

2005

Cayman Islands National Recovery Fund

Annual Report



**Cayman Islands
National Recovery Fund**

rebuilding lives ... restoring hope



- 4 Board of Trustees
- 4 Chairman's Message
- 5 Executive Director's Report
- 10 Formation of the Fund
- 10 Our First Year
- 12 Moving Forward
- 13 Milestones
- 13 Thanks to our Donors



Board of Trustees

Chairman, His Excellency The Governor,

Stuart Jack, CVO

Vice Chair, **Conor O'Dea**,
Managing Director, Butterfield Bank

Naul Bodden

Cayman Businessman

Bruce Dinwiddie, CMG
Former Governor, Cayman Islands

Hon. **G. Kenneth Jefferson, JP**
Financial Secretary
Cayman Islands Government

NRF Enforcer

Andrew Jones, QC

Partner, Maples and Calder

NRF Fundraising Chair

L. Angela Martins, MBE, JP

Permanent Secretary,
Ministry of Education, Training,
Employment, Youth,
Sports & Culture

Huw Moses, OBE

Managing Partner, Appleby Spurling Hunter

John Owen, CMG, MBE

Former Governor, Cayman
Islands

Pastor **Winston Rose**

Church Of God, Bodden Town

Dan Scott

Managing Partner, Ernst &
Young

Andreas Ugland

Chairman,
Andreas Ugland & Sons

Corporate Trustee

Cayman National
Trust Company Ltd





I shall always retain very special memories of my time in the Cayman Islands and shall continue as a non-resident Trustee to support the work of the Fund. I thank all our donors and volunteers for their invaluable support, guidance and goodwill over the past year, and I invite everyone who can to continue helping the Fund carry on its very important work for the benefit of the warm and wonderful people of Cayman.

Message

from our former Chairman

I have been pleased as Chairman of the National Recovery Fund to be actively involved in the recovery efforts and I am determined to see Cayman return to the beautiful and idyllic place that it once was. A group of individuals from the private and public sectors established the Cayman Islands National Recovery Fund to assist the most vulnerable members of our community to restore their lives after Hurricane Ivan. The Fund focuses on restoring homes, and I assure you that every effort is made to keep administrative expenses low – currently representing only 2% of our budget, leaving 98% of all contributions available to directly serve those in need.

While we have made great progress over the past year, the stress among our population remains high, especially during the hurricane season – disasters tend to leave people with a feeling of deep anxiety, or even helplessness. We frequently hear about the increase in unemployment, as

small and family-owned businesses have been lost and about more frequent social ills. It is vital that we all continue to play our part in keeping our country safe and prosperous.

I shall always retain very special memories of my time in the Cayman Islands and shall continue as a non-resident Trustee to support the work of the Fund. I thank all our donors and volunteers for their invaluable support, guidance and goodwill over the past year, and I invite everyone who can, to continue helping the Fund carry on its very important work for the benefit of the warm and wonderful people of Cayman

Yours sincerely,

*Bruce Dinwiddie, CMG
Former Governor,
Cayman Islands*



Message from our

Chairman

His Excellency the Govenor,
Stuart Jack, CVO



I have had the privilege of joining the National Recovery Fund as Chairman, more than a year after its formation.

During its first year, the Fund played a critical role in the rebuilding efforts necessitated by the massive destruction that Hurricane Ivan wrought on Grand Cayman. The Fund began with its focus on tackling the urgent housing needs of many of our community's most vulnerable.

The Fund's achievements in its first year are due to the dedication and hard work of its Board of Trustees, led by former governor, Mr Bruce Dinwiddie. We owe a tremendous debt of gratitude to all the donors and supporters of the Fund.

There is still much work to be done in rebuilding our community

and there are many families who require urgent intervention in order that their living conditions can be returned to a reasonable standard.

Beyond the recovery efforts, the National Recovery Fund is committed to working alongside the community to ensure continued development and social harmony.

I look forward to working along with the Trustees, the Fund's supporters and everyone in our community to ensure that we realise our goals.

Yours sincerely,

*HE the Govenor,
Stuart Jack, CVO
Cayman Islands*

Executive Director's

Report



The Formation of the Fund

No one will ever forget Hurricane Ivan and the devastation it caused in our community. For those who were insured, the loss was tragic and the rebuilding process has been slow but steady. For those who were uninsured and on low income, the process has been slow and often a road of despair and hopelessness.

Being new to the Cayman community, I have been overwhelmed by the spirit of community and the generosity of the people of Cayman towards their own recovery and that of their neighbours.

Never in my considerable experience in development have I seen the private sector rally to the needs of their community in such a generous and concerned way. Certainly this is exemplified by the resources that individuals in the community have donated to the efforts. I am even more so touched by the volunteer spirit of the community; donating individual time and effort towards restoration and recovery.

In particular I want to recognise the tremendous efforts of our trustees who quietly and with commitment have given freely and generously of their time, expertise and their money towards the recovery effort. I should also like to particularly acknowledge the generous contributions of the business community in Cayman who have been unstinting in their support.

Often the political and Governmental community receives considerable criticism and few thanks for the efforts but I would like to warmly acknowledge their committed and continuous support without exception to the recovery effort and the genuine support of the political leadership for the welfare of their community

In our first year at the Fund, we became a private, independent, charitable trust. However, allied organisations working within the community have merged with the Fund, and as a whole, we

Report continued on page seven >

The Cayman Islands National Recovery Fund (NRF) was created on 23rd September 2004 following the tragic destruction caused by Hurricane Ivan on the 11th-12th September.

Formed as an independent trust, its purpose is to benefit the people of the Cayman Islands, relieving those who were injured, bereaved, rendered homeless, destitute or otherwise adversely affected by Hurricane Ivan.

Executive Director's Report

< Report continued from page six

have assisted over 1,000 needy households and families to repair their homes, replace lost essential household goods and to rebuild their lives.

Despite the considerable work that has been done, to date even one year after Hurricane Ivan, we are uncovering many families still without the basics - electricity, running water, sewage systems - who have been too proud to come forward and ask for help. In addition, an estimated 150 families experienced a catastrophic loss of home and are in critical need of having their dwellings rebuilt from scratch.

The Fund relies on contributions from the public - both individuals and corporations - to fund its efforts. After a year of appeals and generous response, it is easy to feel the need to move on to normality. There remains much to do however for the less fortunate who won't have the opportunity to read this report themselves. I would urge those who have been generous in the past and those who have yet to add their support to our efforts to stay the course . Continue

to urge others to join them in the rebuilding effort for Cayman and to see it through to return Cayman to the idyllic place it has always been.

We have done exceptionally well in the last year and are recognised as a model of recovery internationally.

We should be proud of what we have accomplished whilst also keeping abreast of the continuing needs of our community and committing ourselves to the ongoing process of rebuilding lives and restoring hope.





Annual Report

On September 11th, 2004, the Cayman Islands was struck by Hurricane Ivan, a Category 5 storm estimated as the sixth strongest ever recorded. Ivan's fierce violence was experienced by the entire community, and in one way or another affected each individual.

Our beautiful landscape was left severely damaged, our vegetation destroyed and our beaches eroded while communities lived in fear as devastation threatened our very livelihoods. However, the greatest lasting impact of all was the devastation to our homes.

Ivan didn't discriminate. Million dollar homes were damaged alongside homes of our poorest citizens. Approximately 83% of dwellings (13,535 homes) were affected, with about 4% (652 homes) completely destroyed. The housing sector remains to be the most affected, costing the economy some CI \$1.4 billion in repairs.

Even though Cayman benefits from a relatively high standard of living, unequal distribution of income across the population dictates that not all families are fortunate enough or have the necessary resources at their disposal to live in comfortable conditions. It is also estimated that 30% of residences (4,892 homes) were not insured indicating that many cannot afford to insure their homes.

Before we can say "Cayman is recovered" it is essential that everyone is living in decent and secure conditions. Therefore significant effort and funds are still needed to truly restore Cayman to its pre-Ivan days



Formation of the Fund



The Cayman Islands National Recovery Fund (CINRF) is a non-governmental, independent, charitable trust focused on helping families restore their lives and recover from the devastating effects of Hurricane Ivan. Even today, many are still in the process of rebuilding their lives.

The CINRF is recognised as a tax exempt charitable organisation in the USA and Canada and relies almost solely on donations from the general public, national corporations and international corporate funders.

The Fund is administered by a Board of Trustees, monitored by an Enforcer and a Corporate Trustee. It works in cooperation both with similarly minded community NGOs such as the Rotary, IAMCO, and the Ministers Association as well as the Government of the Cayman Islands

To date, the Fund has been successful in raising some US\$10 million since its inception.

Real generosity
towards the future
lies in giving all to
the present.

--Albert Camus





Rebuilding Lives ... Restoring Hope:

Our First Year

Following the storm, The Cayman Islands National Recovery Fund addressed the immediate critical need of 'drying in' families: repairing and replacing the roofs, windows and doors for some 300 homes. Repairs are currently in-progress for a further 146 families, but another 273 are awaiting assistance from the Fund.

For those in the greatest need, the Fund has provided

some limited furniture and appliances destroyed by the hurricane and With the success of its resource development efforts has expanded its scope to do complete rebuilds of homes totally destroyed by Ivan.

Four complete homes for elderly residents have just been rebuilt. Subject to the availability of funding, an additional 150 homes are scheduled for reconstruction in the coming months.

Through our outreach efforts, we are just beginning to uncover many families still without the basics – electricity, running water, sewage systems – who to-date have been too proud, disabled or otherwise unable to come forward and ask for charitable help.

Continuing Our Success: Moving Forward



What has been achieved must be attributed to the spirit of community that defines the Cayman people and all those who share this wonderful island home.

Moving forward, the primary beneficiaries of our efforts will be:

- the affected poor who continue to be displaced and homeless as a result of Ivan. These individuals are without income and are primarily elderly (ages 60-80) whose entire life's work and material possessions were destroyed or severely damaged by the storm.*
- single parent families who have children under age six and who also have no permanent residence.*

The specific criteria for a grant of assistance by the fund are:

- Damage must be as a result of Hurricane Ivan*
- Funds are intended for permanent structural repairs which were demonstrably damaged by the hurricane or its aftermath.*
- The property should have been uninsured*
- It must be a single family dwelling and owner occupied*
- Applicants must be able to show that their total household income is such that they cannot be reasonably expected to obtain finance nor self fund the costs of repairs to their homes*





Cayman Islands National Recovery Fund's **Milestones**

September 2004

Cayman Islands National Recovery Fund established

December 2004

With their houses repaired
by the NRF, home owners
returned to living in their
own homes for the first
time since Hurricane Ivan.



March 2005

NRF's March for Giving
Campaign across Grand
Cayman to raise funds for
recovery efforts



April 2005

Launch of the NRF website



June 2005

CINRF granted 501(c) (3) status by the United States tax
administrators, thus making donations to the Fund by
American citizens and corporations tax deductible.

Milestones continued

July 2005

Deloitte signs on as first corporate donor which pledged matching employer/employer funds over a 24-month period. Deloitte has committed US \$250,000 to the fund.



August 2005

NRF signs on international fundraising company CCS to spearhead the organisation's fundraising efforts locally and internationally.

IAMCO operations and East End rebuilding turned over to NRF



September 2005



On the anniversary of Hurricane Ivan, a National telethon, organised by Cayman 27/Weststar TV, raised \$1,971,246 for the Fund.

Looking ahead ...



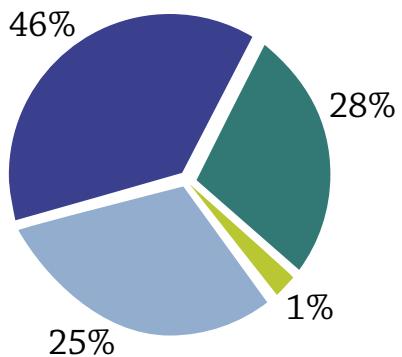
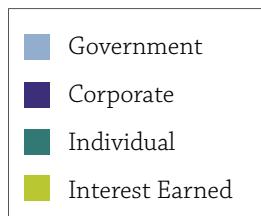
300 additional major rebuilding projects still needed.

"A great deal still needs to be done and we have to continue active fundraising if we are to respond to the unmet needs of the disadvantaged members of our community."



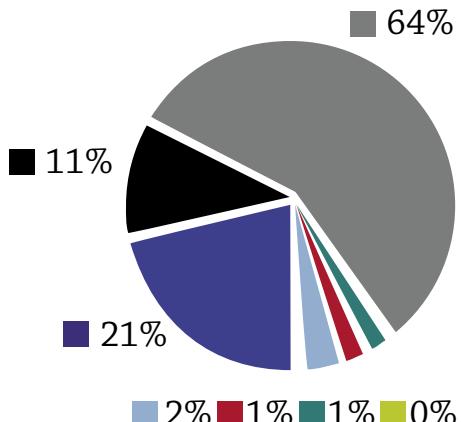
Donations Sources Allocations

Donations



Since its inception, the Fund has raised approximately US\$10 million in cash donations and has received in-kind support from a number of local businesses.

Expenses



Donors and supporters have spanned the spectrum of government contribution, corporate companies, local investors, international supporters and personal contributions.

These donations have funded the housing repair, refurbishing and rebuilding programme that the Fund has undertaken.





Getting involved with the National Recovery Fund

Companies and individuals can
assist the Fund in the following ways:

Corporate companies are invited to help the Fund by extending an opportunity for their employees to contribute to the Fund through our Standing Order Programme. The Fund is launching a national programme requesting corporations to match the contributions made by their employees via standing order from their monthly salary.

The Fund will make a presentation to employees, highlighting its efforts and requesting them to consider a contribution each month for the next 24 months, to the Fund. While any amount is appreciated, we are hopeful they will consider a gift of \$5 - \$250 per month for the next 24 months via standing order payroll deduction. Cayman National Bank has agreed to waive all fees associated with the Standing Order programme.

- *Make a personal contribution in the form of a one-time gift or a multi-year pledge.*
- *Remind your clients eligible for tax benefits in the United States, United Kingdom or Canada of the National Recovery Fund's tax exempt status and the importance of the Fund's efforts.*
- *Consider the Cayman Islands National Recovery Fund when drawing up wills or establishing Special Purpose Vehicles for your clients.*



Of Note

- The National Recovery Fund has received tax-exempt status in the UK, US and Canada.
- The Fund operates with extremely low administrative expenses, which currently represent only 2% of our budget, leaving 98% of all contributions available to make a significant impact in the lives of low-income and elderly families within our local community.
- Your contributions will be leveraged when contributions under \$100,000 from local residents and all corporations reach an aggregate of \$3million raised, we will receive a further gift of \$1.5million from our anonymous donor.
- The Fund operates as a private, independent, non-governmental charitable trust that continues to identify and respond to those in gravest need.
- The Fund will work with you to maximise the publicity and exposure of your support and will work with you to get your employees involved!
- Regardless of the amount or the form of your support, your participation is greatly needed.



SUMMARIZED Financial

STATEMENTS

Prepared on a modified Cash

Receipts and Disbursements

Basis of Accounting as described

in Note 2, for the period

from September 23, 2004 To

September 30, 2005

THE CAYMAN ISLANDS NATIONAL RECOVERY FUND

**UNRESTRICTED FUND BALANCES
STATEMENT OF INCOME, EXPENDITURE AND DISTRIBUTIONS**

(Expressed in Cayman Islands dollars)

For the period from September 23, 2004
(*commencement of operations*) to September 30, 2005

Income

Donations (Note 5)

Government	\$ 1,500,000
Corporate	2,701,230
Individuals	<u>1,683,945</u>
	5,885,175
Interest received	<u>44,916</u>
	<u>5,930,091</u>
Administration Expenses	
Administration expenses and salaries (Note 10)	268,794
Fundraising and related expenses	79,490
Professional fees	47,750
Other expenses	<u>3,345</u>
	<u>399,379</u>
Funds Available For Distribution	<u>5,530,712</u>
Distributions	
Repairs and construction of properties	3,673,015
Project management fees	<u>611,160</u>
	<u>4,284,175</u>
Undistributed Funds	<u>\$ 1,246,537</u>

THE CAYMAN ISLANDS NATIONAL RECOVERY FUND

**RESTRICTED FUND BALANCES
STATEMENT OF INCOME, EXPENDITURE
AND DISTRIBUTIONS**

(Expressed in Cayman Islands dollars)

For the period from September 23, 2004
(*commencement of operations*) to September 30, 2005

Income	
Donations International (Note 6)	\$ 60,000
 Distributions	
Repairs and construction of properties (Note 6)	<u>60,000</u>
 Undistributed Funds	<u>\$ -</u>

1. Organisation and principal activity

The Cayman Islands National Recovery Fund (the “Recovery Fund”) was established as a Trust under the laws of the Cayman Islands by a Declaration of Trust (the “Declaration”) dated September 23, 2004, between the Trust and the Original Trustees (the “Trustees”). The registered office of the Recovery Fund is PO Box 1350GT, Clifton House, George Town, Grand Cayman, Cayman Islands.

The Recovery Fund has established a wholly owned United States Company which was granted an United States IRS tax exemption under section 501(c)(3) of the Internal Revenue code, effective from December 2, 2004. All of the funds raised in this entity will be transferred to the Recovery Fund in their entirety with any incidental costs being absorbed by the Recovery Fund. As at September 30, 2005 there had been no activity in this entity.

On June 7, 2005, the Recovery Fund received tax exempt status in Canada for a period of 12 months, as per sub sections 110.1(1) and 118.1(1) of the Income Tax Act, Canada.

The Recovery Fund was established for the purpose of relieving those who were injured, bereaved, rendered homeless, destitute or otherwise adversely affected by Hurricane Ivan in the Cayman Islands on or after September 11, 2004 and who are in need and for other charitable purposes connected with or arising out of Hurricane Ivan.

2. Principal accounting policies

The financial statements have been prepared on a modified cash receipts and disbursement basis of accounting which is not a recognized basis of accounting. Principal accounting policies are as follows:

Cash and cash equivalents: Cash and cash equivalents consist of cash at bank and short-term deposits with original terms to maturity of less than three months as well as investment in money market funds which are available on daily notice.

Loans: Borrowings are recognised initially at the proceeds received. Borrowings are subsequently stated at proceeds received less amounts repaid.

Donations, expenditure and distributions: Donations, expenditures and distributions are recorded on a cash basis.

Donated goods and services: A number of unpaid volunteers have made significant contributions of their time and resources to manage and carry out the Recovery Fund’s activities. The value of these contributions is not reflected in the financial statements since they are not susceptible to objective measurement or valuation. In addition, the Recovery Fund has received certain goods and services as donations. The value of these donated goods and services are disclosed in Note 8, at their estimated value at the date of receipt.

3. Cash

Cash at bank comprises of the following:

Current accounts	\$ 577,922
Investment in Money Market Fund	2,017,518
<hr/>	
	<u>\$ 2,595,440</u>

4. Borrowings

During the period ended September 30, 2005, the Recovery Fund entered into an agreement with a donor to the Recovery Fund. The donor lent to the Recovery Fund the sum of \$2,500,000 (US\$3,000,000), on an interest free basis for a period of eighteen months from the date of drawdown, February 25, 2005. Repayment of the loan is to take place on a monthly basis and will at a minimum be equivalent to the total donations received during each month from any source, subject to a minimum repayment amount of \$41,667 (US\$50,000) in any one month. If the amount of donations received from any source in any one month does not amount to \$41,667 (US\$50,000) then the total raised shall be carried forward to the next month for loan repayment recalculation purposes and added to the amounts raised from any source in that month, and if necessary subsequent months, until such time as the minimum amount has been accumulated. If the loan is fully repaid during the term period of eighteen months and a minimum of \$2,500,000 (US\$3,000,000) has been received by the Recovery Fund from "Approved Sources" (as defined in the loan agreement) within 24 calendar months from January 1, 2005, then the donor has agreed to make an ex-gratia payment of \$1,250,000 (US\$1,500,000) to the Recovery Fund. During the period ended September 30, 2005 an amount of \$1,151,918 (US\$1,382,302) had been repaid and the balance remaining to be repaid as at September 30, 2005 was \$1,348,082 (US\$1,617,698).

As of December 6, 2005 the loan was fully repaid. As of February 28, 2006 funding from Approved Sources in the amount of \$2,500,000 (US\$3,000,000) had been received and accordingly the ex-gratia payment of \$1,250,000 (US\$1,500,000) was paid to the Recovery Fund on March 3, 2006.

5. Donations

Donations received during the period are further analysed as follows:

	% of Total Donations	
Government, Corporate and Private donors	\$500,000 - \$1,000,000	42%
Government, Bank contributions	\$100,000 - \$499,999	20%
Local/International individuals, Corporate donors	\$50,000 - \$99,999	37%
Local individuals	less than \$50,000	1%
	<u>100%</u>	

6. Restricted Funds

During the period ended September 30, 2005, the Recovery Fund received donations from a charitable organisation in the United Kingdom which amounted to \$60,000 (US\$75,000). The donation was made on the understanding that the funds would be used as follows:

Ministry of Education	\$ 30,000
Cayman Islands National Museum	10,000
Cayman Islands National Gallery	10,000
Cayman Islands National Cultural Foundation	10,000
<hr/> <u>\$ 60,000</u>	

As at September 30, 2005 the above funds had been paid in full by the Recovery Fund.

7. Applications

As at September 30, 2005, the Recovery fund had received 1,644 applications, of which a total of 357 applications have received assistance to date.

The Trustees have adopted a set of criteria for the allocation of funds raised by the Recovery Fund. The assessment criteria are as follows:

- Damage must be as a result of Hurricane Ivan
- Funds are intended for repairs to property which were demonstrably damaged by the hurricane or its aftermath
- The property should have been uninsured
- Grant funds will not normally be made available to:
 - those who are tenants in accommodation rented on commercial terms nor for landlords or those in strata accommodation
 - those who have or are awaiting insurance settlements including the underinsured

Amongst those who met the criteria the following priorities are agreed:

Priority 1

elderly/infirm individuals who meet general criteria and are living in sub-standard or mostly destroyed homes and poor conditions as a result of the hurricane.

Priority 2

Homeless individuals who currently live with family members as a result of the hurricane and are in need to have their previous accommodations restored.

Priority 3

Families with young children who meet the general criteria and are living in sub-standard or mostly destroyed homes

Priority 4

Individuals and families who remain in substandard accommodation as a result of the hurricane

Priority 5

Those whose homes were damaged by the hurricane and fit in previous priority categories A1-A4 and need more minor repairs rather than major building works

1,736 applications have been received through to the date of approval of the financial statements. Of these applications, 1,086 were outside the criteria above or were duplicate applications within the same family. Some 650 applications were prioritised for assistance and to date with available funds some 400 have been completed. Additional funds are being sought to address the remaining substantial repair gap.

8. Donated goods and services

A number of organisations and individuals have made significant donations in the form of goods and services. The estimated value at date of receipt was as follows:

Building Materials	\$ 116,000
Rent (including electricity and water)	36,000
Motor vehicles	6,000
Furniture and equipment	1,000
Volunteers	125,000
	<hr/>
	<u>\$ 284,000</u>

Such donated goods and services are not included within these financial statements.

9. Funding and commitments

During the period ended September 30, 2005, the Recovery Fund entered into a donation agreement with a donor to the Recovery Fund. The donor agreed to donate an amount of \$208,333 (US\$250,000) to be paid on a monthly basis commencing on July 1, 2005 and thereafter on the first day of each month for the next twenty-four months, with the final payment being made on July 1, 2007. During the period ended September 30, 2005 an amount of \$25,000 (US\$30,000) had been paid and the balance remaining to be paid as at September 30, 2005 was \$183,333 (US\$220,000), which is not included in the current donations.

A number of other organisations and individuals have committed to contributing further donations to the Recovery Fund beyond the period ended September 30, 2005, however receipt and monetary value of such donations can not be guaranteed or estimated to any degree of certainty at the balance sheet date.

The Trustees have in place a policy to ensure that the Recovery Fund retains sufficient assets to meet approximately six months of administration expenses. However subject to this it is the Trustees intention to ensure that all available resources are distributed at the earliest opportunity and not to create reserves.

10. Salaries and pension costs

The Recovery Fund had up to 8 full-time employees including the Executive Director of the Recovery Fund and 1 contract employee during the period ended September 30, 2005. The salaries of all employees excluding the Executive Director of the Recovery Fund were paid exclusively by the Recovery Fund. During the period ended September 30, 2005 a donor to the Recovery Fund agreed to pay the salary of the Executive Director. The salary of the Executive Director of the Recovery Fund is paid initially by the Recovery Fund, and subsequently the donor to the Recovery Fund contributes a donation to the Recovery Fund in the amount of the salary paid. The amount paid and received in respect of the Executive Director's salary is included in donations, and administration expenses and salaries respectively in the statement of revenue and expenditure.

The employees of the Recovery Fund are entitled to Medical Benefits and Pension in accordance with the National Health Insurance Law and the Pension Law (2003 Revision). Pension contributions are being matched by the Recovery Fund to a maximum of 5% of the employee's basic salary. The pension expense for the period ended September 30, 2005 was \$11,147 and is included in administration expenses and salaries in the statement of revenue and expenditure.

In compliance with the terms of The Health Insurance Law, 1997, the Recovery Fund is required to effect a standard health insurance contract for its employees. The Recovery Fund's health insurance expense for the period ended September 30, 2005 was \$17,643 and is included in administration expenses and salaries in the statement of revenue and expenditure.

In January 2006, following the expiration of the Recovery Fund's contract with Community Counselling Service Co., LLC (CCS), the Recovery Fund appointed a Director of Marketing and Development.



Cayman Islands
National Recovery Fund