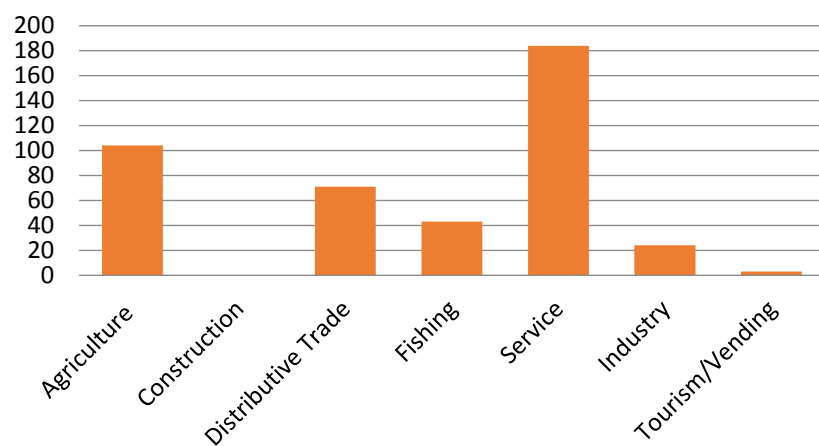
Value of All Loans Granted for 2017



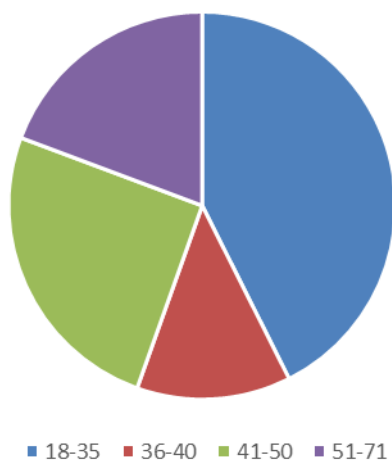
Approval by Productive sectors 2017



Jobs created per sector 2017



Number of Loans Distributed by Age Range



| NDFD STATISTICAL DIGEST (1981 - 2017) | | | | | | | | | | | | | | | | | | | | | | |
|--|-----------|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|-----------|-------------|------|-------|-----|-------|-----|-------|-----|-------|-----|--------|--------|
| | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 1981-2017 | | | | | | | | | | | |
| No. of loans granted | 935 | 1234 | 1,236 | 1581 | 1,935 | 1,468 | 1,656 | 1,451 | 1,701 | 1,177 | 16,826 | | | | | | | | | | | |
| Value of loans (\$) | 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 | 10,906,880 | 7,933,188 | 421,242,824 | | | | | | | | | | | |
| Average loan size (\$) | 3,780 | 3,486 | 3,738.22 | 3,784.42 | 4,066.00 | 4,543.00 | 5,752.66 | 5,662.29 | 6,412.04 | 6,740.18 | 37,985 | | | | | | | | | | | |
| Operation Cost (\$) | 760,395 | 901,598 | 992,384 | 1,148,796 | 1,200,891 | 1,195,138 | 1,462,362 | 1,374,580 | 1,601,227 | 1,525,359 | 24,046,754 | | | | | | | | | | | |
| Cost per loan (\$) | 813 | 731 | 803 | 727 | 620.62 | 814.13 | 883.07 | 947.33 | 941.34 | 1295.97 | 11,121 | | | | | | | | | | | |
| Cost/loan dollar (\$) | 0.22 | 0.21 | 0.21 | 0.19 | 0.15 | 0.18 | 0.15 | 0.17 | 0.15 | 0.19 | 1.95 | | | | | | | | | | | |
| No. of jobs affected | 644 | 832 | 626 | 630 | 610 | 235 | 820 | 697 | 678 | 429 | 13,791 | | | | | | | | | | | |
| Avg. no. of jobs/loans | 0.69 | 0.67 | 0.51 | 0.40 | 0.32 | 0.16 | 0.5 | 0.48 | 0.41 | 1.7 | 5.04 | | | | | | | | | | | |
| Cost per job (\$) | 1,181 | 1,084 | 1,585 | 1823 | 1969 | 5086 | 1783 | 1972 | 2362 | 764 | 14,575 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| Gender | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| * Men | 429 | 682 | 645 | 802 | 1045 | 750 | 867 | 763 | 835 | 575 | 7,733 | | | | | | | | | | | |
| * Women | 506 | 552 | 591 | 779 | 888 | 717 | 787 | 688 | 866 | 602 | 6,371 | | | | | | | | | | | |
| Groups/Companies/ Cooperatives | | | | | 2 | 1 | 2 | 0 | 0 | 0 | 178 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| Location | | | | | | | | | | | | | | | | | | | | | | |
| * Rural | 500 | 654 | 656 | | 1022 | 778 | 993 | 871 | 1021 | 707 | 8,771 | | | | | | | | | | | |
| * Urban | 435 | 580 | 580 | | 913 | 690 | 663 | 580 | 680 | 470 | 6,727 | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | |
| Jobs created/sector | Loans | Jobs | Loans | Jobs | Loans | Jobs | Loans | Jobs | Loans | Jobs | Loans | Jobs | | | | | | | | | | |
| Service | 117 | 234 | 49 | 98 | 68 | 136 | 13 | 146 | 112 | 224 | 110 | 95 | 148 | 311 | 135 | 274 | 153 | 310 | 121 | 183 | 2481 | 4350 |
| Agriculture | 26 | 78 | 173 | 346 | 165 | 330 | 130 | 216 | 108 | 216 | 100 | 88 | 134 | 297 | 105 | 239 | 89 | 183 | 53 | 104 | 1705 | 3464 |
| Distributive Trade | 44 | 88 | 77 | 231 | 42 | 84 | 57 | 114 | 41 | 82 | 53 | 37 | 66 | 114 | 50 | 96 | 71 | 103 | 45 | 71 | 1374 | 3014 |
| Industry | 19 | 57 | 00 | 00 | 00 | 00 | 00 | 00 | 03 | 06 | 02 | 02 | 18 | 36 | 09 | 15 | 09 | 18 | 11 | 24 | 49 | 103 |
| Construction | 02 | 06 | 08 | 24 | 00 | 00 | 08 | 16 | 02 | 04 | 02 | 01 | 02 | 00 | 00 | 00 | 02 | 06 | 00 | 00 | 220 | 688 |
| Fishing | 00 | 00 | 09 | 27 | 10 | 20 | 13 | 26 | 17 | 34 | 18 | 09 | 24 | 42 | 26 | 64 | 27 | 46 | 21 | 43 | 283 | 564 |
| Retrofit/ Home improvement | 24 | 72 | 38 | 76 | 26 | 52 | 10 | 20 | 15 | 30 | 04 | 00 | 05 | 00 | 02 | 00 | 08 | 00 | 07 | 00 | 367 | 646 |
| Tourism | 03 | 09 | 10 | 30 | 02 | 04 | 09 | 18 | 03 | 06 | 05 | 03 | 00 | 00 | 08 | 09 | 07 | 12 | 02 | 03 | 72 | 140 |
| Other/Ready Cash | 668 | 100 | 808 | 00 | 913 | 00 | 1258 | 08 | 1616 | 08 | 1167 | 00 | 1242 | 00 | 1098 | 00 | 1313 | 00 | 906 | 00 | 9549 | 382 |
| Staff | 03 | 00 | 01 | 00 | 00 | 00 | 07 | 00 | 09 | 08 | 02 | 00 | 13 | 00 | 10 | 00 | 11 | 00 | 09 | 00 | 101 | 10 |
| Education | 29 | 00 | 61 | 00 | 10 | 00 | 16 | 00 | 09 | 08 | 05 | 00 | 04 | 00 | 08 | 00 | 11 | 00 | 02 | 00 | 271 | 00 |
| | 935 | 644 | 1,234 | 832 | 1,236 | 626 | 1,581 | 608 | 1,777 | 602 | 1,468 | 235 | 1,656 | 820 | 1,451 | 697 | 1,701 | 678 | 1,177 | 429 | 16,472 | 13,361 |

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of small businesses

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Annual Income Statements
BUS/Cash Flow Statements
Record Keeping Books
Quick Books Data Entry:
- Configuration
- Monthly Updates

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DNO Advert Opportunity
Facebook Page Creation
Marketing Plans
Development of Marketing Documents
(Including Business Cards, Letter Heads, Logos & more)

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Business Plans Review
Business Development Advice
Business Forms including:
- Business Name Registration
- Dominica Social Security
- VAT & Income Tax



Building Dominica

National Development
Foundation of Dominica Ltd

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Roseau, P.O. Box 313

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