



DIRECTOR OF AUDIT

Saint Vincent and the Grenadines

MEDICINAL CANNABIS AUTHORITY

FINANCIAL STATEMENTS

For the year ended December 31, 2019

MEDICINAL CANNABIS AUTHORITY

REGISTERED OFFICE

Enhams
St. Vincent and the Grenadines

BOARD OF DIRECTORS

Mr. Richard Branch	Chairperson
Mr. Lennie Adams	Deputy Chairman
Mr. Jaundy Martin	Attorney General
ASP Foster Scott	Commissioner of Police's Representative
Mr. Selwyn Da Silva	Comptroller Customs
Mr. Raymond Ryan	Agriculture Representative
Dr. Simone Keizer- Beache	Chief Medical Officer
Mr. Levi Walker	Anti-Drug Chairperson
Mr. Keith Francis	Chief Surveyor
Mr. Ezra Ledger	Director Bureau of Standards
Mr. Erasto Robertson	Independent Director
Mr. Sean Gumbs	Independent Director
Ms Annette Marks	Director Invest SVG

CHIEF EXECUTIVE OFFICER

Dr. Jerrol Thompson

BANKERS

Bank of St. Vincent and the Grenadines

AUDITOR

Director of Audit
St. Vincent and the Grenadines

MEDICINAL CANNABIS AUTHORITY

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DIRECTOR OF AUDIT REPORT

To the Board of Directors
Medicinal Cannabis Authority

Report on the Audit of the Financial Statements

Qualified Opinion

I have audited the financial statements of the Medicinal Cannabis Authority ("the Authority"), which comprise of the Statement of Financial Position as at December 31, 2019, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Qualified Opinion

Included in property, plant and equipment are amounts of EC\$138,054.00, EC\$51,027.00 and EC\$10,000.00 related to the cost of building improvement, parking lot and testing facility, respectively. The property is not currently owned by the Authority and no documentation was provided as to the right to use the property. At the balance sheet date, the building improvement and parking lot had depreciation charge of EC\$3,581.00 and EC\$1,046.00, respectively. If the Authority is unable to obtain proper title or ownership of the property, the carrying amount of property, plant and equipment may be reduced by EC\$199,081.00 and depreciation charged to the profit and loss for the current year will reduced by EC\$4,627.00.

I conducted my audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of the report. I am independent of the Authority in accordance with the INTOSAI Code of Ethics for Supreme Audit Institutions together with ethical requirements that are relevant to our audit of the financial statements in St. Vincent and the Grenadines, and I have fulfilled my other ethical responsibilities under those ethical requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

DIRECTOR OF AUDIT REPORT (Continued)

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and the auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with the audit of the financial statement, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

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

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

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

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

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 ISSAIs 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.

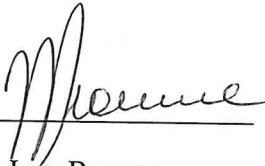
As part of an audit in accordance with ISSAIs, I exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. I also:

- 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 entity's internal control.

DIRECTOR OF AUDIT REPORT (Continued)

- 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 Authority's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the 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 the auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.



Mrs. Joan Browne
DIRECTOR OF AUDIT

August 9, 2021

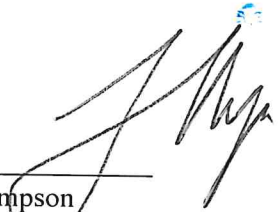
**Audit Office
Halifax Street
Kingstown
St. Vincent and the Grenadines**

MEDICINAL CANNABIS AUTHORITY
Statement of Financial Position
As at December 31, 2019
(Expressed in Eastern Caribbean Dollars)

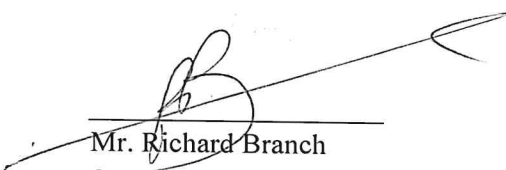
	Note	2019 \$
ASSETS		
Non-current assets		
Property, plant and equipment	4	452,871
Total non-current assets		452,871
Current assets		
Cash and cash equivalents	5	2,257,804
Trade receivable and other receivables	6	(125,588)
Prepaid expenses	7	59,435
Total current assets		2,191,651
TOTAL ASSETS		2,644,522
EQUITY AND LIABILITIES		
Equity		
Net(distribution to) receipts from consolidated fund		(550,023)
Retained earnings		(1,650,842)
Total Equity		(2,200,865)
Current liabilities		
Accounts and other payables	8	382,235
Deferred revenue		1,746,548
Total current liabilities		2,128,783
Long-term Liability		
Deferred revenue		2,716,604
Total long-term Liability		2,716,604
TOTAL SHAREHOLDERS EQUITY AND LIABILITIES		2,644,522

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS:



 Dr. Jerrol Thompson
 Chief Executive Officer



 Mr. Richard Branch
 Chairman

MEDICINAL CANNABIS AUTHORITY
Statement of Comprehensive Income
As at December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Note	2019 \$
Fee Income	9	696,123
Total Income		696,123
Direct Expenses		
Support for Traditional Cultivators and Stakeholders	10	241,433
Total Direct Expenses		241,433
Operating Expenses		
Salaries and Allowances	11	1,606,045
Depreciation		16,520
Other Operating Expenses	12	482,967
Total Operating Expenses		2,105,532
Total Expenses		2,346,965
Surplus(deficit) of Income over Expenses		(1,650,842)

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

MEDICINAL CANNABIS AUTHORITY
Statement of Changes in Equity
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	Net (Distribution to) Receipts from Consolidated Fund \$	Retained Earnings \$	TOTAL \$
Balance as of April 1, 2019	0	0	0
Net income		(1,650,842)	(1,650,842)
Subvention received	650,000		650,000
Distribution to Consolidated fund	(1,200,023)		(1,200,023)
Balance as of December 31, 2019	(550,023)	(1,650,842)	(2,200,865)

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

MEDICINAL CANNABIS AUTHORITY
Statement of Cash Flows
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

	2019 \$
Cash flows from operating activities	
Surplus(deficit)of Income over Expenses	(1,650,842)
Adjustments for:	
Depreciation expense	16,520
Earnings from Operations before Working Capital changes	(1,634,322)
Change in trade accounts receivable and other receivables	125,588
Change in prepaid expenses	(59,435)
Change in accounts payable and accrued liabilities	382,235
Change in deferred income	4,463,152
Net cash used in operating activities	3,277,217
Cash flows from investing activities	
Additions of property, plant & equipment	(469,390)
Net cash used in investing activities	(469,390)
Cash flows from investing activities	
Net (distribution to) receipts from the consolidated fund	550,023
Net cash used in financing activities	550,023
Net (decrease)/increase in cash and cash equivalents	2,257,804
Cash and cash equivalentsat January 1, 2019	0
Net cash and cash equivalents at December 31, 2019	2,257,804

The accompanying notes on pages 7 to 19 form an integral part of these financial statements.

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

1. Reporting entity

The Medicinal Cannabis Authority, herein referred to as “The Authority” is a body corporate established by the Medicinal Cannabis Industry Act, No. 28 of 2018. The Authority commenced operations on April 1, 2019.

The Authority is responsible to regulate the cultivation, supply, possession and use of medicinal cannabis. In addition, the Authority functions encompass developing policies, procedures and guidelines to ensure that medicinal cannabis is available to patients in a safe and efficient manner.

2. Basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and its interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Directors on August 9, 2021

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

The financial statements are presented in Eastern Caribbean dollars which is the functional currency of the Authority. All financial information presented in Eastern Caribbean dollars has been rounded to the nearest dollar.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that could affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3. Significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Certain comparative amounts have been reclassified to conform with the current year's presentation.

(a) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currency at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Foreign currency differences arising on retranslation are recognised in the income statement. Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Eastern Caribbean dollars at exchange rates ruling at the dates the fair value was determined.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

3. Significant accounting policies (cont'd)

(b) Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Authority and its cost can be measured reliably. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

(i) Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line method basis of each part of an item of property, plant and equipment. The annual rates used are as follows:

Buildings	4%
Building Improvement	5%
Furniture & Fittings	10%
Computers/Printers	25%
Computer Software	33%
Motor Vehicles	10%
Equipment	10%
Green House	10%
Tracking System	10%
Signs	20%

(c) Accounts receivable

Accounts receivables are stated at their cost less any provisions available for doubtful debts. Fees are recognized when due.

(d) Cash

Cash comprises cash balance and bank deposits and are denominated in Eastern Caribbean dollars

(e) Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are stated at cost.

3. Significant accounting policies (cont'd)

(f) Impairment

(i) Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

The carrying amounts of the Authority's non-financial assets, other than inventories are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

3. Significant accounting policies (cont'd)

(f) Impairment (cont'd)

(ii) Non-financial assets (cont'd)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Revenue recognition

i. Application Fees

Application fees are recognised in revenue in the year in which the application is processed.

ii. License Fees

License fees that are related to the current financial year are recorded as revenue in that financial year. License fees received in advance of the period to which the service is rendered is treated as deferred revenue in the statement of financial position in the current financial year and taken to revenue in the year to which the service relates.

iii. Training Fees

Training fees are recognised as revenue in the year the service was rendered.

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

4. Property, plant and equipment

	*Building Improvement	Parking lot	Testing Facility	Furniture & Equipment	Motor Vehicle	Sign	Software	TOTAL
	\$	\$	\$	\$	\$	\$	\$	\$
Cost								
As of April, 01,2019	0	0	0	0	0	0	0	0
Additions	138,054	51,027	10,000	159,729	102,372	5,263	2,945	469,390
As of December, 31,2019	138,054	51,027	10,000	159,729	102,372	5,263	2,945	469,390
Accumulated Depreciation								
As of April, 01,2019	0	0	0	0	0	0	0	0
Charge for the year	(3,581)	(1,046)	(0)	(8,668)	(1,706)	(789)	(729)	(16,519)
As of December, 31,2019	(3,581)	(1,046)	(0)	(8,668)	(1,706)	(786)	(729)	(16,519)
Carrying Amount								
As at April, 2019	0	0	0	0	0	0	0	0
As at December 31,2019	134,473	49,981	10,000	151,061	100,666	4,474	2,216	452,871

*Building improvement was completed on the existing agricultural buildings, former Ministry of Agriculture Research & Development Division and Caribbean Agricultural Research and Development Institute (CARDI) Buildings located at Rivulet, Enhambs.

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

5. Cash

BOSVG Checking Account
 Petty Cash

2019 \$
2,257,703
101
2,257,804

6. Accounts receivables

Fee- Application
 - License

2019 \$
29,496
(155,084)
(125,588)

7. Pre-paid Expenses

Prepayments

2019 \$
59,435
59,435

8. Accounts payable and accrued liabilities

Accounts payable
 Pension Contributions payable
 P.A.Y.E Payable
 N.I.S Payable
 Other payroll related liabilities
 Other payables

2019 \$
43,699
138,587
35,749
12,608
116,172
35,420
382,235

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

9. Fee Income

	2019 \$
Application Fees	
Application- Nationals	
Class A	600
Class B	2,200
Class C	2,000
Class D	2,000
Class E	3,000
Traditional Cultivators	21,800
	<u>31,600</u>
Application- Non-National	
Class A	30,000
Class B	20,000
Class C	35,000
Class D	20,000
Class E	15,000
	<u>120,000</u>
Licensing Fees	
Nationals	
Class A	452
Class B	3113
Class C	19,110
Class D	50,959
	<u>73,634</u>
Non-Nationals	
Class A	64,932
Class B	49,313
Class C	254,338
Class D	98,630
Class E	0.00
	<u>467,215</u>
Other Fee Income	
Training Fees	3,675
	<u>3,675</u>
	<u>696,123</u>

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

10. Support for Traditional Cultivators and other Stakeholders

	2019 \$
Lashum project	71,888
Traditional Cultivator support	111,428
Public Education-Health Care providers	43,170
Drug abuse programme	14,947
	241,433

11. Salaries and Allowances

	2019 \$
Allowances	106,454
National Insurance Services contribution	43,986
Pension	150,125
Wages & Salaries	1,189,308
Vacation expenses	116,172
	1,606,045

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

12. Other Operating Expenses	2019
	\$
Advertising & promotion	13,714
Bank service charge	592
Board Expenses	91,719
Building repairs & maintenance	1,817
Internet Expenses	1,650
Cleaning Expenses	5,359
Dues & subscriptions	573
Equipment rental	9,360
IT support	2,997
Office Expenses	14,924
Office refreshments	730
Staff cost	24,284
Professional fees	103,578
Stationery & printing	33,989
Security expense	54,600
Shipping & delivery	1,940
Vehicle expenses	11,311
Transportation cost	765
Travel expense	100,893
Utilities	8,167
	482,967

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

13. Related Party Transactions

A related party is a person or entity that is related to the entity that is preparing its financial statements. A person of a close member of that person’s family is related to a reporting entity if that person:

- 1) has control or joint control over the reporting entity;
- 2) has significant influence over the reporting entity; or
- 3) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

The following transactions were carried out with related parties: -

a) Key management Compensation

Key management includes the Board of Directors, all members of the management team and the Authority’s Executive Secretary. The compensation of key management for employee services is shown below:

- b) Chairman and non-executive director's emoluments**
 Key management salaries and allowances

	2019 \$
	84,600
	676,704
	761,304

- Subvention Received
 Distribution to Consolidated Fund

	2019 \$
	650,000
	(1,200,023)
	(550,023)

14. Pension Obligations

The Authority has a responsibility to make pension contributions to the Consolidated Fund on behalf of pensionable public servants who have been transferred to the Authority from the Government Public Service. The contribution rate is 25% of employees’ basic salaries. Pension payable as of December 31, 2019, was XCD\$138,587.

MEDICINAL CANNABIS AUTHORITY
Notes to the Financial Statements
For the year ended December 31, 2019
(Expressed in Eastern Caribbean Dollars)

15. Deficit of Subvention over Expenses

	2019
	\$
Funding	
Government's subvention	650,000
Total Funding	650,000
Operating Expenses	
Support for Traditional Cultivators and other Stakeholders	241,433
Salaries and Allowances	1,606,045
Other operating expenses	482,706
Total Expenses	2,330,184
Deficit of subvention over expenses	(1,680,184)

