



Annual Report

2025

About This Report

This report outlines the National Drug Council's (NDC) performance during the period from January 1, 2025 – December 31, 2025 in comparison to that outlined in the organisation's budget for the corresponding period.

The requirement for an Annual Report is prescribed under Section 52 of the Public Management and Finance Act (2020 Revision) ('PMFA'). Section 52 states:

1. In respect of each financial year, each statutory authority and government company shall prepare an annual report.
2. An annual report shall report the performance of the authority or company and compare it with that proposed in the ownership agreement for that financial year and shall include –
 - a) a summary of the nature and scope of the activities of the authority or company during that financial year;
 - b) a summary of the extent to which the strategic goals and objectives of the authority or company described in the annual ownership agreement were achieved;
 - c) a summary of the extent to which the ownership performance targets set out in the authority's or company's annual ownership agreement for that financial year have been achieved in that financial year;
 - d) for the financial years –
 - i) 2004/5 to 2007/8, unaudited financial statements; or
 - ii) 2008/9 and onwards, audited financial statements, which shall be prepared on a basis consistent with the forecast financial statements in the authority's or company's annual ownership agreement for that financial year and contain the statements and information set out in Schedule 4.
 - e) the amount of any equity investment made by the Cabinet in the authority or company during the financial year;
 - f) the amount of any capital withdrawals made by the Cabinet from the authority or company during the financial year;
 - g) the amount of any dividends or profit distributions paid by the authority or company during the financial year;
 - h) the amount of any loans to the authority or company by the Cabinet during the financial year; and
 - i) details of any guarantees relating to the authority or company made by the Cabinet during the financial year.
3. The financial statements referred to in subsection (2)(d) shall be prepared within two months of the end of the financial year.
 - a) The financial statements referred to in subsection (2)(d)(ii) shall be submitted to the Auditor General for auditing, and the Auditor General shall express an opinion within two months of receipt of the financial statements.

As well as fulfilling our statutory obligations, this Annual Report describes how the National Drug Council has utilised public funds for the benefit of the Cayman Islands.

The Nature and Scope of NDC's activities are:

- ◆ Policy & Prevention
- ◆ Surveillance, Research, and Information Dissemination
- ◆ Monitoring and Evaluation

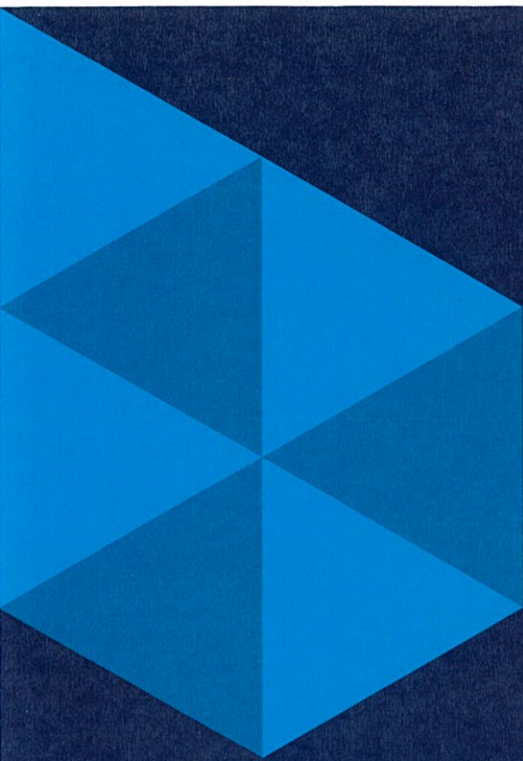


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Message from the Chairman



It is my privilege to present this Annual Report of the National Drug Council (NDC) for the year ended 31 December 2025. This report reflects the continued commitment of the Council, Secretariat, and our partners to advancing a coordinated, evidence-informed response to substance use across the Cayman Islands.

Although my appointment as Chairman was formalised in December 2025, I am pleased to support the presentation of this report, which captures a year of sustained effort, progress, and important reflection for the organisation. The work undertaken throughout the year demonstrates the NDC's critical role in prevention, research, policy advice, and national coordination.

During 2025, the NDC continued to strengthen its position as the national coordinating body for substance use prevention and education. The expansion of school-based initiatives, including the Research Informed Student Education (RISE) programme, alongside national campaigns such as Alcohol Awareness Month and the 25th Anniversary of Arrive Alive 345, reflects a clear and consistent emphasis on early intervention, public awareness, and community engagement. The Council also recognises the central role of research in shaping effective responses. The continued use of national data sources, including the Cayman Islands Student Drug Use Survey (CISDUS) and the HM Cayman Islands Prison Service Survey (HMCIPSS), ensures that programmes and policy recommendations are grounded in evidence and responsive to emerging trends. At the same time, the report highlights a number of ongoing structural and legislative challenges. These include the need for modernisation of the legislative framework, the absence of mandated systems for drug education and data collection, and the importance of strengthening coordination mechanisms across sectors. Addressing these areas will be essential to ensuring that national efforts remain effective, sustainable, and aligned with international best practice.

From a governance perspective, 2025 also marked a period of transition in Board composition. The appointments and re-appointments finalised in December 2025 provide an opportunity to strengthen leadership, reinforce accountability, and support the next phase of the organisation's strategic direction.

Looking ahead, the Council is encouraged by the clear strategic direction established for 2026 and beyond. Central to this is the advancement of the National Drug Council's Strategic Business Plan (2025–2030), which provides a structured roadmap for strengthening prevention systems, enhancing research and data integration, and formalising cross-sector coordination. In parallel, the Council recognises the importance of progressing a comprehensive review and modernisation of the National Drug Council Act (2010 Revision) to ensure that the legislative framework remains fit for purpose and reflective of the organisation's evolving mandate within a modern public health context. Collectively, these priorities signal a deliberate transition from foundation-building and advocacy toward implementation, legislative alignment, and long-term system sustainability, ensuring that national efforts are both evidence-driven and structurally supported.

On behalf of the Council, I would like to extend my appreciation to the Director and staff of the NDC for their professionalism, dedication, and commitment throughout the year. I also acknowledge the continued collaboration of our Ministry, partner agencies, schools, and community stakeholders, whose collective efforts are essential to achieving meaningful and lasting outcomes.

The National Drug Council remains steadfast in its mission to reduce substance-related harm and to promote healthier, safer communities across the Cayman Islands.

I look forward to supporting this work in the years ahead.

Mallory Warnock

Chairman

Message from the Director





This Annual Report highlights the work of the National Drug Council (NDC) for the period **1 January 2025 to 31 December 2025** and is submitted in accordance with the requirements of the Public Management and Finance Act (PMFA). The report follows the established structure and reporting conventions of previous NDC Annual Reports.

During the reporting period, the NDC continued to fulfil its statutory mandate to coordinate, support, and strengthen national efforts related to drug prevention, education, research, and policy. The work undertaken throughout the year reflects a continued emphasis on evidence-based practice, collaboration with key stakeholders, and the use of research and data to inform programmes, campaigns, and policy advice.

A key focus in 2025 remained school-based prevention and early intervention, alongside broader community and regulatory prevention initiatives. The NDC continued to advance Research Informed Student Education (RISE), promote restorative approaches within educational settings, and support national awareness initiatives such as Healthy Bodies, Healthy Minds, National Drug and Alcohol Facts Month, Responsible Beverage Service (RBS) Training, and Arrive Alive 345, which marked its 25th anniversary during the year.

Research continued to underpin the organisation's work, with findings from the Cayman Islands Student Drug Use Survey (CISDUS), the HM Cayman Islands Prison Service Survey (HMCIPSS), and related research activities informing programme development, stakeholder engagement, and policy discussions. These data continue to highlight the importance of prevention, early intervention, and coordinated, health-centered responses to substance use.

While progress was made across several areas in 2025, ongoing challenges remain, including legislative gaps, evolving substance-use trends, and the need for more consistent institutional support for prevention within schools. Addressing these challenges will continue to guide the NDC's priorities moving forward.

The National Drug Council remains committed to reducing substance-related harm and supporting healthier outcomes for individuals, families, and communities across the Cayman Islands through evidence-informed, collaborative, and compassionate approaches.

Brenda Watson
Director

About Us

Mandate

The NDC is an independent statutory body established under the National Drug Council Act (2010 Revision) to coordinate national anti-drug measures and prevention efforts.

Mission

The mission of the NDC is to formulate, coordinate, monitor and evaluate the implementation of the National Anti-Drug Strategic Plan, based on proactive, creative and research-driven strategies in collaboration with public and private sector organisations in accordance with the provisions of the NDC Act.

The National Drug Council's activities include:

- ◆ Review and proposals for legislative/policy change and development,
- ◆ Advocacy for policy change and development,
- ◆ Initiating research initiatives,
- ◆ Publication of reports and other documentation on drug abuse.

The nature and scope of the activities of the National Drug Council:



Policy and Prevention

To formulate policies intended to prevent or reduce drug abuse and promote and encourage the implementation of such policies and programmes and to advise the Minister on matters of law reform relating to the misuse of drugs.



Surveillance, Research, and Information Dissemination

To conduct or support surveys/research and publish reports or other documentation on drug use and maintain a database of information on issues related to the use, misuse, and abuse of substances in the Islands.



Monitoring and Evaluation

To coordinate the efforts of drug abuse prevention, treatment, and rehabilitation through the monitoring and evaluation of anti-drug programmes that have been implemented within the Cayman Islands.

Committees / Commissions / Council



Mallory Warnock
Chair



Dane Ramoon
Vice Chair



Dr. Susanne Neita
Member



Ms Khadija Chisholm
Member



Ms Kirsten Whitley
Member



Dr Francisco Martinez-Saborido
Member



Kattina Anglin
Member



Andy White
Member



Ms Enola Reid
Member

The NDC is an independent statutory body set up under the National Drug Council Act (2010 Revision) to coordinate anti-drug measures in the Cayman Islands. The National Drug Council consists of 13 council members and an office which serves as the secretariat.

Ex-Officio Members



Ms. Tamara Ebanks
Chief Officer
Ministry of Health



Ms. Bobeth O'Garro (Designate)
Deputy Chief Officer
Ministry of Health



Ms. Cetonya Cacho
Chief Officer
Ministry of Education



Mr. Adrian Jones (Designate)
Senior Policy Officer
Ministry of Education



Mr. Kenneth Jefferson
Financial Secretary



Ms. Kristin Ebanks
Financial Secretary Designate



Kurt Walton
Commissioner of Police



Brenda Watson
National Drug Council Coordinator

Our Staff



Brenda Watson, Director

The Director of the National Drug Council (NDC) is responsible for providing strategic leadership and overseeing the development and implementation of drug prevention and education programs. This includes managing staff, ensuring alignment with national health objectives, advocating for policy changes, and fostering key partnerships. The Director leads research efforts, ensures programs are data-driven, and manages the NDC's budget and resources. Additionally, the Director represents the NDC in government and community forums, oversees staff development, and serves as the public face of the organisation, engaging with the media and stakeholders to promote prevention efforts. Regular monitoring and reporting ensure program effectiveness and compliance with national and international standards.



Angela Sealey, Programme Manager

The Programme Support Officer plays a critical role in supporting the NDC's policy, prevention, education, research, and evaluation initiatives. This position involves liaising with a broad range of government and non-governmental agencies, professionals, and stakeholders. The Programme Support Officer is also responsible for facilitating prevention education and training services to schools, community groups, and businesses, ensuring that key messages on drug prevention reach diverse audiences.



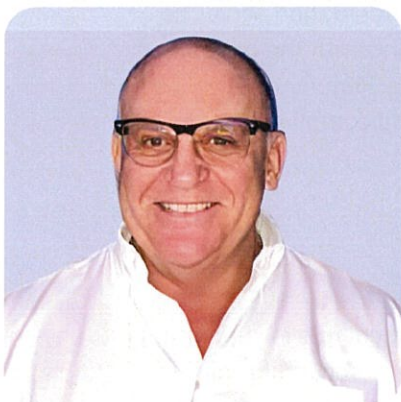
Simon Miller, Prevention Specialist; Certified TIPS Trainer

The Prevention Specialist provides expert policy advice and information related to drug prevention and plays a key role in developing and executing prevention programs and initiatives. This includes delivering presentations, workshops, and training to various sectors of the community and liaising with stakeholder agencies and organisations to reduce the demand for alcohol and other drugs. The Prevention Specialist also supports research activities, assisting in fieldwork, data analysis, and the preparation of reports that inform NDC's ongoing initiatives.



Laila Shim, Research Analyst

The research analyst at NDC is responsible for developing, monitoring, and evaluating research related to substance abuse and prevention. She is responsible for the production of research reports, data collection analysis and reporting, which serves as the foundation for prevention initiatives at the organisation. Additionally, the research analyst contributes to the development of evidence-based public information campaigns, helping to ensure that NDC's strategies are rooted in the latest data and research findings.



Ivan Mclean, Prevention & Information Officer; Certified TIPS Trainer

The Prevention and Information Officer is responsible for implementing comprehensive drug prevention and education programs, ensuring their delivery to various community sectors through presentations, workshops, and training sessions. This role includes providing support to community groups, particularly youth-based programs, to address alcohol, tobacco, and drug-related issues. The Prevention and Information Officer also assists with data collection, analysis, and reporting, while developing evidence-based public information campaigns to raise awareness about substance misuse.



Anna Clarke, Programme Support Officer

The Prevention and Education Officer is tasked with implementing drug prevention programs and initiatives in schools, community groups, and organizations. This includes delivering training and facilitating prevention education services, as well as assisting in the development and execution of public information campaigns on the dangers of alcohol and drugs. The Prevention and Education Officer also keeps up-to-date with relevant prevention literature, statistical data, and community resources to ensure the effectiveness of prevention programs.

Governance

The Council operates under relevant legislation including:

- ◆ National Drug Council Act (2010 Revision)
- ◆ Misuse of Drugs Act (2026 Revision)
- ◆ Tobacco Act & Regulations (2008 / 2017)
- ◆ Public Management and Finance Act (2020 Revision)
- ◆ Public Authorities Act (2020 Revision)
- ◆ Procurement Act (2023 Revision)
- ◆ Data Protection Act (2021 Revision)

Reports tabled or filed by statutory deadlines

- ◆ Annual Report 2024



Management Discussion and Analysis

The NDC continues to face the same challenges and limitations as in previous years. These include:

1. **Funding** inadequacy limits the impact that needs to be made in our communities especially as it relates to education and prevention materials and promotions.
2. **Legislative Framework and Statutory Alignment (Revised)**
While the National Drug Council Act (2010 Revision) establishes the NDC's role in coordinating national demand- and supply-reduction efforts, the practical operationalisation of this oversight function has evolved significantly since the Act's enactment. As

substance-use trends, regulatory environments, and public-health approaches have advanced, certain aspects of the legislative framework no longer fully reflect the scope, complexity, and level of cross-sector coordination now required to effectively support national drug-control efforts in the Cayman Islands.

In particular, the current legislative framework does not comprehensively make provisions for modern data-sharing mechanisms, formalised coordination across demand- and supply-reduction

stakeholders, or the systematic integration of research, monitoring, and evaluation into national policy implementation. Strengthening legislative alignment in these areas would enhance the NDC's ability to fulfil its statutory mandate and support more effective, evidence-informed decision-making across government and partner agencies.

a. **Priority Areas for Legislative Review and Modernisation**

Areas for consideration to strengthen the functioning of the organisation include, but are not limited to:

- i) Providing a clear statutory basis for the systematic collection of national substance-use data, including population-level surveillance and outcome monitoring;
- ii) Reviewing and, where appropriate, updating the functions prescribed within the Act to reflect the NDC's contemporary coordination, advisory, and evaluation roll;

- iii) Formalising mechanisms for coordinated demand- and supply-reduction efforts across relevant Ministries, regulatory bodies, and service providers;
- iv) Establishing legislative provisions to support the collection, analysis, and reporting of data through a National Drug Information Network (CAYDIN) or equivalent national data-sharing framework; and
- v) Strengthening provisions to support or coordinate the licensing, training, and oversight of persons within the food and beverage sector, including alignment with recognised international best-practice standards for responsible alcohol service.

3. The absence of a National Anti-Drug Strategy (a guiding strategy at a national level) to direct the efforts of drug control efforts both for supply and demand reduction.

- i) Address related ill effects of substance use, misuse, and abuse which would include crime.

4. Dated legislation in the following areas, which need urgent attention and further development as follows:

a) National Drug Council Act (2010 Revision)

Programme Spotlight

Executive Summary

This section highlights key findings from the NDC's surveys and research among the local prison population. It provides key insights into observed patterns, relationships and interrelationships, as well as key conclusions based on the research and survey findings.

Demographic and Social Risk Factors

The prison population is predominantly young males aged 25–34, with a high recidivism rate (51%). Most inmates had their first arrest before age 22, indicating early criminal trajectories. The presence of intergenerational incarceration—with many reporting incarcerated relatives—suggests entrenched cycles of criminality and systemic disadvantage.

Interestingly, despite these adverse outcomes, most were employed and had completed high school before arrest. This indicates that traditional protective factors like education and employment are insufficient in isolation to prevent criminal involvement—pointing to deeper psychosocial or community-level issues.

Criminal History and Nature of Offences

The dominance of violence-related offences and drug-related crimes—especially weapons possession—underscores the convergence of violence, drugs, and criminal enterprise in this population. This suggests that public safety concerns and drug policy cannot be separated in the Cayman Islands context.

Substance Use Patterns

Substance use is widespread and early-initiated—with marijuana being the first substance used, often by age 15. Lifetime and recent substance use are more prevalent among repeat offenders, indicating a strong correlation between substance use and criminal persistence.

Prison Research: Understanding the drivers of substance use and their entanglement with criminality and incarceration.

Cigarette and marijuana use dominate recent (last-30-day) consumption. High-frequency use patterns, especially daily use of cigarettes and semi-regular use of marijuana, point to habitual and potentially dependent behaviour, even in the prison context.

Drugs and Crime

Nearly 40% reported that their crimes were drug-related, through direct involvement in trafficking, production, possession or being under the influence at the time. This relationship was stronger among repeat offenders, reinforcing the role of substance use in criminal recidivism.

Inmates themselves perceive the link between drugs and crime as “very important”, indicating a level of insight that can be leveraged for rehabilitative efforts.

Impact of Incarceration on Drug Use

Alarmingly, 60% reported using drugs while in prison, with repeat offenders significantly more likely to do so. This suggests that the prison environment is not only failing to deter drug use but may, in some cases, exacerbate or introduce new forms of substance dependency—especially through the misuse of prescription medication.

The fact that 21 inmates initiated new drug use while in prison, especially prescription drugs, is highly significant. This could reflect coping mechanisms for stress, trauma, or mental health issues, such as “missing family and friends,” which was the most cited reason.

Gang-Related Activity

While gang membership is not widespread, a notable minority are either affiliated with or aware of gangs involved in the prison drug trade. The intersection of gangs and drug distribution inside prisons points to systemic vulnerabilities that require urgent administrative responses.

Significance and Implications for the National Drug Council

a) Policy and Programme Realignment

These findings offer the NDC critical insights into the drivers of substance use and their entanglement with criminality and incarceration. The age of first drug use, the significance of family dynamics, and the persistence of use inside prisons all underscore the need for early intervention, trauma-informed care, and in-prison rehabilitation programmes.

b) Early Prevention Imperative

With most inmates reporting first arrest before age 22 and first drug use around age 15, there is strong justification for the NDC to scale up school- and community-based prevention initiatives, with special focus on youth from high-incarceration families and geographic hotspots like George Town and West Bay.

c) Targeted Interventions for Repeat Offenders

Repeat offenders show higher rates of drug use pre- and post-incarceration, suggesting that generic interventions may be insufficient. This points to a need for focus on specialised rehabilitation tracks, tailored to high-risk repeat offenders, including motivational counselling, substance misuse therapy, and post-release follow-up.

d) Prison-Based Treatment Gaps

The fact that inmates initiate or resume drug use in prison—even using new substances like prescription drugs—is a red flag. This calls for a serious review of prison health systems, including access to controlled medications, drug screening protocols, and mental health support.

Recommendations for the Prison Service

1. Implement Structured Prison-Based Drug Rehabilitation Programmes

- ◆ Introduce Cognitive Behavioural Therapy (CBT), motivational interviewing, and group counselling within prisons.

- ◆ Develop peer-led recovery support programmes, leveraging inmates' insights into the drug-crime relationship.

2. Establish In-Prison Surveillance and Control Measures

- ◆ Strengthen drug screening and interception procedures to reduce availability.
- ◆ Monitor prescription medication use and establish clear mental health referral pathways.

3. Develop Integrated Re-entry and Aftercare Services

- ◆ Work with NDC to ensure continuity of care upon release, including referrals to community treatment, halfway houses, and social services.

4. Introduce Youth Risk Diversion and Family Engagement Programmes

- ◆ Collaborate with NDC on family-based prevention models, addressing intergenerational risk factors.
- ◆ Expand community outreach in George Town, West Bay, and Bodden Town—areas with the highest pre-arrest residency.

5. Conduct Routine Psychosocial Screening

- ◆ Institutionalise mental health assessments at intake, with periodic reviews during incarceration.
- ◆ Use findings to inform treatment, rehabilitation, and parole decisions

Conclusion

The survey paints a complex but actionable picture of substance use, criminality, and incarceration in the Cayman Islands. For the National Drug Council, the data reinforces the urgency of targeted, evidence-informed interventions, both in the community and within the prison system. For the Prison Service, the findings highlight opportunities to interrupt the cycle of addiction and recidivism, ultimately improving public safety and inmate rehabilitation outcomes.

The Bridge Foundation

The Bridge Foundation is a non-profit organisation that provides sober-structured transitional housing for non-violent repeat offenders who are recovering from addiction to drugs and/or alcohol in the Cayman Islands. The organisation was established in 2012 and can support up to eight residents at Anchor House in West Bay. The residents are typically referred to the facility after completing treatment at Caribbean Haven by Probation Services or the Drug Court and are required to attend 12-step meetings during their 6-month stay.

The management and staff have worked selflessly for many years to build The Bridge Foundation from just an idea to an essential stakeholder in the continuum of care for Caymanians released from either prison or treatment at Caribbean Haven Residential Centre.

Since 2021 to present, the Foundation's Vision remains — ***“to restore the dignity and self-respect of the disenfranchised through a sober-structured transitional housing programme”***.

The Mission statement remains unchanged, and reads, ***“to help curb recidivism by managing sober-structured transitional housing for non-violent repeat offenders who are recovering from addiction to drugs and or alcohol”***. The objectives of the Halfway House programme are achieved through public and private donations, which the Foundation actively solicits. They also monitor and report on the effectiveness and progress of the programme (through periodic evaluation reports), while promoting sober structured living, educational opportunities, life skills development, self-determination, independence, physical and mental well-being, and spiritual development.

Programme Rationale

International and regional evidence consistently shows that the period immediately following residential treatment or incarceration is the highest-risk phase for relapse and recidivism. Without structured

aftercare, gains achieved during treatment are often lost due to unstable housing, unemployment, weak social supports, and unaddressed mental-health or substance-use challenges. This programme is designed as a protective bridge between treatment completion and long-term self-sufficiency.

Programme Design & Structure

Duration & Phasing

The programme operates over 12 months, structured into three sequenced phases to match participants' evolving needs:

- ✦ **Phase 1 – Transition (Months 1–3):**
Focus on housing stabilisation, employment placement, mentor matching, and early goalsetting.
- ✦ **Phase 2 – Growth (Months 4–9):**
Focus on skills development, financial literacy, recovery reinforcement, and community engagement.
- ✦ **Phase 3 – Independence (Months 10–12):**
Focus on long-term planning, advanced life skills, and preparation for alumni engagement.

Progress is monitored through regular case-management reviews and individualised planning updates.

Core Intervention Pillars

The programme is built around five integrated pillars, each aligned with known protective factors against relapse and reoffending:

1. **Accountability & Case Management** Regular check-ins, goal tracking, and individualised Aftercare Plans (IAPs) updated quarterly.
2. **Housing Stability Support** securing and maintaining accommodation, including landlord liaison and limited emergency assistance.

3. Employment & Education Job readiness training, employer linkages, vocational and educational referrals, and job retention monitoring.
4. Recovery, Wellness & Mental Health Counselling referrals, recovery-support meeting engagement, relapse-prevention planning, and wellness promotion.
5. Life Skills & Community Integration Practical life-skills workshops and structured community service to foster social responsibility and reintegration.

Delivery Model & Safeguards

- ◆ Case Managers provide coordination, monitoring, referrals, and crisis support.
- ◆ Trained Mentors (often programme alumni) provide consistent peer accountability and guidance.
- ◆ Individualised Aftercare Plans (IAPs) ensure supports are tailored rather than one-size-fits-all.
- ◆ Non-punitive compliance approach emphasises early intervention and support escalation rather than discharge or sanctions.

This model maximises outcomes while keeping delivery cost-efficient and scalable.

Donor investment in this programme directly supports:

- ◆ Reduced relapse rates among individuals with substance-use histories
- ◆ Lower risk of reoffending, easing pressure on courts, prisons, and law enforcement
- ◆ Improved employment and housing stability, reducing reliance on social services
- ◆ Stronger community reintegration, including civic engagement and peer mentorship
- ◆ Sustained recovery outcomes, extending the return on investment from residential treatment programmes

Strategic Value

The Aftercare Programme transforms the Bridge Foundation's services from a stand-alone residential intervention into a **full continuum-of-care model**, aligning with international best practice in rehabilitation and reintegration. Continued donor support ensures that public and philanthropic investments in treatment are **protected, sustained, and multiplied over time** rather than lost during the most vulnerable transition period.

Tackling substance abuse in our community requires a collaborative approach involving key stakeholders and service providers in several areas. The preceding is a brief insight into two of the many programmes that work harmoniously to improve our understanding of the drivers and impacts of substance abuse, and how best to support those struggling with those challenges.

Human Resources Analytics

From January 1 2025 to December 31st 2025, 6 positions were filled, leaving 2 vacancies, for a total of 8 positions as per the budget. Our workforce at-a-glance is below:

Budgeted Posts	Number of Positions	Filled/Vacant	Nationality	Gender
Director	1	FILLED	Caymanian	Female
Programme Manager	1	FILLED	Caymanian	Female
Prevention Specialist	1	FILLED	Caymanian	Male
Programme Support Officer	1	FILLED	Caymanian	Female
Research Analyst	1	FILLED	Caymanian	Female
Prevention & Information Officer	1	FILLED	Caymanian	Male
Prevention & Education Officer	2	Vacant	-	-
Prevention & Education Facilitator	1	Vacant	-	-





Key Achievements and Problem Areas for 2025

Throughout 2025, the NDC continued to strengthen its role as the national coordinating body for substance use prevention, education, research, and policy advice. The organisation delivered and expanded evidence-based prevention initiatives across schools, communities, and priority populations, while simultaneously advancing systems-level planning, research mobilisation, and legislative advocacy.

Prevention and Education

The NDC delivered a range of core prevention programmes during the year, including Research Informed Student Education (RISE), Healthy Bodies, Healthy Minds (HBHM), National Drug and Alcohol Facts Month (NDAFM), Arrive Alive 345 (AA345), and Responsible Beverage Service (RBS) Training. Throughout 2025, the NDC made measurable strides in expanding programme reach however, persistent

structural barriers continue to limit the consistency and long-term sustainability of prevention delivery.

In the absence of legislation mandating the Cayman Islands Student Drug Use Survey (CISDUS) or a comprehensive drug education curriculum, the NDC's engagement with schools remains dependent on mutual agreement rather than system-wide requirements. As a result, access to RISE sessions varies across both public and private institutions, despite the availability of robust national data and evidence-based prevention resources. This lack of institutionalised support contributes to inconsistent access to students and frequent scheduling disruptions, particularly at the secondary level, limiting the continuity and equity of early intervention efforts and placing additional operational pressure on both school staff and the Prevention Team.

To mitigate these challenges, the NDC successfully piloted the RISE programme across multiple primary and secondary institutions. Adopted from Stanford University's REACH Lab, the RISE curriculum delivers age-appropriate, evidence-based lessons on substance use risks, adolescent brain development, and resistance skills. Informed by the latest CISDUS findings, the Vape-Free module was piloted in nine institutions, including all public high schools and several private and alternative learning centres. The curriculum incorporates mechanisms to track student learning and knowledge gains through pre- and post-testing, providing a strong foundation for programme evaluation and future expansion. Feedback from students and administrators was overwhelmingly positive, despite logistical challenges such as limited access to technology and varying school schedules.

While these pilots represent important progress, best practice in prevention and behaviour change indicates that sustained impact is most effectively achieved through a developmentally sequenced curriculum delivered consistently across successive school years. The absence of legislative or policy frameworks to support mandatory, longitudinal drug education continues to present a significant barrier to embedding prevention as a universal and equitable component of the education system.

Similar structural limitations exist within alcohol-related prevention. The absence of mandatory Responsible Beverage Service training under the Liquor Licensing framework constrains consistent adherence to best-practice standards across the hospitality sector, limiting the effectiveness of voluntary training approaches in reducing alcohol-related harm.

In parallel, the NDC advanced systems-level prevention planning through the development of the National Continuum of Prevention Framework. Grounded in public-health principles and the Socio-Ecological Model, the framework provides a structured approach to coordinating universal, selective, and indicated prevention efforts nationally. It represents a strategic shift from programme-by-programme delivery toward a more integrated, sustainable, and outcomes-focused prevention system.

The Alternative-to-Suspension (ATS) Orientation and Implementation Guide was also finalised in 2025. This initiative supports restorative, educational responses to substance-related incidents in school settings and aligns with international best practice, reinforcing the NDC's advocacy for early intervention and student wellbeing over punitive disciplinary approaches.

Policy and Legislative Advocacy

In 2025, the NDC advanced its statutory advisory role through targeted policy and legislative engagement aimed at strengthening the national framework for substance-use prevention, regulation, and harm reduction. Formal recommendations were submitted to address gaps in the Tobacco Act (2008) and Tobacco Regulations (2017 Revision), particularly in relation to electronic nicotine delivery systems and non-tobacco nicotine products, to better reflect evolving product markets and emerging public-health evidence.

The NDC also continued to highlight broader legislative and policy gaps that directly affect the effectiveness and sustainability of demand-reduction efforts. These include limitations in alcohol advertising regulation, the absence of mandatory Responsible Beverage Service training under the Liquor Licensing framework, and the lack of legislative mechanisms to support consistent, system-wide drug education and surveillance. In addition, ambiguities within the medical cannabis framework and the absence of provisions mandating national data collection, such as the Cayman Islands Student Drug Use Survey (CISDUS), constrain the ability to monitor trends, evaluate outcomes, and inform timely policy responses.

Collectively, these areas remain priorities for reform to ensure that legislative and policy frameworks keep pace with emerging substance-use trends, support evidence-informed prevention, and enable coordinated, health-centred approaches across education, regulatory, and community settings.

Systems Strengthening, Partnerships, and Evaluation

Throughout the year, the NDC continued to strengthen collaboration with Ministries, schools, law-enforcement agencies, community organisations, and service providers, recognising that effective prevention and harm-reduction outcomes require coordinated, cross-sector action. The 25th anniversary of the Arrive Alive 345 campaign exemplified the value of sustained partnerships in delivering consistent public-health messaging and achieving long-term national prevention outcomes.

In parallel, the NDC advanced systems strengthening through increased emphasis on evaluation, quality assurance, and evidence mobilisation. Evaluation activities undertaken in 2025, including the review of the Bridge Foundation programme, reinforced the organisation's commitment to accountability, continuous improvement, and alignment with evidence-based prevention and rehabilitation principles.

These efforts support a more integrated national prevention system by informing programme refinement, strengthening stakeholder accountability, and ensuring that investments in prevention and rehabilitation are guided by data, demonstrated impact, and national priorities.





JANUARY

Research Informed Student Education (RISE)

The RISE Programme launched in January and continued through June 2025. Piloted in both primary and secondary schools, RISE filled a critical gap in consistent drug education. Despite not being mandated, the NDC secured cooperation with several schools, including John Gray, Clifton Hunter, Cayman Islands Further Education Centre (CIFEC), and Edna Moyle and Marie Martin Primary Schools. The “You and Me Together Vape-Free” curriculum focused on helping students understand addiction, recognise industry marketing tactics, and build refusal skills. Pre- and post-test data were collected to assess learning outcomes.





FEBRUARY

Alex Pantou Foundation Mental Health Symposium:

The NDC was invited to speak at the 7th annual mental health symposium to introduce the Cayman Islands Student Drug Use Survey (CISDUS). The presentation outlined the process and methodology used in the national collection of youth substance use and mental health data among secondary-school students.

Alternative-to-Suspension Policy Recommendations:

Recommendations for the Ministry of Education were provided regarding the piloting of an alternative-to-suspension (ATS) programme in the Cayman Islands. These efforts have stemmed from a need to reform punitive school drug policies, which fail to address the underlying factors related to student substance use, making them ineffective in deterring students from continued use. The ineffectiveness of punitive school drug policies has generated widespread interest in alternative-to-suspension (ATS) programmes across the globe. These programmes prioritise educational opportunities and student empowerment in addressing substance use concerns by enhancing knowledge of health consequences and encouraging healthier life choices. The report discusses two evidence-based ATS programmes for consideration by the Ministry of Education – and work on these matters remains ongoing.



MARCH

National Drug & Alcohol Facts Month (NDAFM)

In March, NDAFM 2025, a month-long campaign focused on debunking myths about teen vaping, was successfully executed. Under the theme “Rise Above: The Truth About Vaping,” the campaign included more than 46 classes across eight schools and featured creative competitions such as Art Aware, Rhyme & Reason, and the Post the Truth poster contest. Student submissions reflected both high creativity and growing awareness, particularly in the 126 entries to the visual arts competition.



A P R I L

Policy Brief for Amending the Intoxicating Liquor Advertising Act:

Several countries regulate and restrict the advertising, promotion, and sponsorship of alcohol to limit harmful consumption practices and exposure of products to young people. In the Cayman Islands, there is a recognised gap in our legislative framework for alcohol advertising, which primarily addresses bans on broadcast media but excludes print and digital platforms. This gap facilitates the unregulated advertising of alcohol on social media and other online platforms without any child safeguarding measures in a space where young people spend most of their time. To address this, the NDC embarked on a review of the best practices surrounding policy on alcohol advertising in social media and digital spaces. Following this review, the NDC drafted a policy brief advocating for amendments to the Intoxicating Liquor Advertising Act (2021) to ban or regulate alcohol advertising on social and other digital media platforms.

Anti-Doping Education & Compliance Review:

A review of the compliance process for the Cayman Islands was completed with respect to the requirements set out by the World Anti-Doping Agency. These findings were compiled into a summary report outlining our roles & responsibilities and any gaps in the current compliance process. A summary of information relating to the educational responsibilities surrounding anti-doping and the procedures followed in other jurisdictions was also provided.

International Narcotics Control Board (INCB) Review & Recommendations:

A review of the data collection process for the INCB was conducted to identify areas of improvement for efficiency and data accuracy. This required an overall review of the INCB's international requirements and goals. A summary report was drafted to explain the overall purpose of the INCB process and identify any gaps in our current procedures. Recommendations for improvements were provided, including the proposal for an online system that could centralise access to collecting and reporting data across the required entities, while also managing the documentation process for the importation of all controlled substances.

Alcohol Awareness Month

Alcohol Awareness Month was rebranded under the theme "The Silent Cost of Alcohol: A Lifetime of Impact." The campaign drew attention to alcohol's long-term effects on physical health, especially its links to non-communicable diseases. Key messages were reinforced through a strategic partnership with the Cayman Islands Angling Club during its International Fishing Tournament, where 75 sober boating bags were distributed with the message "Clear Minds, Tight Lines." Arrive Alive (#AA345) flags and branded materials enhanced visibility, while social media, particularly Instagram, amplified the campaign's reach.



M A Y

Policy Review:

The National School Misuse of Drugs Policy was reviewed, and recommendations were made to bring the policy in align with best practice. In addition to being punitive, the current policy is not written to account for changes in the landscape of drugs such as the use of e-cigarettes and other synthetically derived substances that are not scheduled in our law. It is imperative that our school drug policies be forward-thinking and consider the lengths to which the industry will go to exploit loopholes in outdated drug laws and gain access to youth. The NDC has liaised with the Ministry of Education to support the amendment of this national school policy and our work for this project remains ongoing.

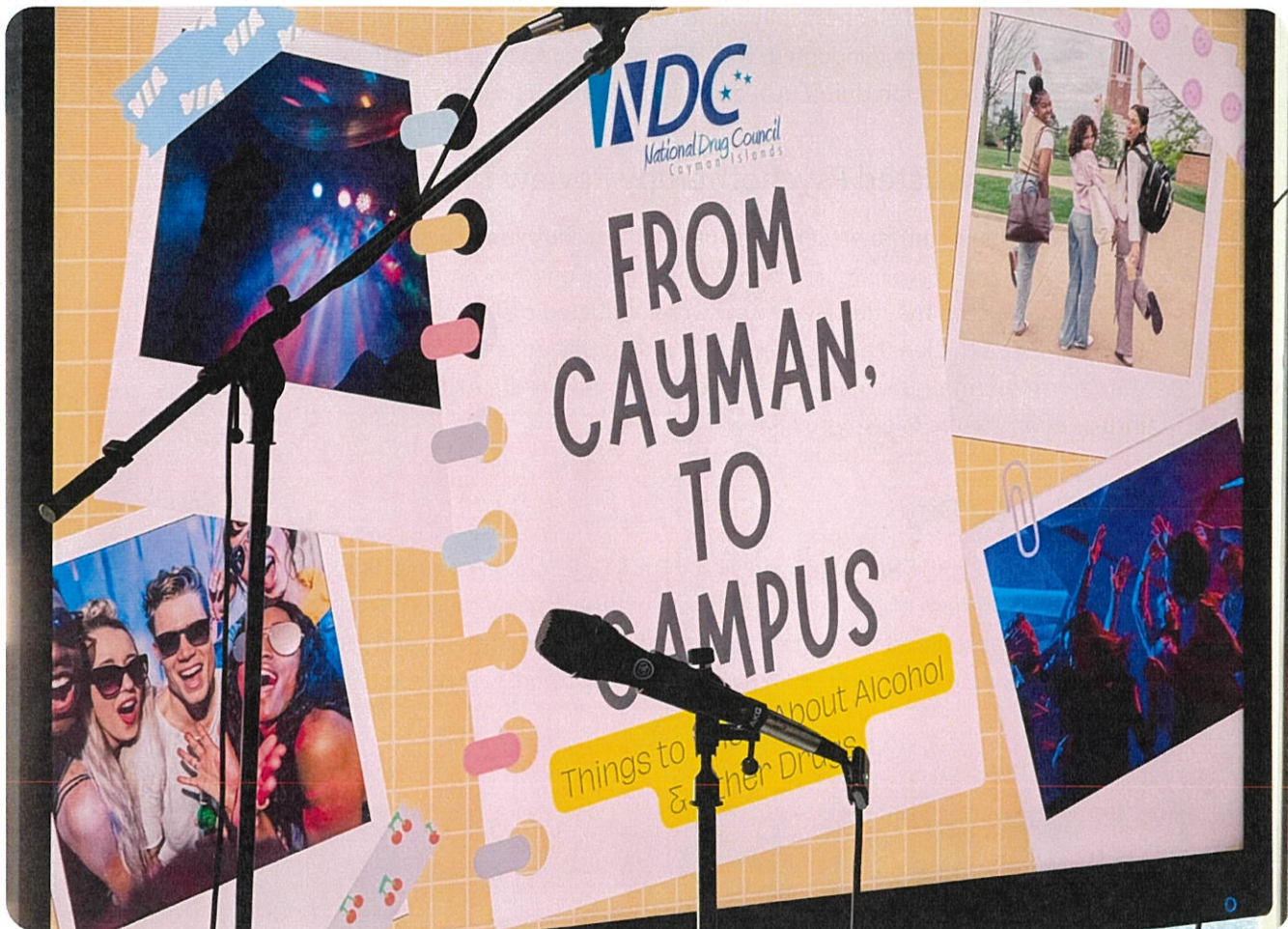
World No Tobacco Day

World No Tobacco Day was marked through an in-depth media interview with Compass TV, exploring the theme “Bright Products, Dark Intentions.” This messaging spotlighted deceptive tactics used by the tobacco and e-cigarette industries, particularly their targeting of young people. The interview provided critical public education and reached a broad audience.

The Changing Landscape- District & Wider Community Education Sessions

In collaboration with the Youth Services Unit, the NDC also facilitated district-level sessions titled “The Changing Landscape.” These community presentations empowered parents and youth workers with up-to-date substance use information, drug trends, and communication strategies to effectively engage the youth. The initiative strengthened grassroots prevention and offered valuable opportunities for community feedback.





JUNE

HM Cayman Islands Prison Service Survey (HMCIPSS)

The ninth cycle of the HMCIPSS was completed. The survey serves to assist the HM Cayman Islands Prison Service in getting a clearer picture of several indicators, such as illegal activities, criminal history, criminal offending, drug consumption patterns, the relationship between drugs and crime, offenders' perception of their drug use and drug use in prison, changes in consumption patterns, and gang involvement.

The survey is anonymous and conducted via structured interviews, in which survey volunteers read the questions aloud to inmates and record their responses. Inmates'

answers are recorded electronically using an online survey instrument. A total of 190 survey interviews were conducted, with 158 being completed at Northward, 12 at the Enhanced Reintegration Unit (ERU), and 20 at Fairbanks prison.

Ketamine Assisted Psychotherapy Review & Legal Status Report:

A review of the literature on ketamine assisted psychotherapy was conducted to better understand its protocols and efficacy following the announcement of such therapy being newly available on the island. A review was conducted on the offerings of local KAP treatment and the legal parameters surrounding this under the Misuse of Drugs Act, and data from the International Narcotics Control Board (INCB). All findings were compiled into a report for the Ministry to review.

World Drug Day

On 26 June 2025, the NDC observed World Drug Day, joining communities worldwide in raising awareness of the harmful impacts of drug abuse and illicit trafficking. The observance highlighted the importance of prevention, treatment, and recovery support as integral components of an effective and compassionate response to substance use.





The 2025 theme, “Together for a Drug-Free Future,” underscored the critical role of partnership in addressing drug misuse. Families, schools, faith-based organisations, government agencies, and civil society all play essential roles in promoting healthy, resilient communities and supporting individuals affected by substance use.

World Drug Day, formally known as the International Day Against Drug Abuse and Illicit Trafficking, served as a global call to action at a time when emerging synthetic substances, increasing rates of addiction, and related social harms continue to place pressure on individuals, families, and communities. The observance reinforced the understanding that no single entity can address these challenges in isolation and that coordinated, multi-sector responses are required.

As part of the 2025 observance, the NDC participated in a national media appearance on Daybreak, highlighting the organisation’s leadership role in prevention and public education. The discussion emphasised evidence-based prevention, responsible beverage service (RBS), early intervention, and community engagement. It also reinforced the importance of treating people who use drugs with dignity and respect. The messaging aligned with international best practice by advocating for voluntary, evidence-based services, alternatives to punitive approaches, and compassionate, health-centred responses to substance use.



AUGUST

National Continuum of Prevention Framework

In August, the NDC advanced work on its National Continuum of Prevention Framework, a structured public health approach designed to reduce substance use and related harms across the population. The framework is grounded in evidence that substance use is a public health issue and emphasises prevention-first strategies, population-level health promotion, and systems-level solutions, including policy and legislative reform.

The framework is informed by the Socio-Ecological Model (SEM) of health, which recognises that substance use affects individuals, families, communities, and wider society. Its purpose is to guide coordinated, comprehensive prevention efforts across universal, selective, and indicated levels, while promoting well-being across multiple settings and population groups.

Legislative Policy Recommendations – Tobacco Act and Regulations

The NDC submitted formal recommendations to the Ministry of Health, Environment, and Sustainability to amend the Tobacco Act (2008) and the Tobacco Regulations (2017 Revision). These recommendations addressed legislative gaps related to electronic nicotine delivery systems and modern nicotine products, with the aim of strengthening regulatory oversight and aligning national legislation with emerging substance use trends and public-health evidence.



SEPTEMBER

Alternative-to-Suspension (ATS) Programme Development

In September, the NDC continued to develop and refine the Alternative-to-Suspension (ATS) Orientation and Implementation Guide. This work focused on strengthening restorative, prevention-oriented responses to substance-related incidents in school settings, supporting a shift away from punitive disciplinary approaches and toward education, early intervention, and student wellbeing.

School-Based Prevention Engagement

The Prevention Team continued delivery of school-based prevention activities, including RISE and vaping prevention sessions. Minor scheduling disruptions occurred due to last-minute school timetable changes; however, these were addressed through follow-up engagement with school administrators to strengthen coordination and future scheduling processes.





OCTOBER

Healthy Bodies, Healthy Minds (HBHM) Campaign Launch

In October 2025, the NDC launched the fifth annual Healthy Bodies, Healthy Minds (HBHM) virtual campaign, themed “Brain Health: Feed Your Body, Fuel Your Mind.” The campaign is a family- and educator-focused initiative designed to promote holistic health and wellbeing by reinforcing the benefits of physical activity, healthy nutrition, positive thinking, and emotional resilience.

The HBHM campaign places strong emphasis on educator engagement, recognising the critical role educators play in supporting students to develop lifelong healthy habits. With contributions from health professionals, including dentists, nutritionists, and psychologists, the campaign provided educators with practical tools and resources to guide students toward healthier choices and improved overall well-being.

Running from October 2025 through March 2026, the campaign featured a series of interactive activities to promote emotional, nutritional, physical, and social well-being while strengthening students’ understanding of brain health and self-care.

A key feature of the campaign was the Mystery Challenge, designed to be both engaging and educational. Ten schools registered to participate, involving multiple classes. Each participating class received a Mystery Box containing hands-on learning materials that encouraged students to explore factors that contribute to brain health in an interactive and memorable way. These activities reinforced classroom learning and supported the adoption of healthy brain habits beyond the school environment.





NOVEMBER

Arrive Alive 345 Campaign Pre-Launch

In November 2025, the NDC commenced the pre-launch phase of the Arrive Alive 345 campaign, focusing on early stakeholder engagement and public messaging ahead of the December rollout. Pre-launch activities included confirming campaign messaging and branding, coordinating early with transport providers, and engaging key partners to support campaign implementation.

Pre-launch messaging emphasised personal responsibility and harm-reduction through the campaign slogans “Designate Before You Celebrate” and “Drive Safe, Drive Sober.” As part of this phase, the NDC also confirmed the extension of the Purple Ribbon Bus programme to include inner-community routes to improve accessibility and strengthen community-level prevention.



DECEMBER

Responsible Beverage Service Training (RBS)

The NDC delivered multiple Responsible Beverage Service Training (RBS) sessions across the Cayman Islands, including the first-ever responsible beverage service training for bartenders on Little Cayman. Additional sessions were conducted with distributors and hospitality partners in Grand Cayman and Cayman Brac, strengthening compliance with responsible alcohol service standards and supporting national alcohol harm-reduction efforts.

Evaluation of The Bridge Foundation Programme

In December 2025, the NDC completed an evaluation of the Bridge Foundation's programme to assess its alignment with evidence-based prevention principles and its contribution to reducing substance-use demand. The evaluation examined programme structure, delivery methods, target populations, and alignment with public-health and prevention best practices.

Findings from the evaluation highlighted strengths in community engagement and participant support, while also identifying opportunities to strengthen programme clarity, outcome measurement, and integration with broader national prevention and treatment frameworks. The evaluation supports the NDC's statutory role in monitoring and evaluating prevention and rehabilitation initiatives and provides an evidence-informed basis for future programme development, collaboration, and policy considerations.

Arrive Alive 345 – 25th Anniversary Purple Ribbon Bus Programme

In December 2025, the Arrive Alive 345 campaign marked a significant national milestone, celebrating 25 years of continuous service through the Purple Ribbon Bus programme as a flagship impaired-driving prevention initiative. The NDC coordinated the delivery of free transportation services during the New Year's Eve period, supporting safe travel options for the public across Grand Cayman, Cayman Brac, and Little Cayman.

The 2025 campaign achieved strong public visibility through coordinated media and social-media outreach, reinforcing key prevention messages and encouraging responsible decision-making during the festive season. Campaign delivery was undertaken in partnership with the Ministry of Health, Environment and Sustainability, and the Ministry of Planning, Agriculture, Housing and Infrastructure, in conjunction with the Royal Cayman Islands Police Service (RCIPS) and Compass Media. These partnerships supported the broad dissemination of campaign messaging across traditional and digital platforms and strengthened inter-agency collaboration on road safety and alcohol harm-reduction efforts.

The expansion of Purple Ribbon Bus routes, including inner-community services, enhanced accessibility and underscored the NDC's commitment to inclusive, community-centred prevention. The 25th anniversary campaign highlighted the sustained impact of long-term partnerships, consistent public-health messaging, and coordinated action in promoting safer roads and reducing alcohol-related harm.



Learning and Development of NDC Staff

The NDC recognises the importance of continuous learning and professional development for its staff, ensuring that programmes and interventions remain evidence-based, effective, and aligned with emerging trends in substance use prevention. In 2025, staff participated in a series of local, overseas, and online training programmes, conferences, and in-house initiatives, strengthening knowledge, skills, and practical competencies across prevention, education, research, and community engagement. Interns also contributed significantly to supporting departmental functions during this period.

1. Evidence-Based Cannabis Education

6th Annual Cannabis Training – Stanford University

- ◆ **Dates:** 9th–10th April 2025 (Virtually)
- ◆ **Attendance:** All NDC staff
- ◆ **Overview:** This annual training is part of Stanford University's evidence-based drug education initiative, recognised internationally for its focus on cannabis science, prevention strategies, and adolescent health education. It brought together professionals from public health, education, and prevention sectors to enhance understanding of cannabis-related harms, policy implications, and intervention approaches.

Key Training Topics:

- ◆ The Science of Cannabis and the Developing Brain: Examined neurological impacts of THC on adolescent memory, attention, and long-term cognitive function.
- ◆ Trends in Youth Use and Market Products: Analysed global trends, high-potency products, and youth access to vapes and edibles.
- ◆ Cannabis Legalisation and Public Health Outcomes: Evaluated regulatory frameworks, youth exposure risks, and unintended consequences.
- ◆ Prevention Messaging and Curriculum Integration: Provided guidance on integrating scientific evidence into school-based prevention programming.
- ◆ Engaging Parents and Community Stakeholders: Focused on communication tools and community involvement strategies to prevent youth substance use.

Applications and Impact:

- ◆ Enhanced the **RISE curriculum** with updated cannabis content.
- ◆ Supported **targeted public awareness campaigns** addressing high-potency and unregulated cannabis products.
- ◆ Strengthened the NDC's contribution to **policy recommendations** aligned with international research.
- ◆ Reinforced staff expertise for **consistent, evidence-informed delivery** across prevention programmes.

2. Professional Conferences and Networking

4th Annual Johnny's Ambassadors Preventing THC Use in Youth Conference

- ◆ **Dates:** 24th–25th June 2025
- ◆ **Attendance:** All NDC staff (Virtually)
- ◆ **Overview:** Provided in-depth exploration of

youth THC use and evidence-based prevention strategies. Sessions included keynote presentations and workshops led by experts in psychology, neuroscience, and substance use treatment.

- ◆ **Impact:** Improved staff understanding of youth cannabis use trends, prevention approaches, and community engagement techniques.

3. Individual Professional Development

City and Guilds ILM Level 3 Certification – Performance Management and Leadership

- ◆ **Enrolment:** Ongoing, 2025
- ◆ **Completed by:** Prevention Specialist, Mr Simon Miller
- ◆ **Focus Areas:** Leadership, personal development, problem-solving, and aligning team contributions with strategic objectives.
- ◆ **Outcome:** Strengthened managerial skills, performance oversight, and strategic alignment within the prevention team.

Summary of Learning & Development Impact

The training, conferences, and professional development activities undertaken by NDC staff in 2025 have:

- ◆ Enhanced evidence-based programme delivery across prevention and education initiatives.
- ◆ Ensured staff remain current with evolving cannabis science, alcohol service regulations, and youth substance use trends.
- ◆ Strengthened policy advisory capabilities and contributed to national public health discussions.
- ◆ Reinforced leadership and performance management competencies within the prevention team.
- ◆ Supported the alignment of NDC programmes with best practices and international standards.

Risk Management

Key risks faced by the NDC	Impact	Actions taken to Mitigate risks	Financial value of risks
Board Membership: ◆ Resignation (2): Effective October 31st, 2023, and September 9th, 2024 respectively. ◆ Expiry: As at June 2025 (2) As at December 2025 (3)	Reduced Membership and Governance Compliance The reduction in Board membership may affect the alignment of the NDC with the requirements of the NDC Act (2010 Revision), which mandates a minimum membership and leadership structure to ensure effective governance. The current reduction in Board members leaves the NDC in a position where it may not meet its required 60-40 threshold for Board composition.	Both the Ministry of Health and Wellness, as well as the Ministry of Youth, Sports and Culture, which the NDC were under in 2024-25 were fully aware of the reduced Board complement. We are now bringing this matter to the attention of the Ministry of Health, Environment, and Sustainability for immediate action, ensuring the appointment process aligns with the relevant Acts and Regulations.	Chair and Deputy Chair Appointment In line with governance requirements, the NDC Board must have an appointed Chair and Deputy Chair. Currently, the role of the Chair and Deputy Chair, who also serve as signatories to the accounts, remains vacant. This gap in leadership is a significant financial implication, as these positions are directly tied to the financial operations of the organisation.
2024 CISDUS Report & Dissemination Process There have been key issues delaying the timely dissemination of the 2024 Cayman Islands Student Drug Use Survey (CISDUS) Report, particularly around the data-sharing and approval processes. These delays are affecting the ability to use the report's findings to inform national policy and public awareness initiatives.	Delayed policy planning and programme implementation across sectors.	To address this, we are seeking the Ministry's support in expediting the review and approval of the report. Specifically, we request that the Ministry present the report to the Minister and Caucus for formal approval. Upon approval, we seek authorization to release the report to the public domain, ensuring that the data and insights are made available promptly to relevant stakeholders and the wider community.	

Key risks faced by the NDC	Impact	Actions taken to Mitigate risks	Financial value of risks
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Outdated Intoxicating Liquor Advertising Act (2021 Revision):

Current legislation excludes regulation of alcohol advertising via social media and digital platforms, where youth exposure is highest.

NDC will seek to develop a policy brief outlining the need to expand regulations to include digital and social media advertising.

Loss or absence of key staff

Breaches to IT systems

Insufficient financial resources for programme delivery

Natural disasters

Key risks faced by the NDC	Impact	Actions taken to Mitigate risks	Financial value of risks
Potential decriminalisation of marijuana, including public discourse surrounding a national referendum, without comprehensive public-health safeguards, regulatory frameworks, or sustained investment in prevention, education, and monitoring systems.	The potential decriminalisation of marijuana presents a multifaceted risk to public health, particularly for children and young people, if policy reform is not accompanied by robust prevention, education, regulation, and monitoring mechanisms. International evidence consistently demonstrates that changes in cannabis policy can lead to increased normalisation, reduced risk perception, and greater accessibility—factors associated with earlier initiation, higher frequency of use, and increased exposure to high-potency products. For the Cayman Islands, these risks may place additional pressure on education systems, health services, social services, and law-enforcement resources, particularly in the absence of a comprehensive national drug strategy and coordinated data-collection systems. From an organisational perspective, the absence of clear policy direction and legislative alignment may increase demand for prevention, research, and advisory functions without corresponding increases in statutory authority or financial resources, affecting the NDC's ability to effectively discharge its mandate.	The National Drug Council has adopted a proactive, evidence-informed approach to this emerging policy area by: ◆ Strengthening surveillance and research through national data sources such as the Cayman Islands Student Drug Use Survey (CISDUS) and international evidence reviews; ◆ Enhancing prevention and education initiatives, including cannabis-specific content within Research Informed Student Education (RISE) and parent-focused engagement; ◆ Providing policy advice grounded in public-health evidence to inform government discussions and decision-making; ◆ Advocating for a comprehensive, health-centred approach to drug policy reform that prioritises prevention, regulation, youth protection, and ongoing evaluation; and ◆ Continuing professional development to ensure staff remain current with global best practice on cannabis policy and public-health impacts.	While the direct financial impact cannot be precisely quantified at this stage, potential downstream costs may include increased demand for prevention programmes, treatment services, research capacity, and public-education campaigns. Without corresponding legislative authority and sustainable funding, these pressures may pose a medium- to long-term financial risk to the organisation and the wider public sector.



Scrutiny by **Parliament and Public**

Parliamentary Questions (PQs)

None

Public Accounts Committee (PAC)

None

Finance Committee

Did the NDC appear last year for budget or annual accounts?

Freedom of Information (FOI)

Note summary FOI requests and timeliness of response.

APPLICATION DETAILS	NUMBER
Total Applications Received	3
Total Applications Open	0
Total Applications Closed	3
Applications for Personal Information (Applicant's own)	0
Application for General Information	3
TIMELINE DETAILS	NUMBER
Request Information (Decision made within 30 days)	3
Request Information) Decisions made later than 30 days and no extension taken under section 7 (4)	0
Request Information (Decision extended under section 7 (4)	0
Request Information (Decision extended under section 7 (4) but responded to later than 60 days.	0
Internal Review (Decision made within 30 days)	0
Internal Review (Decision made later than 30 days)	0
FEES	
Fees levied under \$100.00	0
Fees levied \$101 - \$500	0
Fees levied \$501 - 1,000	0
Fees levied over \$1,000	0
Fees excused	0
AMMENDMENTS AND ANNOTATIONS	
Request for Amendment or Annotation under section (28)	0
Number Amended	0
Number Annotated	0
INTERNAL REVIEWS	0
Number of Requests for Internal Review	0
Number of Internal reviews Appealed	0



Looking Forward

As the NDC enters 2026, the organisation's priorities reflect a deliberate progression from foundation-setting and advocacy toward systems-level implementation, legislative reform, and institutionalisation of evidence-based prevention across the Cayman Islands.

Building on Strategic Priorities Established in 2023 and 2024

In 2023, the NDC marked its 25th anniversary by reaffirming its core mandate and identifying key areas requiring structural reform, including strengthening legislative support for the organisation, advancing RISE, expanding research into post-secondary populations, and advocating for the integration of evidence-based drug education across all public and private schools. The NDC also identified the need for legislative review and reform of the National Drug Council Act, the Liquor Licensing Act, and the Misuse of Drugs Act.

In 2024, the organisation further strengthened its data-driven approach, recognising the Cayman Islands Student Drug Use Survey (CISDUS) as the cornerstone of national prevention planning. Efforts during that year focused on expanding research beyond secondary schools to include post-secondary students and parents/guardians, strengthening partnerships with education institutions, and continuing advocacy for legislative reform related to tobacco, alcohol, and drug control.

The priorities for 2026 reflect the next phase of this work: **moving from advocacy and framework development toward formalisation, implementation, and sustainability.**

Strategic Priorities for 2026

1. Institutionalising Drug Education within the Education System

A central priority for 2026 is strengthened collaboration with the Ministry of Education to advance an **overarching national drug policy for schools**. Building on earlier advocacy for RISE, the NDC will continue to promote the formal integration of evidence-based drug prevention education into the curriculum for all public and private schools.

This work aims to move beyond reliance on informal school engagement toward a consistent, equitable, and system-wide approach that embeds prevention, early intervention, and student well-being into the education framework. Emphasis will be placed on aligning school policies with restorative approaches, including implementing the Alternative-to-Suspension (ATS) model, to reduce reliance on punitive disciplinary responses.

2. Operationalising the National Continuum of Prevention Framework

Following its development in 2025, the NDC will prioritise the operationalisation of the **National Continuum of Prevention Framework** in 2026. Grounded in public-health principles and the Socio-Ecological Model, this framework provides a coordinated approach to universal, selective, and indicated prevention across the lifespan.

Implementation efforts will focus on aligning programmes, training, and campaigns across government and community partners to ensure prevention efforts are developmentally appropriate, evidence-based, and mutually reinforcing. This represents a shift from isolated programme delivery toward a coherent national prevention system.

3. Advocacy for Mandatory Responsible Beverage Service (RBS) Training

In 2026, the NDC will intensify advocacy for **mandatory Responsible Beverage Service (RBS)** training across the alcohol service industry. While

voluntary Responsible Beverage Service Training (RBS) has demonstrated value, the absence of a mandatory training requirement under the Liquor Licensing framework limits consistent compliance and harm-reduction impact. Mandatory RBS training would align the Cayman Islands with international best practice, support frontline staff, strengthen regulatory enforcement, and reduce alcohol-related harm in the community. This priority directly supports earlier calls for reform of the Liquor Licensing Act and broader alcohol-related policy frameworks.

4. Expanding and Integrating Research to Inform Policy and Practice

Research will continue to underpin all NDC activity in 2026. Building on CISDUS, CISDUS Guardian, post-secondary research initiatives, and the HM Cayman Islands Prison Service Survey (HMCIPSS), the NDC will focus on strengthening data integration, analysis, and dissemination to support policy development and programme refinement.

Particular emphasis will be placed on:

- ◆ Translating research findings into practical tools for schools, parents, and service providers;
- ◆ Strengthening monitoring and evaluation across prevention initiatives; and
- ◆ Using data to inform upstream interventions that address early initiation, mental health, and social risk factors.

5. Advancing Legislative and Policy Reform

Consistent with priorities identified in 2023 and reinforced in 2024, the NDC will continue to advocate for legislative and policy reform to ensure national frameworks remain responsive to emerging substance-use trends. Priority areas include:

- ◆ Review and modernisation of the National Drug Council Act to support the organisation's evolving mandate;
- ◆ Strengthening tobacco and nicotine regulation to address electronic nicotine delivery systems;

- ◆ Reform of alcohol-related legislation, including advertising and service requirements; and
- ◆ Ongoing engagement on drug control legislation to reflect contemporary public-health evidence.

6. Strengthening Partnerships, Quality Assurance, and Accountability

In 2026, the NDC will continue to strengthen cross-sector partnerships with Ministries, schools, law-enforcement agencies, community organisations, and service providers. Evaluation and quality-assurance activities, including reviews of prevention and rehabilitation programmes, will remain a priority to ensure alignment with evidence-based practice and national objectives.

Conclusion

The priorities for 2026 reflect the natural progression from milestone reflection and advocacy toward **implementation, institutionalisation, and sustainability**. Guided by research, strengthened by partnerships, and supported through legislative reform, the NDC will continue to advance a coordinated, evidence-informed national response to substance use and its associated harms across the Cayman Islands.



Financial Statements

National Drug Council
Audited Financial Statements
Year ended 31 December 2025

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National Drug Council
STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Drug Council in accordance with the provisions of Section 22(1) of the *National Drug Council Act (2010 Revision)* and of the *Public Management and Finance Act (2020 Revision)*. The financial statements comply with generally accepted accounting practices as defined in International Public Sector Accounting Standards and International Accounting Standards.

We accept responsibility for the accuracy and integrity of the information in these financial statements and their compliance with the *National Drug Council Act (2010 Revision)* and the *Public Management and Finance Act (2020 Revision)*.

As Chairperson and Director, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by Acts and properly record the financial transactions of the National Drug Council.

As Chairperson and Director, we are responsible for the preparation of the National Drug Council financial statements and the judgments made therein.

The financial statements fairly present the statement of financial position as at 31 December 2025, statement of financial performance, statement of changes in equity, and statement of cash flows of the National Drug Council for the year ended 31 December 2025.

To the best of our knowledge, we represent that these financial statements:

- a) completely and reliably reflect the financial transactions of the National Drug Council for the year ended 31 December 2025;
- b) fairly reflect the financial position as at 31 December 2025 and performance for the year ended 31 December 2025;
- c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General has been granted access to all information necessary to conduct an audit in accordance with the International Standards on Auditing.


Mrs. Mallory Warnock
Chairperson


Mrs. Brenda Watson
Director

Date: 21 April, 2026

Date: 21 April, 2026

AUDITOR GENERAL'S REPORT

To the Board of Directors of the National Drug Council

Opinion

I have audited the financial statements of the National Drug Council (the "Council"), which comprise the statement of financial position as at 31 December 2025 and the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 25.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Council as at 31 December 2025 and its financial performance and its cash flows for the year ended 31 December 2025 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Council in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements in accordance with International Public Sector Accounting Standards and for such internal control as management determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Council's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my 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 these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, 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 my 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates 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 Council's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I 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 I identify during my audit.

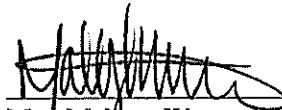


Patrick O. Smith CPA, CFE
Auditor General

21 April 2026
Cayman Islands

National Drug Council
STATEMENT OF FINANCIAL POSITION
As at 31 December 2025
(Stated in Cayman Islands Dollars)

ASSETS	Notes	2025	2024
Current Assets		\$	\$
Cash and cash equivalents	2	658,652	722,461
Accounts receivable and prepaid expenses	4	338,922	195,216
Total Current Assets		<u>997,574</u>	<u>917,677</u>
Non-Current Assets			
Security deposit		7,000	5,500
Fixed assets	3(a)	6,529	5,209
Right of Use Asset	3(b)	320,407	-
Total Non-Current Assets		<u>333,936</u>	<u>10,709</u>
Total Assets		<u>1,331,509</u>	<u>928,387</u>
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable	13	43,095	38,066
Accrued audit fees	15	28,500	15,233
Current Portion of Lease Liability	3(b)	68,784	-
Funds due to Government	6	30,576	30,576
Accrued payroll liabilities	5	18,516	11,794
Total Current Liabilities		<u>189,472</u>	<u>95,669</u>
Non-Current Liabilities			
Lease Liability	3(b)	255,446	-
Total Non-Current Liabilities		<u>255,446</u>	<u>-</u>
Total Liabilities		<u>444,918</u>	<u>95,669</u>
EQUITY			
Accumulated surplus		886,591	832,718
Total Liabilities and Equity		<u>1,331,509</u>	<u>928,387</u>


Mrs. Malptry Warnock
Chairperson

Date: 21 April, 2026


Mrs. Brenda Watson
Director

Date: 21 April, 2026

The accompanying notes on pages 8-25 form an integral part of these financial statements.

National Drug Council
STATEMENT OF FINANCIAL PERFORMANCE
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Notes	2025	2024
Revenues		\$	\$
Outputs to Government	6	862,441	862,441
Other income	7	51,092	33,713
Total revenues		<u>913,533</u>	<u>896,154</u>
Expenses			
Personnel emoluments	8	573,758	536,742
Rent	9	22,000	66,000
Audit and accounting fees	11	75,378	60,392
Utilities	12	15,141	16,187
Surveys and other public information projects		1,988	4,566
Supplies and materials		4,906	4,117
Traveling and subsistence		4,391	2,378
Grants and contributions – special events	14	32,815	19,681
Operating maintenance	10	23,583	23,786
Youth development		169	1,614
Prevention, surveys, monitoring and evaluation		23,217	23,019
Computer services		11,013	9,415
Advertising and promotion		7,749	10,152
Interest on lease		10,530	-
Depreciation on fixed assets	3(a)	3,729	3,543
Depreciation on Right-of-Use Assets	3(b)	49,293	-
Total expenses		<u>859,660</u>	<u>781,592</u>
Surplus for the year		<u>53,873</u>	<u>114,562</u>

The accompanying notes on pages 8-25 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Note	Accumulated Surplus \$	Total Equity \$
Balance as at 1 January 2024		718,156	718,156
Surplus for the year		114,562	114,562
Balance as at 31 December 2024		<u>832,718</u>	<u>832,718</u>
Surplus for the year		53,873	53,873
Balance as at 31 December 2025		<u>886,591</u>	<u>886,591</u>

The accompanying notes on pages 8-25 form an integral part of these financial statements.

National Drug Council
STATEMENT OF CASH FLOWS
For the year ended 31 December 2025
(Stated in Cayman Islands Dollars)

	Notes	2025	2024
Operating Activities		\$	\$
Surplus retained for the year		53,873	114,562
Adjustment for non-cash transactions:			
Depreciation Expense	3(a&b)	53,022	3,543
		<u>106,895</u>	<u>118,106</u>
Adjustments to reconcile net surplus from operations to net cash provided by operating activities:			
Decrease/(increase) in accounts receivable and prepaid expenses		(143,706)	(30,358)
Decrease/(increase) in Security Deposit		(1,500)	-
Increase/(decrease) in accounts payable		5,029	13,014
Increase/(decrease) in accrued payroll liabilities		6,723	(1,744)
Increase/(decrease) in donor-restricted funds		-	(2,000)
Increase/(decrease) in funds due to Government		-	30,576
Increase/(decrease) in lease liability		324,230	-
Increase/(decrease) in accrued audit fees		13,268	(5,080)
Net cash provided by operating activities		<u>310,939</u>	<u>122,514</u>
Investing Activities			
Purchase of fixed assets	3(a)	(5,048)	-
Lease liability payment	3(b)	(369,701)	-
Net cash used in investing activities		<u>(374,749)</u>	<u>-</u>
Net change in cash and cash equivalents		(63,810)	122,514
Cash and cash equivalents, beginning of year		<u>722,461</u>	<u>599,948</u>
Cash and cash equivalents, end of year		<u>658,652</u>	<u>722,461</u>

The accompanying notes on pages 8-25 form an integral part of these financial statements.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2025

1. Organization

The National Drug Council (the “NDC” or “Council”) became a Statutory Authority in the Cayman Islands with the passage of the National Drug Council Act, 1997, and began operations on 1 January 1998. Its functions are diverse and include primary responsibility for the development, implementation, and delivery of substance abuse prevention activities; the design and administration of surveys and research initiatives related to substance abuse and misuse in our communities; and the facilitation of monitoring and evaluation activities throughout programmes.

The NDC continuously monitors situations relating to substance misuse and abuse in the Cayman Islands, with the aim of formulating drug prevention, treatment, and rehabilitation policies and programmes. This monitoring is conducted through ongoing research and the maintenance of stakeholder data.

The NDC operated under the Ministry of Youth, Sports, Culture and Heritage for the first six months of the 2025 fiscal year, and under the Ministry of Health, Environment & Sustainability for the latter half of the year. The Council met its relevant obligations under the Purchase and Ownership Agreements for 2025. As at 31 December 2025, the NDC had six (6) full-time employees (2024: 5 employees).

2. Significant accounting policies

a) Statement of Compliance

In conformity with the Public Management & Finance Act (2020 Revision), the financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Financial Reporting Standards applicable to the public sector have been used.

b) Basis of Preparation

The measurement base applied is historical cost. There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will have a significant impact on these financial statements other than enhanced disclosures.

These financial statements have been prepared on a going concern basis, and the accounting policies set out below have been applied consistently to all years presented. The financial statements are presented in Cayman Islands dollars, which is the functional currency of the NDC.

New and revised accounting standards were issued that became effective for the financial year beginning 1 January 2025

IPSAS 43, Leases, was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 outline the principles for the recognition, measurement, presentation, and disclosure of leases. The NDC adopted IPSAS 43 and has accounted for the five-year lease of its office premises under the relevant principles.

IPSAS 44, Non-Current Assets Held for Sale and Discontinued Operations was issued in May 2022 with an effective date of January 1st, 2025. IPSAS 44 had no impact on the Council's financial statements.

IPSAS 45, Property, Plant and Equipment was issued in May 2023 with an effective date of 1 January 2025, and replaces IPSAS 17. It clarifies the recognition and measurement of infrastructure and heritage assets that are Property, Plant, and Equipment. IPSAS 45 did not impact the Council's financial statements.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

2. Significant accounting policies ... cont'd

IPSAS 46, Measurement (issued in May 2023 and effective for periods beginning on or after 1 January 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. IPSAS 46 had no material impact on the Council's financial statements.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2025 have not been early adopted by the Council

IPSAS 47, Revenue (issued in May 2023 and effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The impact of this standard on the Council's financial statements will be assessed more fully later in 2026.

IPSAS 48, Transfer Expenses (issued in May 2023 and effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses and presents two accounting models based on the existence of a binding arrangement. IPSAS 48 will not affect the Council's financial statements, but this will be assessed in greater detail later in 2026.

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after January 1, 2026) provides a principle-based approach to accounting for retirement benefit plans offering a complete view of their financial activities, assets, and obligations and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. IPSAS 49 is not expected to affect the Council's financial statements.

IPSAS 50, Exploration for and Evaluation of Mineral Resources, was issued in November 2024 and will be effective for periods after 1st January 2027. It provides guidance on accounting for exploration and evaluation expenditures, including the recognition of exploration and evaluation assets. This standard is not expected to impact the NDC's financial statements.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

c) Use of Estimates

The preparation of financial statements in accordance with IPSAS requires management to make judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on experience and various other factors that are considered reasonable under the circumstances. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Credit Risk

- d) Credit risk is the risk that the counterparty to a transaction with the Council will fail to discharge its obligations, resulting in the Council incurring a financial loss. Financial assets that may expose the Council to credit risk include Cash, short-term investments, trade receivables, and other receivables.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

2. Significant accounting policies cont'd

d) *Credit Risk (cont'd)*

The Council manages its Credit risk by transacting only with creditworthy counterparties. Generally, the Council does not require collateral. Ongoing credit risk is managed through aging analysis. Maximum exposures to credit risk as at year-end are the carrying value of financial assets in the statement of financial position.

ECLs are calculated on a lifetime basis for Trade Receivables. The credit risk on cash and cash equivalents and short-term investments is limited. The Council's main bank is Bank of Butterfield (BoB) which is a Class A local bank regulated by the Cayman Islands Monetary Authority.

e) *Cash and cash equivalents*

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

Although cash and cash equivalents at 31 December 2025 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

f) *Fixed Assets*

Fixed assets are stated at historical cost less accumulated depreciation. Certain assets are donated and are recognised at their fair value at the time of receipt. Depreciation is calculated on a straight-line basis at the rates stipulated below over the estimated useful lives of the purchased or donated assets as follows:

	Purchased Assets Useful Lives
Office equipment	3 years
Office furniture	6 years
Computer equipment	3 years
Computer software	3 years
Leasehold improvement	3 years

Disposals

Gains and losses on disposal of fixed assets are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

Impairment

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the year-end. Assets subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

2. Significant accounting policies cont'd

g) *Deferred grant funds and income*

Donation and grant income received for specific projects are initially recorded as a liability (per IPSAS 23), called donor-restricted funds. Subsequently, the related amounts are credited to income in the years in which corresponding expenses on such projects are incurred.

h) *Outputs to Government*

The Cayman Islands Government (the "Government") has agreed to purchase certain outputs from the NDC. These outputs include public education and information campaigns, research and statistics, policy advice, and Act reform. Output revenue is recognized as income when earned based on the delivery of these outputs at the fixed agreed rates in the purchase agreement. As the NDC has no other significant source of funding for its operational expenses, its ability to continue as a going concern is contingent on this continued support from the Government.

i) *Donations (Non-exchange)*

The Council receives various funds from local entities. The Council designated these non-exchange transactions as donations defined under IPSAS 23 – Revenue from Non-Exchange Transactions.

j) *Financial Instruments*

Financial assets and financial liabilities are recognised in the Council's Statement of Financial Position when the Council becomes a party to the contractual provisions of the instrument.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments under conditions that are potentially favourable with another entity. Financial assets comprise of cash, cash equivalents, security deposit, and accounts receivable.

A financial liability is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under potentially unfavourable conditions. Financial liabilities comprise accounts payable, accrued audit and accounting fees, and accrued payroll liabilities.

Recognition

The Council recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

Measurement

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

2. Significant accounting policies cont'd

j) *Financial Instruments (cont'd)*

This classification is based on the business model for managing financial instruments, and whether the payments are solely payments of principal or interest on the principal amount outstanding. The Council assessed the business model for holding financial assets at the date of initial application. It determined that these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost. Cash and cash equivalents, short-term investments, trade receivables, and payables are recorded at amortized cost using the effective interest method, less any impairment.

De-recognition

A financial asset is derecognized when the NDC realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

k) *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 statement of financial position date. Financial gains and losses arising on translation are included in the statement of financial performance.

l) *Budget amounts*

The original budget amounts for the financial year are as presented in the 2024-25 Ownership Agreement and approved by the Parliament on 15 December 2023. Where the budget is presented in a format different from the financial statements, a statement of comparison of budget and actual amounts is included in the financial statements; see note 19. There were no changes to the Council's originally approved 2024-2025 budget.

The appropriations and the 2024-2025 Ownership Agreement cover the two financial years commencing 1 January 2024 to 31 December 2025. During the two-year period, funds can be transferred between the financial years. Unused appropriations from the 2024 budget can be carried over to 2025 to increase budgeted amounts. The 2024-2025 appropriations lapsed on 31 December 2025. Any surplus at the end of the budget year is repayable to Parliament unless exempted by Government policy prescribed by the Ministry of Finance.

m) *Expenses*

Expenses are recognised in the accounting year in which they are incurred.

n) *Operating leases*

Operating lease payments net of lease incentives received are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease incentives received are recognised evenly over the lease term as a reduction in rental expense.

o) *Trade Receivables*

Trade receivables are amounts due from customers for items sold or services performed in the ordinary course of business. Trade receivables and other receivables comprise balances due from other Government entities, including Output Receivables and balances due from third parties.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

2. Significant accounting policies cont'd

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses.

In measuring ECLs for third-party receivables, the estimated loss allowance for individually significant or other specific trade and other receivable balances are determined on an individual basis. Thereafter, the remaining third-party trade receivables have been assessed on a collective basis as they possess shared credit risk characteristics.

The Council performed a specific ECL assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining related party receivables held by the Council, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating and absence of historical losses on amounts due.

The Council considers related party receivables to be recoverable; however, a full provision for ECL is applied to receivables over 90 days past due because experience has indicated that these receivables are generally not recoverable.

p) Prepayments

The portion of expenditures paid in advance of receiving services has been recognised as a prepayment.

q) Employee Benefits

Employees are entitled to salaries and wages, annual leave, time in lieu, and other similar benefits which are recognised in the Statement of Financial Performance when they are earned by employees.

Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for Council employees are paid to an agreed Pension Fund provider. The Council makes 5% contributions on behalf of the employees to the designated fund, and employees contribute 5% from their salaries to the funds as well.

The Council pays for its employees' health insurance coverage. Employees do not contribute to their health coverage except for any dependents covered under the plan.

r) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported when the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligation that may require an outflow of resources, and the possibility of an outflow is not considered remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

3. (a) Fixed Assets

	Office Equipment	Office Furniture	Computer Equipment	Computer Software	Lease Improvements	Total
	\$	\$	\$	\$	\$	\$
Balance at 31 Dec 2023	48,836	43,493	49,098	19,139	26,440	187,007
Additions during year	48,836	43,493	49,098	19,139	26,440	187,007
Balance at 31 Dec 2024	2,353	-	2,696	-	-	5,049
Additions during year	51,189	43,493	51,794	19,139	26,440	192,055
Balance at 31 Dec 2025						
Accumulated depreciation:						
Balance at 31 Dec 2023	44,238	39,443	48,994	19,139	26,440	178,254
Depreciation for year	2,122	1,317	104	-	-	3,543
Balance at 31 Dec 2024	46,360	40,760	49,098	19,139	26,440	181,798
Depreciation for year	2,188	1,317	225	-	-	3,729
Balance at 31 Dec 2025	48,548	42,076	49,323	19,139	26,440	185,527
NBV at 31 Dec 2024	2,476	2,733	-	-	-	5,209
NBV at 31 Dec 2025	2,641	1,417	2,471	-	-	6,529

3 (b) Right of Use Assets

The entity leases office premises under a five-year non-cancellable lease commencing 30 April 2025. Lease payments are \$7,000 per month, payable in advance. The lease does not contain purchase options, variable lease payments, residual value guarantees, or significant extension or termination options. The lease was measured using the entity's incremental borrowing rate of 5.32% per annum.

Right-of-Use Asset

31 December 2025

Cost	369,700
Accumulated depreciation	(49,293)
Carrying amount	320,407

Lease Liability

**For the year ended
31 December 2025**

Balance as at 1 January	369,700
Interest	10,530
Payments	(56,000)
Balance as at 31 December	324,230

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

3(b) Right of Use Assets

Maturity analysis of lease liabilities:

Year	Amount
Within 1 year	68,784
1–5 years	255,446

Interest expense recognised during the period amounted to \$10,530. Depreciation expense on right-of-use assets amounted to \$53,022.

4. Accounts receivable & prepaid expenses

	2025	2024
	\$	\$
Cabinet Funds receivable	289,659	158,531
Donation receivable	30,580	24,580
Prepaid expenses	18,683	11,825
Interest receivable	-	280
	<u>338,922</u>	<u>195,216</u>

Cabinet Funds receivable are for Outputs supplied to the Ministry for which funds had not been received at 31 December 2025.

Cabinet Funds and Donation Receivable Maturity Profile	2025	2024
	\$	\$
Current	-	-
1-30 days	193,444	12,290
Past due 31-60 days	30,580	79,746
Past due 61-90 days	-	91,074
Past due 90 days and above	96,215	1
	<u>320,239</u>	<u>183,111</u>

5. Accrued payroll liabilities

	2025	2024
	\$	\$
Accrued vacation	9,185	4,590
Accrued other payroll liabilities	8,534	7,146
Accrued pension	797	58
	<u>18,517</u>	<u>11,794</u>

6. Outputs to Government

	2025	2024
	\$	\$
Outputs to Government	<u>862,441</u>	<u>862,441</u>
	<u>862,441</u>	<u>862,441</u>

NDC's Outputs are supplied to the Ministry of Health, Environment & Sustainability during the normal course of business. The Outputs cover all expected expenses for the year and are based on projected activity and time spent on the Council's efforts. It includes the office, programme supplies, and human resource costs.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

6. Outputs to Government (cont'd)

In 2025, the NDC received \$30,576 for additional Outputs it produced in 2023. However, the NDC is limited by the Appropriation Act in terms of the value of Outputs it can sell to Cabinet during the 2023 financial year. The additional payment received was therefore held as unearned revenue and is repayable to the Government. This amount remains outstanding at 31 December 2025 (2024: outstanding).

7. Other income

	2025	2024
	\$	\$
Donations	39,580	28,075
Interest Income	10,752	5,268
Boardroom rental	740	80
Fundraising	20	290
	51,092	33,713

8. Personnel emoluments

	2025	2024
	\$	\$
Salaries & wages	452,452	428,209
Medical insurance	87,152	84,041
Pension	21,175	19,386
Motor car allowance	5,599	6,925
Movement in annual leave provision	4,595	(2,370)
Staff Uniforms	600	788
Movement in accrued time-in-lieu	2,185	(237)
	573,758	536,742

Staff may perform duties beyond their normal working hours during the ordinary course of business. Employees who accumulate any such time can recover it in the subsequent year when they are not busy. The NDC policy allows a maximum of 37.5 hours (5 days) to be carried over to the following year. These must be used within the first quarter of the following year if it is suitable for the NDC, or they will be written off. The movement in the 2025 accrued time-in-lieu (TOIL) reflects the hours brought forward from 2024, less TOIL used during the period, plus TOIL earned during the year.

9. Rent

On 15 April 2025, the NDC signed a new five-year agreement with International Logistics and Consulting LLC (c/o Meri Tarlova) for the premises at Caymanian Village. The agreement specifies a rental rate of \$7,000 per month for each of the five years, covering the period from 30 April 2025 to 30 April 2030.

Rental expenses recognised in 2025 amounted to \$22,000 (2024: \$66,000), representing operating expenses incurred prior to the inception of the April 2025 lease. The Council adopted IPSAS 43 – Leases in 2025. The new lease was accounted for under that standard; therefore, \$53,022 was recognized as depreciation on Right-of-use Assets, and \$10,530 was recognised as interest on lease (see Note 3b) .

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

10. Operating maintenance

The Council incurs various operating costs in its ordinary course of business. These include indirect expenses that support the work of the Council in delivering its programme activities. For 2025, these costs included:

	2025	2024
	\$	\$
Software subscription	7,342	7,635
Staff Appreciation	3,533	390
Website maintenance	3,094	2,882
Other expenses	2,832	6,135
Janitorial services	2,610	1,938
Government Insurance	1,422	2,282
Bank charges	1,014	1,041
Shipping/freight	940	632
Security services	796	850
	<u>23,583</u>	<u>23,786</u>

11. Audit & Accounting fees

The statutory audit for 2025 is \$37,000 as specified by the Office of the Auditor General (2024: 35,400). The Council currently outsources its accounting and financial management functions. Fees paid for this service amounted to \$38,378 (2024: 24,992).

12. Utilities

	2025	2024
	\$	\$
Electricity	7,014	7,540
Telephone	7,754	8,095
Water	373	552
	<u>15,141</u>	<u>16,187</u>

13. Accounts Payable

The Council receives goods and services on credit during the normal course of business. All vendor accounts are satisfactorily serviced within the vendor's credit period. The material outstanding vendor balances at the close of the financial year were some \$20,000 relating to the rental of buses to safely transport persons on New Year's Eve as part of the arrive alive campaign, \$8,435 for promotional materials supplied, \$7,037 for the statutory audit, \$5,200 for the production of a documentary, and \$2,423 spread across 11 vendors for the provision of various goods and services.

Current	1-30	31-60	61-90	>90	Total
36,899	6,112	84	0	0	43,095

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

14. Grants & Contributions – Special events

A portion of the funding received from public contributions through donations was used to support the following special events:

	2025	2024
	\$	\$
Arrive Alive 345 Campaign	32,815	19,281
Volunteer stipend	-	400
	<u>32,815</u>	<u>19,681</u>

15. Accrued audit fees

The Council's statutory annual audit is normally completed between March and April each year; however, the audit's costs are recognized and accrued in the financial year under review. As at 31 December 2025, \$28,500 was unbilled and accrued as audit fees relating to fiscal year 2025 (2024: \$15,233). A portion of the contracted fee of \$37,000 (see Note 11) had been paid before 31 December 2025, or billed but unpaid as of 31 December 2025.

16. Related parties

The NDC is a statutory body of the Cayman Islands Government. The Council is economically dependent on the Government for the purchase of its services under a Purchase Agreement with the Ministry of Health, Environment & Sustainability. For the year ended 31 December 2025, the Council billed the Government \$862,441 for services sold (2024: \$862,441). Of the billed amount, \$289,659 remained outstanding as at 31 December 2025 (2024: \$158,531). This amount is included in Accounts Receivable and Prepaid Expenses in the Statement of Financial Position. The NDC also held \$30,576 at the financial year end as funds overpaid by the Government for 2023 Output services. This amount is shown as Funds due to Government in the Statement of Financial Position.

The Auditor General is statutorily responsible for auditing the National Drug Council's financial statements. The fee for 2025 was \$37,000 (2024:\$35,400).

Key Management Personnel

The pension and health insurance benefits provided to key management personnel are the same as those provided to all employees. Total remuneration and other benefits for key management personnel amounted to \$146,054 (2024: \$137,524), including salary, allowances, pension, honorarium, a payout for accrued leave correction, and health insurance.

Governing Council members

The NDC governing council currently has 11 members. No stipend is paid to members (2024: Nil).

Dividend Payments

Pursuant to Section 16 of the Public Management and Finance Act (2020 Revision), Section 39(3) of the Public Authorities Act (2020 Revision), and section 19 of the Policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies, taken together, the NDC is exempt from delivering dividend payments as the NDC met the prescribed criteria set out in section 19 (a) of Policy 1 of 2019 (The operations of the Council are not self-sustainable as it relies on Government subsidies and charitable donations).

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

17. Financial instrument risks

The Council is exposed to various financial risks, including credit risk, exchange rate risk, and liquidity risk. The Council's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up-to-date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2024 Revision).

Credit risks

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Council. Financial assets, which potentially expose the Council to credit risk, comprise cash and cash equivalents and receivables.

The Council is exposed to potential loss if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands, which management considers to be financially secure and well-managed.

The Council is also exposed to a significant concentration of credit risk in relation to receivables transactions, most of which was due from the Cayman Islands Government. No credit limits have been established. As at 31 December 2025, no provision for doubtful debts (2024: Nil) has been made on these receivables, as management considers them recoverable in full.

The carrying amount of financial assets recorded in the financial statements represents the Council's maximum exposure to credit risk. Debtors are not required to provide collateral.

Exchange rate risk

The Council does not have significant exposure to currency exchange rate risk as the Cayman Islands dollar is pegged to the United States Dollar.

Liquidity risk

Liquidity risk is the risk that the Council is unable to meet its payment obligations associated with its financial liabilities when they are due.

The Council maintains sufficient cash balances in bank accounts, enabling the entity to meet its payment obligations as they become due.

18. Suspected Fraud

During the year 2011/12, management became aware of suspicious activity relating to its cash balances. Specifically, approximately CI\$5,500 was misappropriated from its bank accounts. A further unquantified amount was misappropriated through fraudulent time booking, leading to wage overpayment to a former employee. The matter is under investigation and management awaits its conclusion. During the year ended 31 December 2025 the Council has not been provided with an update on the matter. This matter has now become statute-barred and will no longer be disclosed in the Financial Statements after 2025.

National Drug Council
Notes to the Financial Statements (continued)
For the year ended 31 December 2025

19. Statement of comparison of budget and actual amounts

For the year ended 31 December 2025

	Variance Notes	2025 Actual	2025 Budget	Variance
Revenues		\$	\$	\$
Outputs to Government		862,441	862,441	-
Other Income	a	51,092	30,000	21,092
Total revenues		<u>913,533</u>	<u>892,441</u>	<u>21,092</u>
Expenses				
Personnel emoluments	b	573,758	631,227	(57,469)
Rent	w	22,000	66,000	(44,000)
Prevention, surveys, monitoring, and evaluation	c	23,217	24,700	(1,483)
Travelling and subsistence	d	4,391	8,190	(3,799)
Audit and accounting fees	e	75,378	64,802	10,576
Utilities	f	15,141	17,600	(2,459)
Computer services	g	11,013	8,976	2,037
Operating maintenance	h	23,583	25,523	(1,940)
Youth development	i	169	1,731	(1,562)
Advertising & promotion	j	7,749	10,893	(3,145)
Interest on Lease	w	10,530	-	10,530
Surveys and other public information projects	v	1,988	4,899	(2,911)
Depreciation	k	53,022	2,364	50,658
Supplies & materials	l	4,906	4,418	489
Grants & contributions – special events	m	32,815	21,118	11,697
Total expenses		<u>859,660</u>	<u>892,441</u>	<u>(32,781)</u>
Net surplus/(deficit) for the year	n	<u>53,873</u>	<u>-</u>	<u>53,873</u>

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

19. Statement of comparison of budget and actual amounts cont'd

Assets	Notes	2025 Actual	2025 Budget	Variance
Current Assets		\$	\$	\$
Cash and Cash equivalents	o	658,652	506,340	152,312
Accounts Receivable	p	320,239	232,880	87,359
Prepaid Expenses	p	18,683	11,667	7,016
Total Current Assets		<u>997,574</u>	<u>750,887</u>	<u>246,687</u>
Non-Current Assets				
Security deposit		7,000	-	7,000
Fixed assets	q	6,529	3,659	2,870
Right of Use Asset	q	320,407	-	320,407
Total Non-Current Assets		<u>333,936</u>	<u>3,659</u>	<u>330,277</u>
Total Assets		<u>1,331,509</u>	<u>754,546</u>	<u>576,963</u>
Liabilities and Equity				
Current Liabilities				
Accounts Payable	r	43,095	30,000	13,095
Accrued audit fees	s	28,500	-	28,500
Current Portion of Lease Liability	w	68,784	-	68,784
Funds due to Government	u	30,576	-	30,576
Accrued payroll liabilities	t	18,516	20,050	(1,534)
Other Current Liabilities		-	-	-
Total Current Liabilities		<u>189,472</u>	<u>50,050</u>	<u>139,422</u>
Non-Current Liabilities				
Lease Liability	w	255,446	-	255,446
Total Non-Current Liabilities		<u>255,446</u>	<u>-</u>	<u>255,446</u>
Total Liabilities		<u>444,918</u>	<u>50,050</u>	<u>394,868</u>
Equity				
Accumulated surplus		886,591	704,496	182,095
Total Liabilities and Equity		<u>1,331,509</u>	<u>754,546</u>	<u>576,963</u>

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

19. Statement of comparison of budget and actual amounts cont'd

Statement of Cash Flows	2025 Actual	2025 Budget	Variance
	\$	\$	\$
Net cash (used in)/provided by operations	310,939	-	310,939
Investing activity			
Purchase of fixed assets	(5,048)	-	(5,048)
Lease liability payments	(369,701)		(369,701)
Net cash (used in) investing activities	(374,749)	-	(374,749)
Net change in cash and cash equivalents:			
Cash and cash equivalents, beginning of year	722,461	506,340	216,121
Net Change in Cash and cash equivalents	(63,810)	-	(63,810)
Cash and cash equivalents, end of year	658,652	506,340	155,312

- a. Other Income (over by \$21,092): Donations are budgeted on a contingency basis, and actual amounts could vary in any given year. The Council raised \$15,000 in donations from two Government entities in 2025 to support the 25th #Arrive Alive345 campaign. Additionally, the Council received \$10,752 in interest revenue from the placement of its reserve funds on fixed deposit with a local class A bank.
- b. Personnel emoluments (under by \$57,469): The 2025 budget was prepared with the expectation of eight (8) employees in post during the year. However, due to changes in the staffing levels during the previous financial year, the Council had six (6) full-time employees at the close of 2025. This resulted in lower-than-budgeted personnel costs for salaries, pensions, motor vehicle maintenance, and health insurance payments. These savings were partially offset by a Cabinet-approved \$500 honorarium per staff member, payable to each employee.
- c. Prevention, surveys, monitoring and evaluation, and other public information projects (under by \$1,483): Most of the variance represents the use of technology as a more efficient way of delivering this programme. Shifting certain processes online required fewer resources to facilitate the administration, final analysis, and reporting.
- d. Travelling and Subsistence (under by \$3,799): The budgeted travel mainly relates to overseas training for NDC staff, Youth to Youth leaders, and participants. This was not executed as planned; however, the Council expects increased travel in 2026 as budgeted staff levels are reached and there is more opportunity for staff to undertake training while keeping key positions covered.
- e. Audit and Accounting Fees (over by \$10,576): The Council expanded its outsourced accounting services in 2024. The Programme Manager previously handled the NDC's accounting with the assistance of an external accountant. The Programme Manager was promoted to the Director position and can no longer carry out those duties. This created an increased need for external accounting support.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

19. Statement of comparison of budget and actual amounts cont'd

- f. Utilities (under by \$2,459): Electricity is a significant part of the utilities expense category. The cost of electricity is difficult to predict because it is affected by temperature, oil prices, and other factors. Management also supports conservation efforts by ensuring the office temperature is maintained at an appropriate level and that water consumption is kept to a minimum.
- g. Computer Services (over by \$2,037): The variance stems from an increase in the number of staff and an IT audit carried out in December 2025.
- h. Operating Maintenance (under by \$1,940): The Council had a relatively positive year in the area of maintenance costs, with fewer requests for services than originally anticipated.
- i. Youth Development (under by \$1,562): A significant portion of this programme was delivered by in-house staff and not captured as a separate general ledger item. The variance relates to lower-than-expected external costs incurred during the year.
- j. Advertising & Promotion (under by \$3,145): The costs in this area relate to print media for educational and informational space acquired in the Cayman Parent Magazine and costs associated with banners and displays at the Alex Panton symposium. It also included display adverts for recruitment. The latter activity was lower than the original budget.
- k. Depreciation (over by \$50,658): The Council adopted IPSAS 43 - Leases in 2025. Under this accounting standard, the Council recognised an asset (Right-of-use asset) for the contractual right to use its office premises during a five-year lease term. It subsequently recognises depreciation expense as that right expires over time. The budget assumed the traditional method of accounting, whereby the use of the premises would be recorded as rent expense.
- l. Supplies and materials (over by \$489): Variance is related to increased costs relating to cleaning and janitorial supplies.
- m. Grants and Contributions (over by \$11,697): Variance relates mainly to the 25th #Arrive Alive 345 Campaign, which includes the costs of the annual Designated Driver and Purple Ribbon Bus operations. This programme was expanded in 2025. Funds are received outside of budgeted government funding and are acquired specifically through private and corporate sector contributions based on the actual cost associated with the annual campaign and requisite prevention programming. This is one of the Council's largest initiatives to promote road safety.
- n. Surplus (over by \$53,873): the budget assumed a break-even position. Therefore, the surplus stems from the Council billing and recognizing its full appropriation for 2025, donation and fundraising income above expectations, and prudent financial management resulting in savings as described in the analysis above.
- o. Cash and Cash equivalents (over by \$152,312): The variance is related to lower-than-expected staffing levels, the settlement of a portion of the outstanding receivables, and higher-than-expected liabilities. These factors, coupled with expenditure savings, resulted in a better-than-expected closing cash position.
- p. Accounts Receivables and Prepaid Expenses (over by \$87,359): The variance results from a delay in the settlement of output billings following a change in Ministry assignment following the 2025 General Elections.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

19. Statement of comparison of budget and actual amounts cont'd

- q. Fixed Assets (over by \$323,277): The Council adopted IPSAS 43 - Leases in 2025. Under this accounting standard, the Council recognised an asset (Right-of-use asset) for the contractual right to use its office premises during a five-year lease. The budget did not anticipate implementing this standard.
- r. Accounts Payable (over by \$13,095): Some \$7,038 of the outstanding amount relates to the statutory audit (the payment of which is due in the 2026 financial year); \$20,000 related to the rental of buses to safely transport persons on New Year's Eve as part of the arrive alive campaign. The Council settles its vendor obligations in a timely manner and in accordance with the terms agreed upon.
- s. Accrued Audit Fees (over by \$28,500): This was budgeted in the Accounts Payable line for 2025.
- t. Accrued other payroll liabilities (under by \$1,534): The Council had a staff member join the organisation in the middle of 2025. Staff usually do not take leave during their probationary period. The overall lower-than-expected staffing complement also restricted the ability of staff to take all earned annual leave, while also contributing to an increase in the number of hours earned for time off in lieu (TOIL). Those factors had upward pressure on the leave accrual, however, the NDC's policy, which limits leave carried forward to 5 days reduced the value of the liability outstanding at the fiscal year-end.
- u. Funds due to Government (over by \$30,576), this was an overpayment by the Ministry on the 2023 Output funding. This was not anticipated when the budget was prepared.
- v. Surveys and other public Information projects (under by \$2,911), this positive variance is consistent with the Council's continued leverage of modern technology in programme delivery.
- w. Interest on Lease (over by \$10,530), The Council adopted IPSAS 43 - Leases in 2025. Under this accounting standard, the Council recognised an asset (Right-of-use asset) for the contractual right to use its office premises during a five-year lease term and a lease liability. Interest expense on the lease is also recognized under this standard. The budget did not anticipate the implementation of IPSAS 43 when it was prepared.

20. Compliance with the Public Authorities Act, (2020 Revision)

The Council is required to comply with the Public Authorities Act, (2020 Revision, the "PAA"). Amongst other matters, Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to the core government unless otherwise directed by Cabinet, after written consultation with the Board. The NDC sought confirmation from the Accountant General regarding its exemption from this provision based on the current Government policy. The organization awaits a response.

Section 39 (3) of the PAA also requires that a public authority pay dividends in accordance with the formulae established by the Minister of Finance and Economic Development (the "Ministry") after written consultation with the Board, unless otherwise directed by Cabinet.

The Council will not be required to pay a dividend from its surplus as at 31 December 2025, as its operations are not self-sustaining. Going forward, the Council may be required to pay a dividend in accordance with the Government's policy for the payment of annual dividends unless the Council continues to satisfy the exemption criteria noted under the policy.

National Drug Council
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 December 2025

20. Compliance with the Public Authorities Act, (2020 Revision) cont'd

PAA 36: Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with the public authority's Board. There is no capital charge payable for 2025 (2024: Nil) because the rate for the 2024 and 2025 financial years was set at 0%. Going forward, the Council may be required to pay a capital charge under the PAA.

21. Subsequent Events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to XX April 2026, the date the financial statements were available for issuance.



Annual Report 2025



NATIONAL DRUG COUNCIL

REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2025 AUDIT

MAY 2026

***To help the public service
spend wisely***

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REPORT TO THOSE CHARGED WITH GOVERNANCE

INTRODUCTION

1. We have completed our audit of the 31 December 2025 financial statements of the National Drug Council (the “Council”). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Council in sufficient time to enable them to take appropriate action. The matters we are required to communicate under ISAs include:
 - Auditors’ responsibilities in relation to the audit
 - The overall scope and approach to the audit, including any expected limitations, or additional requirements
 - Relationships that may bear on our independence, and the integrity and objectivity of our staff
 - Expected modifications to the audit report
 - Significant findings from our audit.
2. This report sets out for the consideration of those charged with governance, those matters arising from the audit of the 2025 financial statements that we consider worthy of drawing to your attention.
3. This report has been prepared for the sole use of those charged with governance, and we accept no responsibility for its use by a third party. Under the *Freedom of Information Act (2021 Revision)*, it is the policy of the Office of the Auditor General to proactively release all final reports through our website: www.auditorgeneral.gov.ky.

AUDITOR’S RESPONSIBILITIES IN RELATION TO THE AUDIT

AUDITOR’S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING (ISAs)

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with

governance. Accordingly, the audit does not ordinarily identify all such matters, and this report includes only those matters of interest that came to our attention during the performance of our audit.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter dated 12 August 2025. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

6. While we have no responsibility to perform any audit work on other information, including forward-looking statements containing audited financial statements, we have read the other information contained in the Council's annual report and noted that it is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Council. We have not reviewed other documents containing the Council's audited financial statements.

CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff and the nature and scope of the audit were outlined in the engagement letter presented to the Director and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

8. We have issued an unmodified audit report on the 31 December 2025 financial statements.
9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. The audit did not result into any unadjusted misstatements.
10. As part of the completion of our audit, we obtained written representations from management on aspects of the accounts, judgments, and estimates made. These representations were provided to us on 21 April 2026.

SIGNIFICANT FINDINGS FROM THE AUDIT

SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Council's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.
12. Generally accepted accounting principles provide for the Council to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are, however, not aware of any new or controversial accounting practices reflected in the Council's financial statements.

MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. There were no matters which required management to make significant judgments or which required significant estimates.

GOING CONCERN DOUBTS

14. As a result of our audit, we did not become aware of any events and conditions that may cast significant doubt on the Council's ability to continue as a going concern.

INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

15. Significant internal control matters and findings are outlined in Appendix 2, along with management's response. In addition, certain deficiencies we did not deem significant were reported to management in a separate letter.

FRAUD OR ILLEGAL ACTS

16. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, under the oversight of those charged with governance, places a strong emphasis on fraud prevention and deterrence.

17. They are also responsible for establishing and maintaining controls pertaining to the Council's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. When exercising oversight responsibility, those charged with governance should consider the potential for management to override controls or exert other inappropriate influences over the financial reporting process.
18. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud.
19. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.
20. No fraud or illegal acts came to our attention as a result of the 2025 audit.

SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

21. No difficulties were encountered in the performance of our audit.

DISAGREEMENTS WITH MANAGEMENT

22. We have had no disagreements with management resulting from our audit.

ANY OTHER SIGNIFICANT MATTERS

23. There were no other significant matters noted during the audit.

ACKNOWLEDGEMENTS

24. We would like to express our thanks to the staff of the National Drug Council for their help and assistance during the audit of this year's financial statements. This enabled us to provide an audit report within the agreed timetable.

Yours sincerely,



Patrick O. Smith CPA, CFE
Auditor General

APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS

Number	Account description and adjustment details	Account Number	Debit	Credit	Identified by OAG/Client
1	Right of Use Asset			18,589.57	OAG
	Right of Use Asset – Acc Dep		2,474.64		
	Lease Liability – Current		6,028.54		
	Lease Liability		9,837.37		
	Depreciation Expense			2,474.64	
	Interest Expense		2,723.66		
2	Vacation leave		1,509.29		OAG
	Accrued Vacation			1,509.29	
3	Payroll Liabilities: TOIL		5,402.11		OAG
	TOIL (Time Off in Lieu)			5,402.11	
4	Unearned Revenue		30,576.34		Client
	Funds Due to Government			30,576.34	

APPENDIX 2 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
Non-compliance with Acts and Regulations					
1. The Board met less times in 2025 than the statutory minimum requirement Section 17(1)(a) of the Public Authorities Act (2020 Revision) (PAA) requires the Board of a public authority to meet at least once every three months. In 2025, the Council's Board met only once on 27 March 2025, which does not meet the PAA's minimum requirement.	<u>Risk/Implication</u> Non-compliance with the PAA. In addition, the Board cannot effectively perform its oversight role if it does not meet regularly. <u>Recommendation</u> The Board of Directors should meet at least quarterly as required by the PAA.	N	Y	The Council acknowledges the observation. During the 2025 audit period, Board member appointments naturally expired at 30 June 2025 and 31 December 2025 respectively, resulting in the Board not being quorate for a significant portion of the year. As Board appointments are administered through the responsible Ministry, the timing of appointments was outside of management's direct control. Notwithstanding this, management continued to	Completed – December 2025 (Board reconstitution) Ongoing – 2026 Board calendar in effect

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
				operate within its delegated authority to ensure continuity of operations, financial oversight, and delivery of the Council's mandate. Board appointments were regularised in December 2025, restoring quorum. Since reconstitution, Board meetings have resumed and a formal 2026 Board calendar has been established to support ongoing compliance with statutory requirements.	
Financial Management					
2. Deficiencies in calculating the budgeted figures	<u>Risks/Implication</u> Generating and accumulating surplus being inconsistent with	Y	Y	The Council acknowledges the observation and notes that the variance arose within the	Ongoing – Incorporated

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
The Council prepared its budget with the intention of recognising zero profit. As part of this process, the Council bills services based on the budgeted rate set out in the Purchase Agreement. However, our audit noted that the total amount recorded as revenue was \$1.08m, of which \$220k was recorded as a discount to cap their billings according to their appropriations amount of \$863k for 2025, which gave the reported profit of \$54k. The recurring variances between actual and billed revenue shows deficiencies in NDC's budgeting process.	the budget intent of breaking even (zero profit) Recommendation We recommend that the Council review and enhance its budgeting process to ensure it aligns more closely with its target of breaking even. Specifically, management should review the accuracy of its budgeting rate used in the Purchase Agreement to help improve financial planning, reduce the risk of misaligned revenue expectations, and support better decision-making regarding resource allocation.			context of the Purchase Agreement funding model, whereby services are costed using pre-determined rates and subsequently aligned to the approved appropriation. While the audit identified a reported surplus of \$54K, the Council notes that the 2025 budget remained substantially aligned to actual operations, with an approximate positive variance of 2% for revenue and 3.7% for expenditure. Given that budgets are prepared significantly in advance, some operational variances are expected due to factors such as staffing changes, programme adjustments, vendor pricing	into 2026/2027 budgeting cycle

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
				fluctuations, and operational efficiencies. Notwithstanding, management recognises the importance of continued refinement of the budgeting and rate-setting methodology to further strengthen alignment between projected outputs, appropriations, and actual expenditure. To support this, the Council will continue to enhance: • in-year financial monitoring and forecasting; • Purchase Agreement rate reviews; and	

Observation	Risk/Implication and Recommendation	Recurring issue (Y/N)	Observation accepted by Management (Y/N)	Management Response	Implementation Date
				coordination with the Ministry during budget preparation processes.	



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29 May 2026

Brenda Watson
Director
National Drug Council
P.O. Box 10007
Grand Cayman KY1-1001
Cayman Islands

Dear Ms. Watson,

Control deficiencies arising from the National Drug Council (the "Council") 2025 audit

In planning and performing our 2025 audit of the Council's financial statements, we obtained an understanding of internal control relevant to the audit. We did this to design appropriate audit procedures to provide assurance on the financial statements, but not to express an opinion on the effectiveness of the Council's internal control.

ISA 265, "*Communicating Deficiencies in Internal Control to Those Charged with Governance and Management*" includes the following definitions of a deficiency and a significant deficiency in internal control:

A deficiency in internal control exists when:

- i) A control is designed, implemented or operated in such a way that it is unable to prevent, or detect and correct, misstatements in the financial statements on a timely basis; or
- ii) A control necessary to prevent, or detect and correct, misstatements in the financial statements on a timely basis is missing.

A significant deficiency in internal control is a deficiency or combination of deficiencies in internal control that, in the practitioner's professional judgment, is of sufficient importance to merit the attention of those charged with governance. We identified some significant deficiencies in internal control during our audit. These have been reported separately to those charged with governance.



We identified two deficiencies in internal control, as detailed in Appendix 1 below.

Yours sincerely,

Patrick O. Smith CPA, CFE
Auditor General

Appendix 1: Deficiencies in internal control

Observations	Risks/Implications & Recommendations	Management's Responses
Inadequate management of a third-party IT provider National Drug Council did not provide any evidence to show that they exercise effective management of risks that can arise from the engagement of third-party IT service providers.	<u>Risk/Implication</u> Unrestricted IT provider access could result in intentional or unintentional changes as well as exposure of sensitive data to third parties. This could lead to data breaches or other security incidents, undocumented changes and legal and compliance issues. <u>Recommendation</u> Management should establish mechanism to set and management objectives with the IT service provider of the Council.	<u>Management Response</u> The Council accepts the finding. While IT services are currently provided by a local third-party company, we acknowledge that formal documentation and evidence of oversight can be further strengthened. To address this, the Council will implement proportionate controls appropriate to its size and operational context, including: • Establishing and documenting user access controls, including authorised access levels and approval processes; • Conducting periodic review to monitor performance and risks.

Observations	Risks/Implications & Recommendations	Management's Responses
		These measures will ensure that risks related to data security, unauthorised changes, and compliance are appropriately managed and evidenced. <u>Implementation Date</u> <u>30th September 2026</u>
No fixed assets register The Council does not maintain a detailed fixed assets register.	<u>Risk/Implication</u> The lack of a fixed asset could lead to material misstatements in the financial statements. There is no reliable basis on which to calculate depreciation, impairments, etc. Management will be unable to monitor the existence and completeness of the fixed assets in the financial statements <u>Recommendation</u> Management should create and maintain a detailed fixed asset register.	<u>Management Response</u> The Council acknowledges the observation. While the Council maintains accounting records of assets purchased and donated, including within the accounting system, a separate formal fixed asset register has not historically been maintained. Management notes that the Council's fixed asset base is limited in value (approximately \$6,500 at year-end). Notwithstanding, the Council will establish and maintain a separate fixed asset register to further strengthen documentation and asset tracking processes. This will include: maintaining a centralised asset listing;

Observations	Risks/Implications & Recommendations	Management's Responses
		• recording acquisition costs and depreciation information; and • periodic verification of assets in use. <u>Implementation Date</u> 31 August 2026