

ANNUAL REPORT  
OF THE  
NATIONAL DRUG COUNCIL

*for period ending 30 June, 1999*

**LETTER TO MINISTER FROM NDC CHAIRMAN**

*By*  
*Mr. Patrick Schmid*

**DEAR MR. MINISTER:**

**PURSUANT TO SECTION 24 OF THE NATIONAL DRUG COUNCIL LAW, 1997, IT IS MY PLEASURE TO PRESENT YOU WITH THE ANNUAL REPORT OF THE NDC FOR THE PERIOD JULY 1, 1998 TO JUNE 30, 1999.**

**SINCERELY,**

**MR. PATRICK SCHMID**  
**CHAIRMAN**

**REPORT OF THE NATIONAL DRUG CO-ORDINATOR/  
CHIEF EXECUTIVE OFFICER**

*By  
Mr. Peter Sboniker, B.A., M.A., LL.B. K.C.H.S.*

It is my duty as Chief Executive Officer of the National Drug Council (NDC), to present this report on behalf of the Staff who have worked so diligently in its preparation. The most significant development initiated by the NDC during the twelve month period commencing July 1, 1998 and ending June 30, 1999 was the successful completion of the Student Drug Use Survey. Conducted under the direction and supervision of the Director, Research and Planning, Catherine Delapenha, the data culled during this research project has provided all Government agencies as well as the Courts and the Police with a more incisive and accurate picture of substance misuse in the Cayman Islands. Concomitantly, all agencies are now in a better position to bring their unique talents and resources to bear in the fight against drugs.

Much of the first six months of 1999 was taken up by a search for a National Drugs Co-ordinator. It was my pleasure to respond to the request of the Minister of Health, Social Welfare, Drug Abuse and Prevention, the Honourable Anthony Eden to meet with Chairman Bodden and members of the NDC board. I accepted the position as Chief Executive Officer/National Drugs Co-ordinator at the conclusion of the reporting period for this Annual Report. In the result, I am dependent on staff for their input in the preparation of this Report.

The success of the work of the NDC over the next twelve months will be determined by our effectiveness in eight areas: 1. Office re-structuring to facilitate a fully operational NDC; 2. Expanding Drug Awareness Week to Drug Awareness Month; 3. Implementing a community-based intervention programme; 4. Increasing public awareness and education by speaking engagements and co-operation with community support groups, agencies and clubs; 5. Developing international relations in order to strengthen our ability to respond to drug use; 6. Developing our role in the field of co-ordinating continuing education for related agencies; 7. Propounding a schedule of law reform to make the NDC approach to its mandate more effective; and 8. Implementing the National Strategic Plan for Drug Abuse Prevention and Rehabilitation and its attendant "Action Plans". Combined with the continued research efforts of the NDC, and its devotion to drug education in the schools, these are the measures by which the NDC staff ought to be evaluated twelve months hence.

Within the next month, I shall re-structure the organisational structure of the NDC to include amongst the staff, specific responsibilities for 1. Research; 2. Planning; 3. Operations; 4. Public Relations; and 5. Marketing. When combined with the addition of project and administrative officers the NDC will be in a position to effectively discharge its mandate. (see Appendix A). The matter of financial support from the Government will have to be reviewed. Present funding levels are insufficient to support the role and function of the NDC as contemplated by the National Drug Council Law, 1997, the Strategic Plan for Drug Abuse Prevention and Rehabilitation, and the Minister's directions. Fiscal responsibility in this regard will constitute yet another benchmark by which my administration ought to be evaluated on June 30, 2000.

I believe that our revised Mission Statement as revealed herein is a step in the right direction. I believe as well that our success will be a function of the commitment, dedication and industry of our staff. If we are successful, it is they who deserve the credit.

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## ROLE AND FUNCTION OF THE NATIONAL DRUG COUNCIL

### Mission Statement

The National Drug Council (NDC) is dedicated to the eradication of substance abuse in our Cayman Islands and to co-operating with Foreign Governments and Agencies in order to facilitate a more effective address to global trafficking of illicit drugs. The goals and objectives of the NDC are realised through a fully integrated address to substance misuse and abuse, which brings the community of thought to bear on its planning, operations, research and programmes as mandated by the Cayman Islands National Strategic Plan for Drug Abuse Prevention and Rehabilitation.

### Functions

The specific functions of the National Drug Council as prescribed by section 4 of the National Drug Council Law, 1997 are as follows:

- In consultation with such persons or bodies it deems appropriate, to formulate policies and develop programmes intended to prevent or reduce drug abuse and to promote and encourage the implementation of such policies and programmes;
- To promote and encourage the establishment of a system to co-ordinate the treatment and rehabilitation of drug abusers and the care of persons associated with drug abusers;
- To give advice on the licensing and operation of premises used in connection with the treatment and rehabilitation of drug users;
- To advise the Minister and such persons, groups and organisations or bodies which request it to do so, on policies and programmes related to the prevention of drug abuse, the treatment and rehabilitation of drug abusers and the care of connected persons;
- To educate the public, and in particular the young, on the dangers of drug abuse, and to publicise these dangers;

- To promote and encourage the award of scholarships, and to award scholarships or other financial assistance to persons wishing to pursue courses in basic or advanced training in matters related to drug abuse;
- To initiate, sponsor and support conferences, seminars and meetings related to drug abuse;
- To initiate, support and publish studies, reports and other documentation on drug abuse;
- To establish, maintain and operate information systems and facilities, and to encourage and support the exchange of information of all kinds in respect of policies, programmes and research related to drug abuse;
- To establish and operate treatment centres;
- To keep under review the situation of the Islands with respect to drugs which are being, or appear to the Council likely to be, abused and of which the abuse is having or appears to the Council to be capable of having, harmful effects, and to give to the Minister, where either the Minister so requests or the Council considers it expedient to do so, advice on measures which in the opinion of the Council ought to be taken for restricting the availability of such drugs or supervising the arrangements for their supply;
- To conduct research into, and develop and maintain a database of information on, drug abuse in the Islands; and
- To advise the Minister on matters of law reform relating to the misuse of drugs.

## Members of the National Drug Council

As at 30 June, 1999

The Council membership is made up as follows:

NDC Chairman .....	Mrs. Theresa (Tessa) Bodden, Cert. Hon.
NDC Vice Chairman .....	Dr. Stephen Pickering, MD
Permanent Secretary of the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation .....	Miss Andrea T. Bryan, J.P.
Permanent Secretary of the Ministry of Education, Aviation, and Planning .....	Mrs. Joy Basdeo, J.P.
Permanent Secretary of the Ministry of Community Affairs, Sports, Women, Youth, & Culture .....	Mr. Carson Ebanks, J.P.
Director of Social Services .....	Mrs. Deanna Look Loy
Director of HM Northward Prison .....	Mr. Eric Smith
Deputy Collector of Customs – Enforcement .....	Mr. Dale Ramoon
Head of the Drugs Task Force (Police Commissioner’s Representative) .....	Det. Chief Supt. Derek Haines
Government Health Services’ Chief Pharmacist .....	Mr. Kevin Gipple
Representative from the Financial Secretary’s Office .....	Miss Letitia Solomon
Representative from the C.I. Ministers Association .....	Pastor Robert E. Thompson
Private Accountant .....	Mr. Carlyle E. McLaughlin Jr.
Private Lawyer .....	Mr. William Helfretch
Cayman Against Substance Abuse, President .....	Mrs. Mary Lee Rowlandson, Cert. Hon
Member at Large .....	Mr. David Barwick
Businessman .....	Mr. David Foster

## ACTIVITIES OF THE NATIONAL DRUG COUNCIL

### Research & Special Projects

#### **Cayman Islands Student Drug Use Survey**

The Inaugural cycle of the Cayman Islands Student Drug Use Survey (CISDUS 1998) is not only the most comprehensive study of student drug use and substance misuse undertaken in the Cayman Islands but is unique in that an unusually large proportion of the target population responded. Typically, in studies of this kind, a sample is studied and the results extrapolated to infer results that are relevant to the entire population. In our case fully 86% of the target population responded to the survey.

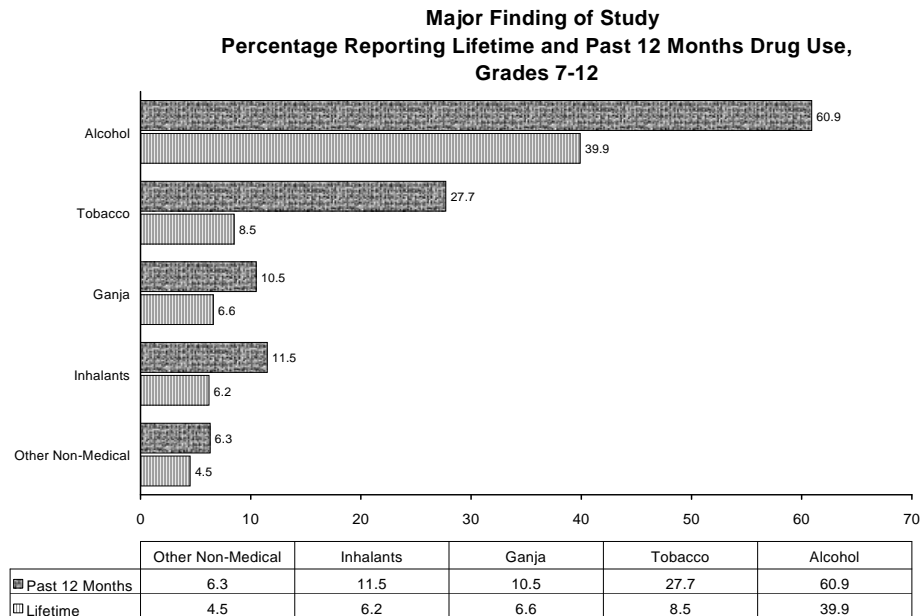
The study comprised 1946 students enrolled in grades 7 through 12 in the Cayman Islands. From inception to completion the process took 10 months, from January to November 1998. The questionnaire was prototyped by the Centre for Addiction and Mental Health (CAMH), formerly the Addiction Research Foundation (ARF), based on similar studies conducted in Canada (see Appendix D). The survey was tried on a test sample of students and modified to suit the local cultural and social environment. The survey was subsequently reviewed by all the relevant stakeholders including the Ministry of Education, school principals, teachers, social service agencies and most importantly the students themselves. This painstaking vetting process was vital to the success of the study, and comprised numerous revisions over a period of two months. In the result, more accurate, relevant and incisive conclusions were able to be drawn from the research findings and analyses.

In order to ensure confidentiality and to enhance the accuracy of self reported information and to protect the privacy of the students it was decided to use volunteers in a private environment to actually administer the questionnaire. The logistics of training a large group of volunteers and planning, together with the schools, the requisite time as well as the other necessary fieldwork, took most of the month of March.

The questionnaires were administered, batched and sent to the CAMH for data entry during April/May. During this same time frame the preparation of templates was also performed.

During August and September the 25,000 pages of data, including over 200,000 questions, underwent data analysis and interpretation. Work began on writing the final 71 page report which was completed for presentation to the Council in November. The final report was printed in two versions, the complete report and a report summary, and was presented to the Legislative Assembly during the week of November 12<sup>th</sup> (see Appendix E). The report was widely distributed to educators, social service agencies and members of the general public and forms, to this day, the basis upon which many of the current programmes are being developed in the Cayman Islands relating to student drug use.

It is anticipated that the second cycle of the CISDUS will be conducted in the year 2000. The follow up study is important as it will establish trend data, comparing increasing and decreasing patterns of use and pointing out emerging patterns of use that were not uncovered in the last study. This will assist in analysing and reviewing the effectiveness of prevention and education programmes in the future.



### **Academic Paper**

An academic paper on use of alcohol, tobacco and other drugs among Cayman Islands students, grades 7-12, was prepared and submitted to *The International Journal of Public Health, Bulletin of the World Health Organisation*. The paper was based on the results of the Cayman Islands Student Drug Use Survey 1998, and was the first submission to an academic journal from the NDC and co-authored by Catherine Delapenha and Dr. Edward Adlaf. The World Health Organisation (WHO) has indicated that it wishes to publish it in the *International Journal of Public Health*.

### **National Strategic Plan Update**

The Strategic Planning Alliance membership is reviewed each year and one third of the membership is released in favour of introducing new members. The two day conference was held on October 29&30 at the Treasure Island Hotel, organised and planned by the NDC. All pertinent agencies submitted their progress reports on implementation of the National Strategic Plan in advance. Day One of the conference included review of the strategic planning discipline and the existing plan. At the same time a new strategy # 10 was introduced dealing with the use of legal substances.

Day Two consisted of a detailed review of the implementation reports and the recommendations of the group. In general the consensus was that satisfactory progress was being made in implementation of the strategies. Communication and co-operation amongst the relevant departments and agencies was excellent and significant progress was achieved.

## Media & Public Information

### **Media**

The media exposure received by the NDC was principally set out as support for public awareness campaigns as opposed to campaigns in their own right. The notable exception was the Christmas campaign which consisted of a television and poster campaign with radio support. The theme for this campaign focused on the abuse of alcohol.

Significant support was received from the print and television with good support from radio, especially **Heaven 97** and **Radio Cayman**. Television coverage consisted of both news stories generated by press releases and coverage of specific stories related to events. **CITN** was generous in providing a number of appearances on **Daybreak** featuring drug issues in general and NDC programmes in particular. Stories concerning drug related issues in the community were well represented in all forms of local media.

The **Caymanian Compass** showed excellent support in the form of an 18 page special supplement which featured Drug Awareness Week and was printed in an extra run of 2500 copies so that they could be distributed to the students.

On a regional and international level coverage was scant with the notable exception of an article by the NDC which was submitted to **The International Journal of Health, Bulletin of the World Health Organisation**. In addition, stories were picked up by the **United Nations International Drug Control Programme Caribbean Regional Office's Focus magazine**.

In general judging from the level of community support for NDC programmes and attendance at events, we think that the media coverage for 1998 was very good.

## **Special Events/Campaigns**

### Drug Awareness Week 1998

Drug Awareness Week media campaign consisted of the above-mentioned Compass supplement along with radio and television public service announcements combined with features and stories. We worked on a number of events in conjunction with the **Royal Cayman Islands Police** who contributed to the publicity campaign.

Local media were also helpful in informing the public and supporting the other major campaigns as listed below:

- Cayman Brac (18-19 February)
- Christmas Alcohol Campaign (TV/Poster)
- Spring Bash'99
- Youth Forum – December 1998 on GCM/ Feb on Brac

## **Workshops & Seminars**

As part of our mandate the NDC supported, either by organising, attending or sponsoring, workshops and seminars. The specific subjects vary, however, they provide a valuable method to communicate with and educate the community. This year's programmes included a number of meetings on the Brac to help in initiating and co-ordinating responses in that community. The major workshops and seminars supported by the NDC were:

- Alcohol & Drug Education (ADE)/Lions-Quest Workshop (25-29 January)
- Cayman Brac District Council Inaugural Meeting (6 April)
- Cayman Brac High School PTA Meeting (25 February)
- Cayman Brac Leadership Workshop (6 April)
- District Council – Cayman Brac (18-19 February)
- Faulkner Academy PTA Meeting (28 April)
- Quest Service Learning Project (19-23 April)
- Youth at Risk Conference (21-22 January)
- Youth Rally/Leadership Conference (7 April)

## **PROGRAMMES OF THE NATIONAL DRUG COUNCIL**

### **Staff Training**

#### **Caribbean Institute on Alcoholism and other Drug Problems**

The Public Information Manager of the NDC attended a 2-week course on the Fundamentals of Addictions co-ordinated by the institute in June of 1999 on the island of Tobago. The course attracted more than 80 participants from the region thus providing a forum for exchanging information and ideas on various approaches to substance abuse prevention, intervention and treatment.

#### **The Cambridge Group – Strategic Planning**

The Manager of Research and the Project Manager attended a 3-day workshop on Strategic Planning in April 1999. The workshop was held in Orlando, Florida and attracted participants from five states across the United States. The focus of the course was on planning and facilitating the annual update sessions based on the Strategic Planning discipline.

### **Prevention & Education**

#### **Drug Awareness Week 1998 (Pilot)**

In an effort to involve more youth in drug awareness campaigns the NDC decided to pilot a Drug Awareness campaign in local schools. On the advice of the Education Department the first week of October 1998 was designated Drug Awareness Week and schools were encouraged to participate by integrating drug education into their curriculum during that week. To this end the NDC provided copies of educational videos, exercise books and folders bearing the campaign theme to all students. In addition, the NDC and other participating agencies co-ordinated a school programme featuring local speakers, a motivational speaker, skits and spot quizzes, which was delivered at special assemblies during the week. An evaluation survey of the entire campaign confirmed its success and brought forth some great suggestions on how it could be improved.

## **National Youth Forum(s)**

### GRAND CAYMAN

In recognition of the importance of utilizing the youth of these islands as a resource, and not only a target population in the prevention of substance misuse and abuse, the NDC hosted a youth forum to enable young people to express their views and concerns. With this in mind, the NDC and CASA invited the Ministries responsible for Youth Affairs and Education, and Vision 2008 to assist in co-ordinating the forum. The overall objectives of the forum were to encourage partnership between youth and adult at the decision-making level, to gain a better youth perspective, and to identify needs and interests of youth.

The NDC and participating agencies decided to adopt a “Safari” theme in order to encourage participation at the forum. Participants at the forum were separated into Expedition Teams and embarked on a journey to find an ‘Island Paradise’ of their choice. A youth and adult guide team was on hand to help each team through the process necessary to arrive at their destination

The visions of each expedition team were presented at a plenary session attended by local politicians, Ministers and key Government and non-government officials. The posters created by the youth were then displayed in the Legislative Assembly and a detailed report of the entire process was disseminated to all participating agencies and Government departments.

### CAYMAN BRAC

The NDC, CASA & RCIP co-ordinated a ½-day youth forum on the Brac, similar to the one held on Grand Cayman, in February 1999. A group of 16 students participated in a process that included visioning, identification of roadblocks, and possible solutions. A detailed report on the process was completed and disseminated to all participating agencies.

## **Christmas Alcohol Campaign**

A public information campaign focussing on alcohol was developed for the holiday season.

## **Spring Bash'99**

The NDC hosted a musical concert in April, 1999 at the Lions Centre featuring teenage recording artists from the United States. The event was billed as a drug-free celebration of youth and attracted approximately 350 young people aged 11-21.

## **Workshops & Seminars**

### YOUTH AT RISK

Two staff members of NDC supported the 2-day 'Youth at Risk' Conference held in January 1999, one as a facilitator and the other as a participant. The conference was sponsored by the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation, the Ministry of Education and the Ministry of Community Affairs, Women, Youth and Culture. The conference focussed on problems facing the youth of the Cayman Islands as well as the development of a framework for collaboration between agencies.

### ALCOHOL & DRUG EDUCATION (ADE)/LIONS-QUEST WORKSHOP (25-29 JANUARY)

The NDC, Ministry of Education and the Lions Club co-sponsored a 5-day workshop on drug education. The workshop is part of the NDC's ADE programme, which recommends that the existing Lions-Quest Programme be strengthened and extended into the community. The workshop was specifically designed to train educators, police officers, counsellors, youth pastors, and coaches in the Quest discipline, while focussing on each group's unique role in the overall delivery of drug education to youth. (Section 4 (e), NDC Law). Two qualified Quest trainers (1 local, 1 international) facilitated the workshop, which was attended by a total of 40 persons representing the NDC, CCC, RCIP, CASA, local churches, and both public and private schools. Following the successful

completion of the course the Lions Club donated Quest materials to all certified participants for their respective agencies.

#### DISTRICT COUNCIL

A 1½-day teambuilding workshop was held at the Aston Rutty Centre on Cayman Brac in February 1999. Of the 48 invited to participate, 22 attended the workshop that was co-ordinated by the NDC and conducted by the Community Development Co-ordinator, Social Services Department, with the support of the NDC Chairman and assisted by two NDC staff members. The workshop culminated with the drafting of their Terms of Reference and the election of an Executive Committee.

A follow-up session to the Team-building Workshop was held in April 1999. Newly elected Chairman, Miss Rachael Tibbetts facilitated the first meeting of the executive and members of the District Council. Motivational Speaker, Mr. Byron Garret addressed the gathering of twelve challenging them to meet the needs of their community. He urged them to acknowledge the changes that were taking place and to plan appropriate responses to the problems facing them.

#### CAYMAN BRAC HIGH SCHOOL PTA MEETING

The NDC was invited to make a presentation on *Adolescent Drug Use* at the Cayman Brac High School's monthly PTA meeting in February 1999. The NDC collaborated with the RCIP on Cayman Brac, and subsequently co-presented the meeting. The format for the meeting was based on a Quest PTA module, which both presenters were familiar with, having received Quest training at the workshop held in January. In addition, the results of Cayman Islands Student Drug Use Survey (CISDUS 1998) were presented and discussed. A total of 25 parents and teachers actively participated in the interactive 2-hour meeting.

#### CAYMAN BRAC LEADERSHIP WORKSHOP

Motivational Speaker, Byron Garrett, facilitated the half-day workshop held at the Aston Ruddy Centre on Cayman Brac in April 1999. Fourteen young people attended and participated in activities designed to enhance their leadership skills.

#### YOUTH RALLY/LEADERSHIP CONFERENCE

NDC teamed up with Roteract in April 1999 to organise a Leadership Conference – “Keepin’ It Real” featuring motivational speaker, Mr. Byron Garrett. The conference focussed on effective communication, people awareness, teambuilding and developing the leader from within.

#### QUEST SERVICE LEARNING PROJECT

NDC responded to a request from George Hicks High School teacher, Mrs. Sue Tressider, for assistance in organising a Quest Service Learning Programme involving her year 9 students in April 1999. Commitment of resources by RCIP, GHHS, CCC, CASA, and all media was secured and the programme co-ordinated by NDC. The service learning project involved clean-ups along Seven Mile Beach, caring for animals at the Humane Society, administrative assistance at the National Trust and caring for toddlers at Miss Nadine’s Pre-school.

#### FAULKNER ACADEMY PTA MEETING

The NDC was invited to make a presentation on *Adolescent Drug Use* at the school’s PTA meeting in April 1999. The NDC collaborated with the RCIP Community Relations Department to co-present the meeting. The format for the meeting was based on a Quest PTA module, which both presenters were familiar with, having received training at the Quest workshop held earlier this year. In addition, the results of Cayman Islands Student Drug Use Survey (CISDUS 1998) were presented and discussed. A total of 30 parents and teachers actively participated in the interactive 2-hour meeting.

## Treatment & Rehabilitation

The Treatment and Rehabilitation Committee is chaired by the Deputy Chairman of the Council, Dr. Stephen Pickering. The primary work undertaken by this Committee during the twelve months ending June 30, 1999 was the present rehabilitation programme which spawned a review of a Work Release programme and Literacy programme.

Associated with, yet distinct in structure from the Treatment and Rehabilitation Committee was the work of a treatment and rehabilitation working group which had as its primary focus, prison educational services and cognitive behavioural treatment review. This working group was chaired by the NDC Chairman, Tessa Bodden.

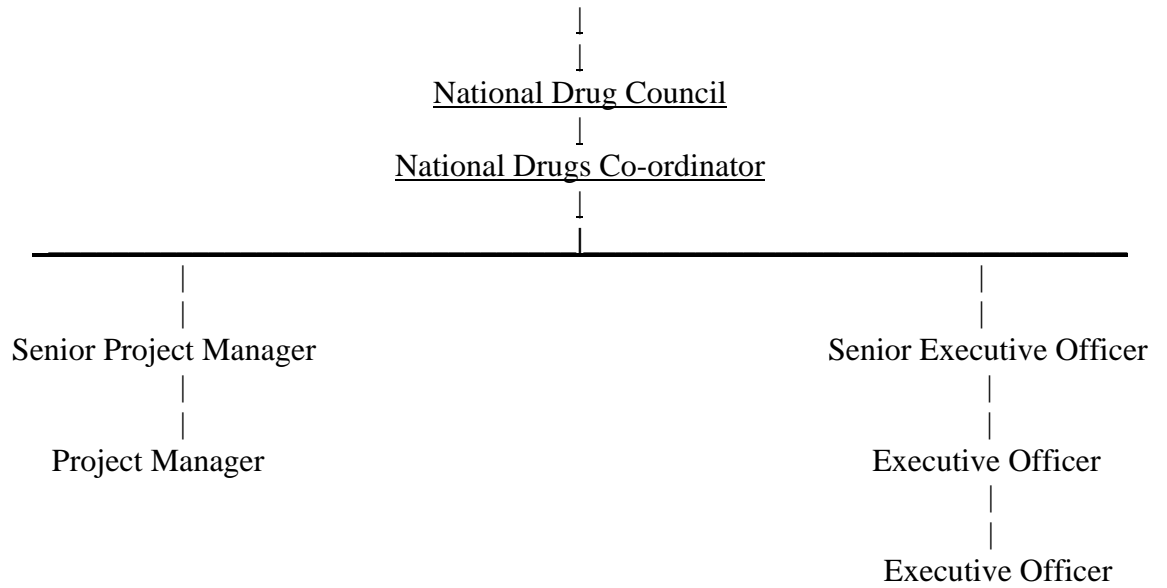
## FINANCIAL STATEMENTS OF THE NATIONAL DRUG COUNCIL

In accordance with Sections 15, 21 and 22 of the NDC law, 1997, the audited financial statements of the Council were prepared or maintained in accordance with the standards recommended by the National Accounting Standards Committee, and were audited by the Auditor General of the Cayman Islands. These audited financial statements are appended hereto as Appendix B. The NDC salary structure appears at Appendix C.

**APPENDIX A**

**ORGANISATIONAL CHART**

**MINISTRY OF HEALTH, SOCIAL WELFARE, DRUG ABUSE  
PREVENTION & REHABILITATION**



**APPENDIX B**

# National Drug Council

## Financial Statements Year ended 30 June 1999

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# National Drug Council

## Balance Sheets (Stated in Cayman Islands Dollars)

	Notes	30 June 1999	30 June 1998
<b>Current Assets</b>			
Cash and cash equivalents		\$ 98,569	\$ 125,920
Prepaid expenses and other receivables		5,922	2,396
Total current assets		104,491	128,316
<b>Fixed Assets</b>			
	2,3	26,542	40,770
Total assets		\$ 131,033	\$ 169,086
 <b>Current Liabilities</b>			
Accounts payable		\$ 6,147	\$ 4,975
Deferred grant funds	2	13,026	102,535
Deferred income – assets transferred	2,6	23,976	40,770
Total current liabilities		43,149	148,280
 <b>Surplus</b>			
General		87,884	20,806
Total current liabilities and surplus		\$ 131,033	\$ 169,086

Signed on behalf of the Board:

Date: 23 November 1999

\_\_\_\_\_  
Chairman

\_\_\_\_\_  
Finance Director

*See accompanying notes.*

# National Drug Council

## Statement of Operations (Stated in Cayman Islands Dollars)

	Notes	Year Ended 30 June 1999	Six Months Ended 30 June 1998
<b>General Surplus:</b>			
<b>Revenues</b>			
Government grant income - general	2	\$ 360,270	\$ 158,062
Government grant income - special		17,006	–
Amortisation of deferred income - assets transferred	2,6	16,794	10,905
Non-government grant income:			
Bank deposit income		3,317	2,203
Donations		31,387	35
Total revenues		<u>428,774</u>	<u>171,205</u>
<b>Expenses</b>			
Personnel emoluments		192,717	89,438
Grants and contributions for special events		47,845	11,564
Surveys and other public information projects		38,401	8,740
Rent	4	29,000	13,292
Depreciation – assets transferred	6	16,794	10,905
Utilities		13,830	8,229
Other operating and maintenance services		10,164	4,193
Supplies and materials		7,041	1,099
Travelling and subsistence		3,413	939
Audit fees		2,000	2,000
Depreciation – assets purchased		491	–
Total expenses		<u>361,696</u>	<u>150,399</u>
Net surplus for the period		67,078	20,806
Surplus at beginning of period		20,806	–
Surplus at end of period		<u>\$ 87,884</u>	<u>\$ 20,806</u>

*See accompanying notes.*

# National Drug Council

## Statement of Cash Flows (Stated in Cayman Islands Dollars)

	<b>Year Ended 30 June 1999</b>	<b>Six Months Ended 30 June 1998</b>
<b>Operating activities</b>		
Net surplus from operations - general surplus	\$ 67,078	\$ 20,806
Adjustments for non-cash transactions:		
Fixed assets received from Government	-	(51,675)
Depreciation – assets transferred	16,794	10,905
Depreciation – assets purchased	491	-
	<b>84,364</b>	<b>(19,964)</b>
Adjustments to reconcile net surplus from operations to net cash (used in) provided by operating activities:		
Changes in operating assets and liabilities:		
Prepaid expenses and other receivables	(3,526)	(2,396)
Accounts payable	1,172	4,975
Deferred grant funds	(89,509)	102,535
Deferred income - assets transferred	(16,794)	40,770
Net cash (used in) provided by operating activities	<b>(24,293)</b>	<b>125,920</b>
<b>Investing activities</b>		
Purchase of fixed assets	(3,057)	-
Net cash used in investing activities	<b>(3,057)</b>	<b>-</b>
Net change in cash and cash equivalents for the period	<b>(27,351)</b>	<b>125,920</b>
Cash and cash equivalents at beginning of period	<b>125,920</b>	<b>-</b>
Cash and cash equivalents at end of period	<b>\$ 98,569</b>	<b>\$ 125,920</b>

*See accompanying notes.*

# National Drug Council

## Notes to Financial Statements

30 June 1999

### 1. Organisation

The National Drug Council (the "NDC") became a statutory body in the Cayman Islands with the passage of the National Drug Council Law, 1997 and began operations on January 1, 1998. Its functions are diverse and include many aspects of co-ordinating the efforts in the Islands in respect to drug abuse education, treatment, and rehabilitation; to support drug demand and supply reduction programmes; and to provide overall advisory capabilities to the Ministry of Health, Social Welfare, Drug Abuse Prevention and Rehabilitation with the collection of data, co-ordination of resources and manpower, and reports or laws addressing drug abuse prevention and rehabilitation.

### 2. Significant Accounting Policies

The NDC's financial statements have been prepared in accordance with International Accounting Standards and are stated in Cayman Islands Dollars. The following is a summary of the most significant accounting and reporting policies used in preparing the financial statements:

#### Government Grant Income

Government grant income is determined on a calendar year basis by the Government of the Cayman Islands from its annual budgets. As the NDC has no other significant source of funding for its operational expense, its ability to continue as a going concern is contingent on this continued support from the Government. Since this grant is made on a calendar year basis (which differs from the accounting year basis of the NDC), the government grant income is treated as deferred income when granted and subsequently amortised to income on a prorata basis over the period to which it relates. Grant income relating to other projects is allocated to income during the period over which the project is expected to be commenced and completed.

#### Deferred Grant Funds

At 30 June 1999 the unspent portion of grant income received for the Alcohol and Tobacco Abuse Awareness Campaign was deferred as it was still ongoing.

At 30 June 1998 grant income relating to the payment of personnel emoluments had been withheld by the Government of the Cayman Islands in order that it may pay such benefits to the staff of the NDC, all of whom were government employees at the date of the establishment of the NDC. As such payments were made monthly, the NDC expensed these payments to the appropriate payroll accounts in its records and reduced the amount withheld. As the contracts of various staff members were renewed or new staff members became employed, the NDC became the employer of these staff members and funds for these posts, for which the Government would no longer have payroll responsibility, were released to the NDC. The amount shown in the balance sheet for 1998 deferred grant funds therefore represents the unamortised portion of total funds received net of the amount remaining withheld for personnel emoluments. During the year ended 30 June 1999, all such balances withheld were paid over to the NDC as no staff members remained as government employees.

#### Cash and Cash Equivalents

Cash and cash equivalents include amounts due from one bank on demand and interest bearing deposits, when purchased, of three months or less. All cash and cash equivalents are held with a bank in the Cayman Islands.

# National Drug Council

## Notes to Financial Statements (continued)

### 2. Significant Accounting Policies (continued)

#### Fixed Assets

During the period ended 30 June 1999 the NDC purchased assets with a cost of \$3,058 which are being depreciated over their estimated useful lives. During the period ended 30 June 1998 fixed assets located in the offices with a net book value of \$51,675 which had been purchased in the years prior to the establishment of the NDC have been treated as a non-monetary grant and classified as deferred income which will be recognised as income in a systematic and rational basis over the life of the fixed assets transferred. The assets were taken into account based on their original cost less two years of accumulated depreciation. For the purposes of calculating future depreciation, this book value has been treated as the opening cost for the NDC. Depreciation is being calculated on a straight line basis on this opening cost over the estimated remaining lives of such assets.

	Contributed assets Years remaining at acquisition	Purchased assets Useful lives
Office equipment	3	3
Office furniture	6	6
Computer equipment	1	3
Leasehold improvements	3	4

#### Comparative Figures

Certain of the 1998 comparative figures have been reclassified to conform to the current year's presentation.

#### Disclosures about Fair Value of Financial Instruments

International Accounting Standard No. 32 "Financial Instruments: Disclosure and Presentation" requires the disclosure of fair value information about financial instruments, whether or not recognised in the financial statements, for which it is practicable to estimate the value. The carrying amounts of all financial instruments in the balance sheet are reasonable estimates of fair values.

### 3. Fixed Assets

	30 June 1999	30 June 1998
<b>Cost:</b>		
Office equipment	\$ 10,289	\$ 9,275
Office furniture	14,659	12,616
Computer equipment	10,030	10,030
Leasehold improvements	19,754	19,754
Total	<u>54,732</u>	<u>51,675</u>
<b>Accumulated Depreciation:</b>		
Office equipment	4,919	1,546
Office furniture	3,364	1,051
Computer equipment	10,030	5,015
Leasehold improvements	9,877	3,293
Total	<u>28,190</u>	<u>10,905</u>
Net Book Value	<u>\$ 26,542</u>	<u>\$ 40,770</u>

# National Drug Council

## Notes to Financial Statements (continued)

### 4. Rental Expense

The NDC operates from leased premises at Two Paddington Place, George Town, Grand Cayman. This lease, which is currently between the C.I. Government and the landlord, requires a minimum monthly lease of \$2,417 for one year from 19 January 1998 with an option for two further years at the same rate. The lease has been renewed during 1999.

### 5. Pensions

With effect from 1 August 1998, the NDC began to participate in a multi-employer, independently managed defined contribution plan for all employees under NDC contracts. Prior to that date and until 10 June 1999 there was one employee for whom contributions had been made to the Cayman Islands Government Public Service Pension Fund. The total amounts expensed for pension contributions for the year ended 30 June 1999 was \$2,523 (period ended 30 June 1998 - \$1,706).

### 6. Amortisation of Deferred Income - Assets Transferred

As discussed in footnote 2, NDC has been amortising the deferred income relating to the assets contributed to the NDC at its establishment. The amounts amortised to date are as follows:

	<b>30 June 1999</b>	<b>30 June 1998</b>
Total assets received	\$ 51,675	\$ 51,675
Total amortisation brought forward	10,905	-
Amortisation for the period	16,794	10,905
Total amortisation carried forward	27,699	10,905
Net deferred income	\$ 23,976	\$ 40,770

### 7. Year 2000 Issue

The NDC intends and has the ability to commit the necessary resources to complete its year 2000 remediation plan on a timely basis. The NDC's plan is to renovate or replace all mission critical systems.

Mission-critical systems "are those systems which in the absence of an effective remediation programme, any systems failure or processing error will cause health and safety risks, significant revenue losses, increased operating costs, financial penalties for failure to comply with terms of contracts, or other financial difficulties."

A regulator has not notified the NDC that it must achieve year 2000 compliance thresholds by a specified date or significant regulatory action will be taken. There is no information which indicates that a significant vendor may be unable to sell to the NDC; or a significant customer may be unable to purchase from the NDC; or a significant service provider may be unable to provide services to the entity, in each case because of year 2000 compliance issues.

**APPENDIX C**

**SALARY STRUCTURE**

Senior Project Manager (2) .....	\$3,900.00
Project manager (1) .....	\$3,300.00
Senior Executive Officer (3) .....	\$2,700.00
Executive Officer (2) .....	\$2,200.00
Executive Officer (1) .....	\$1,600.00

**APPENDIX D**

SCHOOL SURVEY DATA AND ANALYSIS