

➤ **NATIONAL DRUG COUNCIL**
2006 ANNUAL REPORT



One Nation

One Choice

One Voice

Drug Free

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Letter to the Minister from the NDC Chairman



Dear Mr. Minister:

Pursuant to section 24 of the National Drug Council Law (2003 Revision), it is my pleasure to present you with the Annual Report of the NDC for the period July 1, 2005 to June 30, 2006.

My appointment as Chairman commenced on May 1st, 2006 along with several new members of the Board. I would like to pay tribute to the former Chairman, Mrs Annie Multon, members of the Board and staff of the Secretariat for their insight in commissioning an organizational review by Regional Consultant Drug Abuse Epidemiologist, Dr Ken-Garfield Douglas. The report, approved in January 2006, formed the basis for the process of restructuring the governance framework of the Council which commenced in June 2006.

Sincerely,

Mrs. Julene Banks
Chairman, NDC

Report from the Secretariat



This period summarizes the work of the National Drug Council as it embarks upon the challenges of substance abuse/ misuse in the Cayman Islands.

Through various seminars, conferences, and workshops held in Grand Cayman and the Sister Islands, The NDC has maintained a strong community presence in advocating policy development, research, and public information campaigns. We have been recognized internationally as leaders in the field of substance abuse for our efforts and success as a country.

In 2005, we had an exceptionally successful year in delivering a variety of Public Education Campaigns. We are honoured that the Ministry of Health and Human Services recognises the importance of developing initiatives to combat drugs, notably, the Fearless Factor Summer Camp. The NDC in partnership with several government agencies and private companies produce the ultimate summer camp experience for over 175 teens. The efforts of our corporate sponsors and committed group of leaders and volunteers are documented in the Public Education section of this report.

In many ways, this period was a watershed year for the Council. Foreshadowed by our last report, we saw considerable effort to analyse the work of the NDC with our stakeholders; develop a better performance management framework and offer improvements in the operations of the Council. Important achievements for the Council included a newly appointed Board and Chairman in May 2006, implementation of the Sister Island Strategic Planning Session and commencement of a number of drug prevention initiatives.

Due to the small number of staff, several proposed initiatives were tabled. The NDC has been successful at fulfilling its mandate, but realizes that the task before the organisation is an enormous one. The council is to be commended for their dedication and expertise. The NDC is a symbol of hope for the region and a needed voice for all Caymanians. We look forward to the revitalization of this indispensable organization.

Simon Miller

Project Officer

National Drug Council (NDC)

Our Mission

The Mission of the National Drug Council (NDC) of the Cayman Islands is to eradicate substance abuse and to cooperate with foreign governments and agencies in order to facilitate a more effective way of addressing 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 National Strategic Plan for Drug Abuse Prevention and Rehabilitation.

As a statutory authority under the NDC Law (2003 Revision), the NDC has the autonomy necessary to co-ordinate the delivery of services by both governmental and non-governmental organisations in the field of substance abuse. The NDC recognises the importance of adopting a balanced approach to reducing both the demand for and supply of substances that are being abused, whether illegal or legal.

Our Mandate

The NDC's mandate is to provide policy advice, information, develop programmes and conduct research in the following key areas:

- Public Information
- Public Education
- Social Policy
- Research & Statistics

Our Strategy

The NDC's strategy for addressing the drug abuse problem is outlined in the National Strategic Plan for Drug Abuse Prevention and Rehabilitation, which was published in 1996. This document serves as the Master Plan that guides the activities of the NDC and its partner agencies. It was drafted from input received from all stakeholder agencies as well as a broad cross-section of the Cayman community. This consultative process spanned a calendar year and resulted in the drafting of a plan that represents the views of the people of the Cayman Islands. It is significant in that it is consistent with our shared philosophy that the community is an important resource in developing effective strategies to address drug abuse.

The plan allows the NDC and its partners to determine their respective roles in the realisation of the National Strategy, which sets specific objectives in the following areas:

- Prevention
- Treatment and Rehabilitation
- Research
- Education of young people
- Public Education

- Supply Control

In the 2005-2006 fiscal year the NDC reviewed the basic functions of the board against the National Strategic Plan, which brought strategic thinking to bear on the future plans of the NDC and its partners. An updated Anti-Drug Strategy was produced, which formed the basis from which a more comprehensive strategy was developed.

Our Funding

The NDC is primarily funded through a grant from the Cayman Islands Government. For the fiscal year 2005-2006 the NDC received a total of KYD \$450,000 for general operations and in addition raised approximately KYD\$52,274 in sponsorship from the private sector.

Our Partnerships

The NDC relies on its partnerships with both governmental and non-governmental agencies to discharge its functions and co-ordinate the implementation of the master plan.

In relation to the Prevention and Educational aspect of the NDC, our partners are CASA, Department of Education, Community Development Unit, R.C.I.P.S. and Community Relations.

In relation to Law Enforcement and Legislation aspect of the NDC, our partners are Immigration, Customs, R.C.I.P.S. and D.T.F.

In relation to the Treatment and Rehabilitation aspect of the NDC, our partners are Employee Assistance Program, Department of Social Services, Probation and Parole, Health Services and Department Counselling Services.

In relation to the Research and Statistical aspect of the NDC, our partners are R.C.I.P.S./ D.O.C.S., HM Prison, D.T.F., Health Services, Liquor Licensing Board, and Department of Education.

Achievements in Strategic Areas

PUBLIC INFORMATION

The aim of the Public Information campaign is to utilise the local media (radio, print and T.V.) to provide the general public with up-to-date factual information about the negative consequences of substance abuse and to reduce the impairment associated with substance abuse/misuse. Some of our better established public information campaigns that remained a fixture during the 2005-2006 fiscal year included:

Designated Driver: The designated Driver programme has seen increasing support from the public since its inception, each year more and more people turn to our services to provide safe transportation to and from establishments. This year we saw people turn out in great numbers to support our cause; restaurants and establishments actively participated by distributing purple wristbands. This year the NDC teamed up with Alfresco Advertising, RCIPS and DMS Broadcasting to heighten the awareness of drink driving. New white tops on taxis, posters and table cards were used to promote the campaign. The themes were “Let me be your designated driver”, “The Designated Driver is the life of the party” and “who is

taking you home tonight?”. In addition, the posters provided 99 reasons not to drink and drive by listing direct numbers for cab drivers.

Purple Ribbon Bus: As in previous years, 10 buses provided coverage on convenient routes on New Year’s Eve again, providing a safe alternative to drink driving on one of the busiest party nights of the year.

Alcohol Awareness Month: The NDC presented signs and symptoms of substance abuse, use and misuse to participants of the monthly youth meeting of the Department of Youth and Sports. We strategically placed banners and signs to promote awareness.

PUBLIC EDUCATION

The aim of the Public Education Campaign is to educate our youth about substance abuse. We intentionally target the education sector. Utilising local media, the NDC coordinates several public information campaigns.

T.I.P.S: The NDC trained bartenders in 2 three hour workshops. Participants learned how alcohol affects your guest as well as effective responses; they also learned how to evaluate behavioral cues and responses. We wrapped up the session with a practice/rehearsal and a short certification quiz.

HMP Northward and Eagle House Basic Drug Education Seminars: The NDC wrapped up its third session of drug education seminars with inmates at the Prison as well as YP’s and juveniles at Eagle house. The seminars consist of 8 one hour sessions spread across 8 weeks and covered topics such as alcohol, marijuana, tobacco, methamphetamines, and hallucinogens.

Fearless Factor Summer Camp: The NDC conducted a two week long summer camp in which over 175 teens attended. Teens were treated to speeches, lectures and seminars along with fieldtrips, games and sports. This event was a huge success and it proved to be the ultimate summer camp experience. The National Drug Council partnered with the Rotary, National Youth Commission, Education Department, Youth and Sports, Cayman National Bank, Royal Bank of Canada, Butterfield Bank, Scotia Bank, DMS Broadcasting, Red Cross, along with many other companies and corporations.

Cays Foundation: The NDC began its drug education seminars with young people of the Cays Foundation day programme. The NDC conducted a workshop on the signs and symptoms of substance abuse/use with staff of the Cays Foundation. The event proved to be a valuable learning experience with the staff.

NDC and HM Prison PSA collaboration: The NDC teamed up with a group of inmates to produce drug free music which aired on local airways. The inmates recorded and produced their own tracks professionally at a local studio.

Drug prevention primary schools: The NDC contacted and scheduled drug presentations in the primary schools. Drug prevention presentations were made to all primary schools by motivational speaker Mr. Jevon Thompson and supporting educational materials distributed to every child. The event was a success.

Other notable events: The NDC from time to time receive requests from churches, businesses, schools and camps to participate in a particular event. These requests usually require us to give short lectures and hand out fliers; these include

- *Cayman Prep and High school:* The NDC was invited to present information on the affects drugs have on the brain to a group of grade 8 students at Cayman Prep and High School.
- *Child Month Event:* information booths were set up on various days; NDC distributed information to attendees. Participants took time to play our interactive drug trivia games, Who Wants to be a Millionaire and Jeopardy.
- *Art at the Governors:* The NDC set up a booth with drug education materials on hand.
- *Walk Against Violence:* Assisted in the coordination of walk against violence.
- *Red Bay Holiness Church youth group presentation:* The NDC spoke to 25 children ranging from 9th grade to 12th grade.
- *World Natural Body Building Federation:* The NDC once again endorsed the WNBBF championships. The NDC oversaw the compliance of drug testing for local and international contestants.
- *Dog Show:* The NDC set up a booth with drug education materials on hand.
- *Children and Family Services Summer Camp:* The NDC spoke at the summer camp; we also introduced our popular interactive drug trivia games; Who Wants to be a Millionaire and Jeopardy.
- *Savannah Newlands heritage day:* The NDC provided a booth educating kids and adults about the dangers associated with drugs.

Social Policy

In terms of social policy, the NDC is responsible for bringing the community of thought to bear on policies and programmes related to the prevention and treatment of drug abuse. The NDC hosts a strategic planning meeting, bringing together all the key players to review overall achievements and make recommendations for future policies and programmes.

NDC Retreat: The NDC Board took the time to review the basic functions of the board against the national strategy. An updated Anti-Drug Strategy was produced, which will form the basis from which a more comprehensive strategy will be developed later.

Research and Statistics

The NDC plays a proactive role in terms of initiating, supporting and publishing studies, reports and other documents on drug abuse.

Cayman Islands Student Drug Use Survey: The NDC conducted the fifth cycle of the Cayman Islands Student Drug Use Survey; CISDUS is a biannual survey conducted in the schools, we survey students from seventh to twelfth grade. Our aim is to accurately investigate the extent and nature of alcohol-related and drug-related problems, attitudes,

beliefs and perceptions about alcohol and other drug use and public and mental health issues related to drug use amongst adolescents. We are able to identify trends, the size of the adolescent drug using population, the factors that correlate with drug use and the identification of high risk groups.

NDC Database: The NDC continues to maintain and update its database of statistics as they become available.

Treatment and Rehabilitation

Although the NDC does not operate treatment centres in the Cayman Islands, it does play a significant role in promoting and encouraging the development of new initiatives in this area through its collaboration with the Department of Counselling Services (DOCS). The NDC supports the development and implementation of treatment and rehabilitation services that are readily available and meet the diverse needs of those suffering from chemical dependency.

Supply Reduction and Control

The Police Service and Customs have responsibility for controlling the supply of harmful substances on the Island. The NDC fully supports them in this area. The Police Commissioner, the Head of the Drugs Task Force and the Assistant Collector of Customs sit on Council, and are thereby involved in discussion and interaction.

Appendix A

National Drug Council
Financial Statements
Year ended 30 June 2006

National Drug Council

Financial Statements

Year ended 30 June 2006

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**National Drug Council
Financial Statements
30 June 2006**

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by the National Drug Council in accordance with the provisions of the Public Management and Finance Law, (2005 Revision). The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards and International Financial Reporting Standards

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law, (2005 Revision).

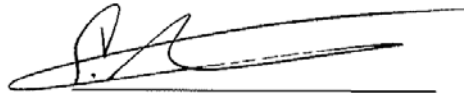
To the best of my knowledge the statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at 30 June 2006 and performance for the financial year ended 30 June 2006; and
- (c) comply with generally accepted accounting practice



Mrs. Julene Banks
Chairperson

Date: Feb. 12, 2008



Mr Simon Miller
Prevention Officer
(Acting National Drugs Coordinator
March – September, 2007)

Date: FEB. 12, 2008



Cayman Islands

National Drug Council

CERTIFICATE OF THE AUDITOR GENERAL

To the Members of the National Drug Council

I have audited the accompanying financial statements of the National Drug Council (the Council), which comprise the balance sheet as at 30 June 2006, the statement of net surplus and retained earnings, statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes as set out on pages 4 to 11 in accordance with the provisions of Section 22(1) of the *National Drug Council Law (2003 Revision)* and Section 60(a) of the *Public Management and Finance Law (2005 Revision)*.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair representation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My 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 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 upon 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.

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

Basis for Qualified Opinion

The Council's accounting records are inadequate to support the validity and completeness of accounts payable, accrued vacation payable, donation income and travelling and subsistence. I was not able to carry out satisfactory alternative audit procedures to be able to obtain reasonable assurance that these receipts and expenses were properly recorded.

Qualified Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the validity and completeness of accounts payable, accrued vacation payable, donation income and travelling and subsistence, these financial statements present fairly, in all material respects, the financial position of the National Drug Council as at 30 June 2006, and the results of its operations and its cash flow for the year then ended in accordance with International Financial Reporting Standards.



Dan Duguay, MBA, FCGA
Auditor General

Cayman Islands
12 February 2008

National Drug Council
Balance Sheet
As at 30 June 2006

(Stated in Cayman Islands Dollars)

	Notes	2006	2005
ASSETS			
Current Assets			
Cash and cash equivalents	2(b)	\$25,737	\$85,373
Insurance Receivable	10	86,115	86,115
Prepaid expenses and other receivables	9	123,609	2,667
Total current assets		235,461	174,155
Fixed assets	2(c), 3	41,894	40,675
Total assets		\$277,355	\$214,830
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable		68,444	36,315
Accrued vacation		12,919	7,989
Total current liabilities		81,363	44,304
EQUITY			
Retained earnings		195,992	170,526
Total current liabilities and equity		\$277,355	\$214,830

Approved on behalf of the Board on 12th February, 2008


Mrs. Julene Banks
Chairperson


Mr Simon Miller
Prevention Officer
(Acting National Drugs Coordinator
March – September, 2007)

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

National Drug Council
Statement of Net Surplus and Retained earnings
For the Year ended 30 June 2006

(Stated in Cayman Islands Dollars)

	Notes	2006	2005
General surplus:			
Revenues			
Outputs to Government	2(e),9	\$450,000	\$350,000
Insurance Proceeds		-	86,115
Non-government grant income:			
Donations	4(b)	52,274	48,447
Miscellaneous Income		1,940	6,697
Total revenues		<u>504,214</u>	<u>491,259</u>
Expenses			
Personnel emoluments		190,870	225,467
Grants & contributions – special events	6	80,303	31,328
Surveys and other public information projects	5	57,339	15,369
Operating maintenance		33,251	18,005
Rent	7	32,300	26,880
Travelling and subsistence		24,721	-
Depreciation – assets purchased	3	19,455	5,795
Audit and accounting fees		15,901	13,500
Utilities		15,838	15,665
Supplies & materials		8,770	5,815
Loss on destruction of fixed assets		-	7,008
Scranton project		-	1,120
Total expenses		<u>478,748</u>	<u>365,952</u>
Net surplus for period		25,466	125,307
Retained Earnings at beginning of period		170,526	45,219
Retained Earnings at end of period		<u>\$195,992</u>	<u>\$170,526</u>

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

National Drug Council
Statement of Cash Flows
For the Year ended 30 June 2006

(Stated in Cayman Islands Dollars)

	Notes	2006	2005
Operating activities			
Net surplus from operations		\$25,466	\$125,307
Adjustment for non cash transactions:			
Loss on destruction of fixed assets		-	7,008
Depreciation expense-purchased assets	3	19,455	5,795
		<u>44,921</u>	<u>138,110</u>
Adjustments to reconcile net surplus from operations to net cash provided by/(used in) operating activities:			
(Increase) in Insurance Receivable		-	(86,115)
(Increase)/Decrease in prepaid expenses and other receivables		(120,942)	307
(Decrease)/Increase in deferred donation income		-	(26,851)
Increase in accounts payable		32,129	15,585
Increase /(Decrease) in accrued vacation		4,930	(5,394)
Net cash provided by operations		<u>(38,962)</u>	<u>35,642</u>
Investing activity			
Purchase of fixed assets	3	(20,674)	(46,470)
Net cash (used in) investing activities		<u>(20,674)</u>	<u>(46,470)</u>
Net change in cash and cash equivalents		(59,636)	(10,828)
Cash, beginning of year		85,373	96,201
Cash, end of year		<u>\$25,737</u>	<u>\$85,373</u>

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

National Drug Council
Notes to the Financial Statements
For the Year ended 30 June 2006

1. Organization

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 coordinating the efforts in the Cayman Islands in respect of drug abuse education, treatment and rehabilitation, to support drug demand and supply reductions programmes; and to provide overall advisory capabilities to the Ministry of Health and Human Services ("the Ministry") with the collection of data, coordination of resources and manpower, and reports or laws addressing drug abuse and prevention and rehabilitation. As at 30 June 2006 the NDC had 4 employees (2005: 5 employees).

2. Significant accounting policies

The NDC's financial statements have been prepared in accordance with International Financial Reporting Standards and are stated in Cayman Islands dollars and are prepared on the accrual basis under the historical cost convention. The following is a summary of the most significant accounting and reporting policies used in preparing the financial statements:

a) Use of Estimates

The preparation of the financial statements requires the Council to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financials statements and reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

b) Cash and cash equivalents

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

c) Fixed Assets

During the period ended 30 June 2006 fixed assets located in the offices of the NDC had a net book value of \$41,894 (2005: \$40,675). Certain assets are donated and are recognised at their fair value at the time of receipt. Depreciation is being calculated on a straight-line basis on the opening cost over the estimated useful lives of the purchased or donated assets as follows:

National Drug Council
Notes to the Financial Statements (continued)
For the Year ended 30 June 2006

2. Significant accounting policies (continued)

c) Fixed Assets (continued)

	Purchased Assets Useful Lives
Office equipment	3
Office furniture	6
Computer equipment	3
Vehicles	4

Expenditures of a capital nature under \$1,000 are expensed.

d) Deferred grant funds and income

Donation and grant income received for specific projects are credited to income in periods in which expenses on such projects are incurred.

e) Outputs to Government

Government has agreed to purchase certain outputs from the NDC. These outputs include public education and information campaigns, research and statistics, policy advice and Law reform. 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 Government. Output revenue is recognized as income when earned.

f) Disclosure about Fair value of Financial Instruments

The NDC recognised financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains or losses arising from changes in the fair value of the assets or liabilities are recognised in the statement of Net Surplus and Retained Earnings. Financial instruments are measured at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets measured at their estimated value.

The carrying amounts of all financial instruments on the balance sheet are reasonable estimates of the fair values and no gains or losses have been recognised in the Statement of Net Surplus and retained Earnings for the changes in the fair value of the assets or liabilities.

National Drug Council
Notes to the Financial Statements (continued)
For the Year ended 30 June 2006

2. Significant accounting policies (continued)

g) Foreign Currency Translation

Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the balance sheet dates. Gains and losses on exchange are taken to the statement of net surplus and retained earnings.

3. Fixed Assets

	Office Equipment	Office Furniture	Computer Equipment	Vehicles	Total
Cost:					
Balance at 1 July 2005	\$21,629	\$3,011	\$21,830	\$ -	\$46,470
Additions during year	8,031	-	7,143	5,500	20,674
Disposal during the year	-	-	-	-	-
Balance at 30 June 2006	29,660	3,011	28,973	5,500	67,144
Accumulated depreciation:					
Balance at 1 July 2005	4,179	706	910	-	5,795
Depreciation for year	8,994	502	9,386	573	19,455
Disposal during the year	-	-	-	-	-
Balance at 30 June 2006	13,173	1,208	10,296	573	25,250
Net book value at 30 June 2006	\$16,487	\$1,803	\$18,677	\$4,927	\$41,894
Net Book value at 30 June 2005	\$17,450	\$2,305	\$20,920	\$ -	\$40,675

During the year ending 30 June 2006 a vehicle was donated with a fair value of \$5,500.

4) Donations

	30 June 2006	30 June 2005
Deferred donations brought forward	\$ -	\$ 26,851
Donations received for year	52,274	21,596
Amounts recognised as income for year	(52,274)	(48,447)
Deferred Donation income carried forward	-	-
Total deferred donation income	\$ -	\$ -

National Drug Council
Notes to the Financial Statements (continued)
For the Year ended 30 June 2006

5. Surveys and other public information projects

A portion of the Government grant income and public contributions have been made to support the following significant surveys and other public information projects:

Surveys and other public information projects	30 June 2006	30 June 2005
PIC – Alcohol & Tobacco	\$ 18,500	\$ 9,294
PIC – INFB	1,360	-
Censuses & Surveys	17,420	-
National Strategic Plan	11,364	6,075
Local Promotion	8,695	-
Total	\$ 57,339	\$ 15,369

6. Grants & Contributions – Special events

A portion of the Government purchases of outputs and public contributions have been made to support the following significant special events:

Special events	30 June 2006	30 June 2005
Drug Awareness Month	\$ 1,947	\$ 22,513
Fearless factor Camp	74,856	-
Purple Ribbon Bus	3,500	8,815
Total	\$ 80,303	\$ 31,328

7. Rental expense

On 3 November 2004, the NDC entered into a one year lease agreement with Cayman Free Press for the premises at Compass Centre at \$2,667 per month. Subsequent to 30 June 2006, a new one year lease has been signed by NDC with same terms and conditions as the previous lease starting 3 November 2006 up to 2 November 2007.

8. Pension

The NDC participates in a defined contribution plan. Contributions of 5% are made by the employee and matched by the employer as required under the National Pensions Law. The total amount expensed and paid for the year ended 30 June 2006 was \$7,695 (2005: \$11,756). This amount is included in personnel emoluments in the Statement of Net Surplus and Retained Earnings. An amount of \$1,284 was payable to NDC's pension provider as at 30 June 2006 (30 June 2005: \$Nil).

National Drug Council
Notes to the Financial Statements (continued)
For the Year ended 30 June 2006

9. Related parties

The NDC is a statutory body of the Government of the Cayman Islands. The Council is economically dependent upon the Ministry for the purchase of its services in accordance with the purchase agreement with Government. For the year ended 30 June 2006, the Council billed \$450,000 (2005: \$350,000) to the Government for services sold. Out of the billed amount, \$112,500 was receivable and subsequently collected in July 2006. This amount is included in the prepaid expenses and other receivables in the Balance Sheet.

10. Subsequent events

The NDC received an insurance settlement for damages caused by hurricane Ivan in the amount of \$86,115 in July 2006, which has been recorded as an insurance receivable. The settlement was based on the cost of leasehold improvements recorded in the financial statements.

Ms. Catherine Chestnut by letter dated 6 March 2007 resigned from her position as National Drug Coordinator and on 28 May 2007 lodged a complaint with the Labour Board alleging that she had been constructively dismissed and claiming CI\$48,559, being statutory compensation for alleged unfair dismissal, statutory severance pay, accrued holiday pay, unpaid salary and one month's pay in lieu of notice.

Ms. Chestnut's allegation that she was constructively dismissed is not accepted by the National Drug Council, who accordingly lodged a reply with the Director of Labour dated 21 June 2007 maintaining that Ms. Chestnut resigned her position and is owed nothing. The Director of Labour has yet to indicate whether the matter is to go to a hearing.

Appendix B

Council Members

As of June 30th 2006

Julene Banks
Rayle Roberts
Catherine Chestnut
Stuart Kernohan
Jeff Jackson
Linda Mcfield
Marc Lockhart
Theresa Echenique-Bowen
Judith Seymour
Anne Owens
Robert Thompson
Diane Montoya
Angela Martins
Deanna Lookloy
Daniel Bacallao
Nova Hall
Dwight Scott
William Hrudey
Lennie Hew

Chairman
Deputy Chairman
Coordinator
R.C.I.P
Customs
C.A.S.A
Psychiatrist
Probation Aftercare
Department of Counselling Services
Office of Financial Secretary
Churches
Ministry of Health
Ministry of Education
Children and Family Services
CAYS Foundation
Judiciary
Prisons
Retired Physician
Lions Club Representative

Legal Advisor: William Helfrecht

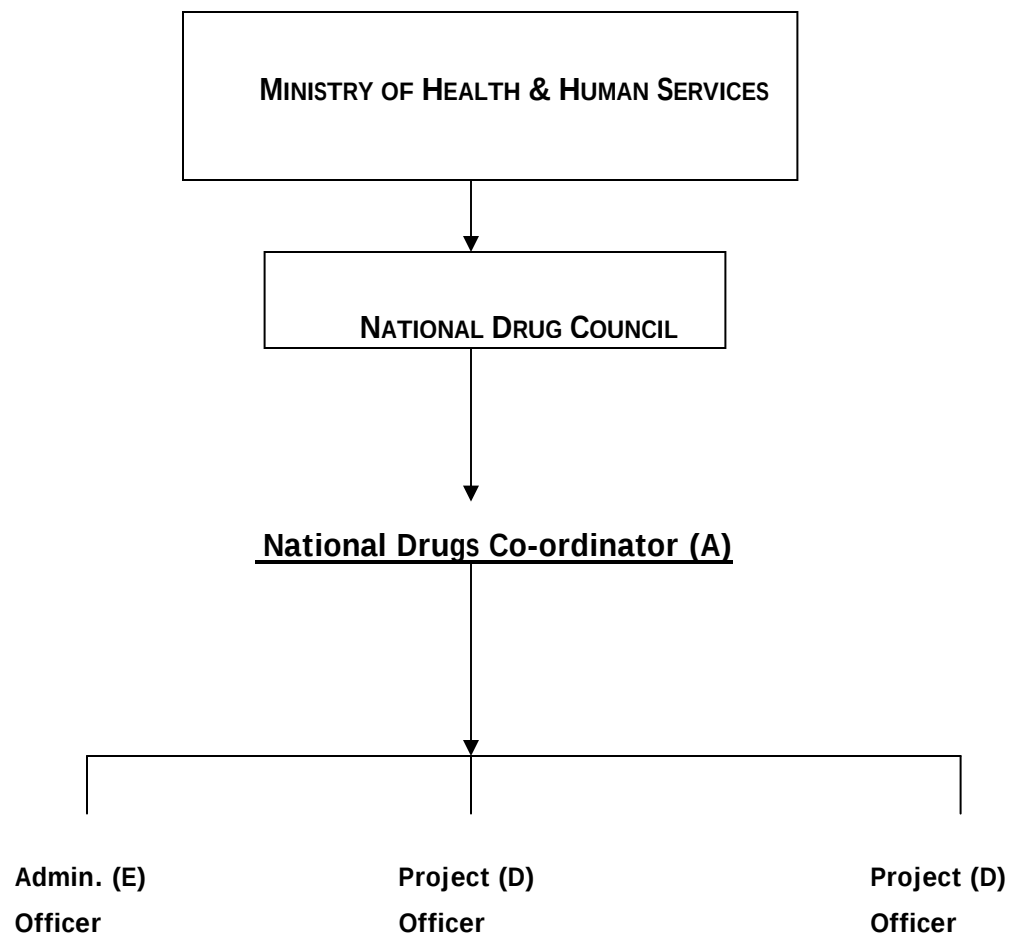
NDC Staff Members

As of June 30th 2006

Catherine Chestnut
Simon Miller
Ruby McLaughlin

Coordinator
Project Officer
Administrative Assistant

NDC Organisational Chart



Appendix D

Salary Scale

ALPHA CODE	INCREMENTAL DIFFERENTIAL 2.50%	ANNUAL SALARY INCLUDING 5% PENSION	MONTHLY SALARY INCLUDING 5% PENSION	MONTHLY BASIC SALARY	MONTHLY PENSION
A	1	72,000	6,000	5,700	300
	2	73,800	6,150	5,843	308
	3	75,648	6,304	5,989	315
	4	77,544	6,462	6,139	323
	5	79,488	6,624	6,293	331
	6	81,480	6,790	6,451	340
	7	84,000	7,000	6,650	350
B	1	57,600	4,800	4,560	240
	2	59,040	4,920	4,674	246
	3	60,516	5,043	4,791	252
	4	62,028	5,169	4,911	258
	5	63,576	5,298	5,033	265
	6	65,160	5,430	5,159	272
	7	66,792	5,566	5,288	278
	8	68,460	5,705	5,420	285
	9	72,000	6,000	5,700	300
C	1	50,400	4,200	3,990	210
	2	51,660	4,305	4,090	215
	3	52,956	4,413	4,192	221
	4	54,276	4,523	4,297	226
	5	55,632	4,636	4,404	232
	6	57,024	4,752	4,514	238
	7	58,452	4,871	4,627	244
	8	60,000	5,000	4,750	250
D	1	42,000	3,500	3,325	175
	2	43,056	3,588	3,409	179
	3	44,136	3,678	3,494	184
	4	45,240	3,770	3,582	189
	5	46,371	3,864	3,671	193
	6	47,532	3,961	3,763	198
	7	48,720	4,060	3,857	203
	8	50,400	4,200	3,990	210
E	1	36,000	3,000	2,850	150
	2	36,900	3,075	2,921	154
	3	37,824	3,152	2,994	158
	4	38,772	3,231	3,069	162
	5	39,744	3,312	3,146	166
	6	40,740	3,395	3,225	170
	7	41,760	3,480	3,306	174
F	1	27,600	2,300	2,185	115
	2	28,296	2,358	2,240	118
	3	29,004	2,417	2,296	121
	4	29,724	2,477	2,353	124
	5	30,468	2,539	2,412	127
	6	31,224	2,602	2,472	130
	7	32,004	2,667	2,534	133
	8	32,808	2,734	2,597	137
	9	33,624	2,802	2,662	140
	10	34,464	2,872	2,728	144
	11	36,000	3,000	2,850	150

National Drug Council
Of the Cayman Islands



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