

Audit of the Resources Managed for the year ended 30  
November 2018 by the Caribbean Export Development  
Agency under the Barbados Caribbean Investment  
Facilitation Project (CIFP), TFOA2555

Financial Report

(Expressed in United States Dollars)

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation Project (CIFP), TF0A2555**

Index to the Financial Report  
(Expressed in United States Dollars)

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	Page
Independent Auditor's Report	1 - 3
Sources and Uses of Funds	4 - 5
Statement of Cumulative Investment	6
Designated Account Reconciliation Statement	7
Notes to the Financial Report	8 - 12

## **INDEPENDENT AUDITORS' REPORT**

To the Directors of the Caribbean Export Development Agency – Barbados Caribbean Investment Facilitation Project

### **Report on the Audit of the Financial Report**

#### **Opinion**

We have audited the financial report of Caribbean Export Development Agency (the “Agency”) - Barbados Caribbean Investment Facilitation Project (the “Project”), which comprises the Sources and Uses of Funds, the Statement of Cumulative Investment, the Designated Account Reconciliation Statement, including a summary of significant accounting policies and other explanatory information (together “the financial report”) as at 30 November 2018.

In our opinion, the accompanying financial report presents fairly, in all material respects, the sources and uses of funds and the cumulative investments of the Project for the year ended November 30, 2018 in accordance with the basis of accounting prescribed in the Terms of Reference issued by the Agency as described in Note 3.

#### **Basis for Opinion**

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

#### **Emphasis of Matter – Basis of Accounting**

We draw attention to Note 3 to the financial report, which describes the basis of accounting. The financial report is prepared to report to the Agency the financial position of the project at the end of the period audited, the eligibility of expenditures, compliance with applicable laws, regulations and financial clauses of the loan agreement and to report on the adequacy of the internal controls. As a result, the report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

## **INDEPENDENT AUDITORS' REPORT (cont'd)**

To the Directors of the Caribbean Export Development Agency – Barbados Caribbean Investment Facilitation Project

### **Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for preparation and fair presentation of the financial report in accordance with the basis of accounting prescribed in the Terms of Reference issued by the Agency as described in Note 3, and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Project's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.

## **INDEPENDENT AUDITORS' REPORT (cont'd)**

To the Directors of the Caribbean Export Development Agency – Barbados Caribbean Investment Facilitation Project

### **Auditor's Responsibilities for the Audit of the Financial Report (cont'd)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Other Legal Matter**

This report is made solely to the Agency's directors, in accordance with the Terms of Reference for the audit of the resources managed during the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation Project (CIFP), TF0A2555. Our audit work has been undertaken so that we might state to the Agency's Directors those matters we are required to state in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Agency and the Agency's directors as a body, for our audit work, for this report, or for the opinion we have formed.

*Ernst & Young Ltd*

Barbados  
9 June 2019

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Sources and Uses of Funds  
 For the year ended 30 November 2018  
 (Expressed in United States Dollars)

	<b>Current Period US\$ Actual</b>	<b>Cumulative US\$ Actual</b>
<b>RECEIPTS</b>		
<b>World Bank</b>		
Advance	621,251	1,556,752
Reimbursement	-	43,248
Direct Payment	-	-
<b>Total Receipts (A)</b>	<b>621,251</b>	<b>1,600,000</b>
<b>LESS EXPENDITURES</b>		
Component 1 -Investment Facilitation Grants	373,000	953,901
Component 2 - Operating Expenses	58,153	242,398
Component 3 - Training, workshops and events	91,884	188,236
Component 4 - Consultants	46,900	112,586
<b>Total Expenditures (B)</b>	<b>569,937</b>	<b>1,497,121</b>
<b>RECEIPTS LESS EXPENDITURES</b>		
Net Change in Cash (A - B)	<b>51,314</b>	<b>102,879</b>

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Sources and Uses of Funds (cont'd)  
For the year ended 30 November 2018  
(Expressed in United States Dollars)

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	<b>Current Period US\$ Actual</b>
Foreign Exchange Adjustment	
<b>CASH BALANCES</b>	
<b>Opening Cash Balances</b>	
Designated Account	40,091
Project Account	11,474
<b>Total Opening Balance</b>	<b>51,565</b>
<b>Closing Cash Balances</b>	
Designated Account	77,165
Project Account	25,714
<b>Total Closing Balance</b>	<b>102,879</b>

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

Approved by the Board of Directors on 9 June 2019 and signed on its behalf by:

  
.....  
Directors

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Statement of Cumulative Investment  
 For the year ended 30 November 2018  
 (Expressed in United States Dollars)

<b>Categories</b>	<b>Prior Year US\$</b>	<b>Current Year US\$</b>	<b>Cumulative US\$</b>
1. Sub-grants under Part (a) of the Project	580,901	373,000	953,901
2. Goods, non-consulting services, consultant' services, operating costs, Training and Workshop under Part (b) of the Project	346,283	196,937	543,220
<b>Totals</b>	<b>927,184</b>	<b>569,937</b>	<b>1,497,121</b>

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

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Designated Account Reconciliation Statement  
 For the year ended 30 November 2018  
 (Expressed in United States Dollars)

<b>DESIGNATED ACCOUNT RECONCILIATION STATEMENT</b>		
<b>LOAN/CREDIT/ PPF/COFINANCIER NUMBER TF0A2555</b>		
		<b>US\$</b>
1	TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER)	1,556,752
2	LESS: ELIGIBLE EXPENDITURE FOR THE PERIOD ENDED 30 SEPTEMBER 2018 DOCUMENTED BY WORLD BANK	857,485
	LESS: CUMULATIVE ELIGIBLE EXPENDITURE FOR THE PRIOR PERIOD ENDED 30 NOVEMBER 2017 DOCUMENTED BY WORLD BANK	435,501
3	<b>PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1 - 2)</b>	<b>263,766</b>
4	BALANCE OF USD DESIGNATED ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD ENDED 30 NOVEMBER 2018	77,165
	BALANCE OF PROJECT ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD ENDED 30 NOVEMBER 2018	25,714
5	PLUS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR DOCUMENTED TO THE PERIOD END 30 NOVEMBER 2018	160,887
6	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET DOCUMENTED	-
7	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS	-
	<u>APPLICATION NO.</u>	
	WA #	
	SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED	-
8	LESS: INTEREST EARNED	263,766
9	TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)	-
10	DIFFERENCE (3 - 9)	-
11	EXPLANATION OF DIFFERENCES SHOWN IN LINE 10	

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

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Notes to the Financial Report  
For the year ended 30 November 2018  
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**1. Background of Caribbean Export**

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

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

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

**Audit of the Resources Managed for the year ended 30 November 2018 by the Caribbean Export Development Agency under the Barbados Caribbean Investment Facilitation (CIFP) Project, TF0A2555**

Notes to the Financial Report  
For the year ended 30 November 2018  
(Expressed in United States Dollars)

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**2. Background of Project**

The Caribbean Investment Facilitation Project (CIFP) is a two-year recipient executed project that will pilot an investment facilitation model to enable promising early-stage Caribbean enterprises to raise capital from private investors, particular business angel investors. The Project falls under the Entrepreneurship Program for Innovation the Caribbean (EPIC) a 7-year CAD \$20M program that takes a multi-faceted approach to developing and enabling entrepreneurship environment in the Caribbean through both entrepreneur-focused and investor-facing interventions. The CIFP will be implemented by the Caribbean Export Development Agency (Caribbean Export) through a US \$1.6M World Bank grant to the Agency.

The CIFP will have two components: A) Investment Facilitation Grants and b) support activities to facilitate investment in entrepreneurs by private investors, with a principal focus on business angel investors. The CIFP is intended to build upon and complement the current and previous work of the Bank-executed EPIC Access to Finance Skills Building Project and development of three regional angel groups.

**Component 1- Investment Facilitation Grants –US\$1.0M**

CIFP will pilot investment facilitation grants to start-ups and early-stage enterprises in the Caribbean to stimulate private investment in these companies from business angel investors and other relevant financing sources.

**Component 2- Support Activities to Facilitate Investments -\$0.6M**

In addition to the provision of investment facilitation grants, the CIFP will engage in non-financial facilitation activities on both the demand and supply side to increase the prospects of investment.

**3. Summary of significant accounting policies**

**a) Basis of preparation**

This financial report has been prepared in accordance with the accounting guidelines prescribed by the World Bank Disbursement Guidelines for Projects (2006) and Interim Financial Reports (IFRs) for World Bank Financed.

This financial report includes the sources and uses of funds, the statement of cumulative investments, designated account reconciliation statement and explanatory information.

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Notes to the Financial Report  
For the year ended 30 November 2018  
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**3. Summary of significant accounting policies (cont'd)**

**a) Basis of preparation (cont'd)**

The sources and uses of funds analyzes (i) the funds received from the World Bank, (ii) the disbursement of funds for expenditures that are eligible for financing; (iii) loan funds that have been used only for Project purposes (iv) and cash balances held by the executing agency.

The statement of cumulative investments discloses for each project component and the source of financing during the period under review.

The designated account reconciliation statement discloses the funds provided by the World Bank, the transactions made during the year and the availability of funds at the end of the period.

Both the sources and uses of funds and the statement of cumulative investments were prepared using the cash basis of accounting; recognizing revenue when cash is received and recognizing expenses when the cash has been disbursed. The accounting policy is another comprehensive basis of accounting other than generally accepted accounting principles, under which transactions should be, recorded when they occur and not when they are paid.

**b) Currency**

The project's accounting records are maintained in United States dollars, in accordance with the requirements of the World Bank. In order to calculate the equivalent in United States dollars, the cash received in local currency in a specific commercial bank account, uses the rate of exchange in effect at the time of receipt of funds. The exchange rate gain or loss that results from a difference of the exchange rate when the funds are received versus when the funds are converted to local currency to make payments for eligible expenses is accounted for as an exchange rate differential.

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Notes to the Financial Report  
For the year ended 30 November 2018  
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**4. Compliance with guidelines**

Expenditure reported are eligible for financing and loan funds have been used only for Project purposes in accordance with the guidelines prescribed by the Executing Agency operation's manual, World Bank Grant Disbursement Guidelines for Project issued May 2006.

The implementing entity is compliant with the terms of the loan/ credit agreement issued by the World Bank May 2016 as well as compliant with applicable laws and regulations.

The Statement of the Designated Account and Project Accounts used for managing the funds provided by the World Bank, presents fairly the availability of funds at the end of the period audited, as well as the transaction made during the same period in accordance with the financial reporting provisions outlined in the project's legal agreements.

**5. Cash**

The reconciled cash balance was \$102,879 as at project closing, however, there were expenditures incurred prior to the project closing but paid during the grace period (i.e. by the disbursement deadline date). There should be no remaining funds to be returned to the Bank.

**6. Detailed Project Budget**

The project budget of US\$1.6M is allocated as listed below:

I.	Investment Facilitation of Grants	\$1,000,000
II.	Operation Expenses	\$260,000
III.	Training, Workshops and Events	\$210,000
IV.	Consultants	\$115,000
V.	Monitoring and Evaluation	\$15,000

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Notes to the Financial Report  
For the year ended 30 November 2018  
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**7. Procedures**

The World Bank's Procurement and Consultant guidelines shall be followed for the procurement and selection of activities. Administrative procedures shall be agreed, for Operating Costs, not necessarily included in the procurement plan.

**CIFP Grant Agreement, Article I: Definitions**

"Operating Costs" means the reasonable costs, as shall have been approved by the World Bank, for the incremental expenses incurred on account of Project implementation, consisting of vehicle operation and maintenance, communication and insurance costs, banking charges, rental expenses, office (and office equipment) maintenance, utilities, document duplication/printing, consumables, travel cost and per diem for Project staff for travel linked to the implementation of the Project, and salaries of contractual staff for the Project (but excluding consultants' services and salaries of officials of the Recipient).

In accordance with the guidelines immediately above the following obtains:

- Caribbean Export's procedures will be utilized in the execution of Operating Cost
- World Bank's procedures will be utilized in the execution of Non-Operating Cost