

FEEDING

THE FUTURE

JULY 2018 - JUNE 2019 **ANNUAL REPORT**





L-R: Fred Kennedy, Chair of the GraceKennedy Foundation; Grace Burnett, CEO of GraceKennedy Financial Group & President of GraceKennedy Money Services; Gina Phillips-Black, Director of GraceKennedy Limited; Caroline Mahfood, Executive Director of the GraceKennedy Foundation; and Chaluk Richards, Director of the GraceKennedy Foundation at the 2018 International Coastal Cleanup Day activities organised by GKF.

VISION

To become a world-class corporate foundation committed to the wellbeing of individuals and communities.

MISSION

We support GraceKennedy as a corporate citizen by creating environmentally sustainable programmes, promoting healthy lifestyles and increasing access to education.

PRINCIPLES

Equity / Voluntarism / Empowerment / Contributing to national development

VALUES

My word is my bond / The promise that is kept / Ethics and integrity/ Respect and consideration / Commitment /Openness

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MESSAGE FROM
GRACEKENNEDY CHAIRMAN,
**PROFESSOR
GORDON
SHIRLEY**

Senator Don Wehby

Professor Gordon Shirley

The respect and admiration that GraceKennedy has enjoyed over its almost one century of existence is built on a simple philosophy – **“We Care”**. That philosophy undergirds our mission to contribute to the sustainable development of Jamaica. This is being accomplished, primarily, by the outstanding work of the GraceKennedy Foundation which, unarguably, stands as a singular example of corporate social responsibility in Jamaica.

Critical elements of sustainable development are a strong, well-trained and highly skilled human resource base and careful environmental stewardship. It is to the credit of the GKF that its programmes have prioritised these areas from the inception. The Foundation has placed an emphasis on the creation of an educated cadre of professionals to ensure that Jamaica has the capacity to fulfill its evolving development needs. Today, we boast hundreds of GKF scholarship and bursary alumnae in a wide range of professions, all making valuable contributions in their respective disciplines. The partnerships the Foundation has established with a range of tertiary institutions in this regard is worthy of replication throughout the private sector.

I am particularly proud of the **partnership** between the GKF and the University of the West Indies (UWI), Mona, which has combined education and the environment. This partnership has contributed immensely to research on and preservation of the environment while also providing professionals in the field. This association has also led us to becoming more hands-on in our approach, as the Foundation sponsors recycling programmes, participates in coastal cleanup efforts and more recently, through its 2019 lecture, which raised awareness as well as concern about the need to clean up the Kingston Harbour as a means of saving marine life and improving livelihoods in the Downtown area.

I take this opportunity to express my appreciation to the Chairman Dr Fred Kennedy and his team for the excellent work they have accomplished in the 2018/19 financial year. Our retiring directors Mrs Fay McIntosh, Mr Radley Reid and Mr Noel Greenland have provided outstanding guidance to the GKF over many years. I thank them for their contribution and wish them the very best.

MESSAGE FROM THE
GRACEKENNEDY GROUP CEO,
DON WEHBY



Senator Don Wehby

The work of the **GraceKennedy Foundation (GKF)** continues to cultivate, within GraceKennedy, an immense sense of pride. The programmes and portfolio of activities executed by the Foundation in 2019, have enriched its already outstanding contribution to **nation building**.

From July 1, 2018 – June 30, 2019, the Foundation introduced amazingly impactful programmes, among them the 'GK Campus Connect Food Bank' for university students at the Mona Campus of the University of the West Indies (UWI) and the University of Technology, Jamaica (UTech). As a company whose foundation is largely built on our food offerings, GraceKennedy recognises the role of nutrition in promoting the health and well-being necessary for a productive, high performing population.

I applaud the GK Foundation for acknowledging, that the millions of dollars we provide in scholarships cannot be properly exploited by students who are not well-nourished. This initiative also provides the opportunity for an expansion to the scholarship programme at the UWI, by providing an ideal avenue for volunteerism, which scholarship winners are encouraged take part in through hours put in at the Food Bank. Thanks to Grace Foods, Hi-Lo Food Stores, Dairy Industries, Grace Foods Processors (Meat) Division, the Office of Student Financing, UWI, the UWI Guild of Students and the Financial Aid Office at UTech for their partnership in the project.

Congratulations to the students who have received bursaries and scholarships during the year under review, and to the four students from the Jamaican Diaspora who participated in the 2018 Birthright Programme. We look forward to hosting the 2019 interns in July.

My heartfelt gratitude to GKF Chairman Dr Fred Kennedy and the Foundation's Directors, Executive Director, Mrs Caroline Mahfood, and her team, for their outstanding performance in 2018. To our stalwart Directors, Mrs Fay McIntosh, Mr Radley Reid and Mr Noel Greenland, who retired during this period, your service to the GraceKennedy Foundation and the Group went well beyond the call of duty. Thank you for your unwavering time and counsel.

MESSAGE FROM
THE GKF CHAIRMAN,
DR FRED KENNEDY



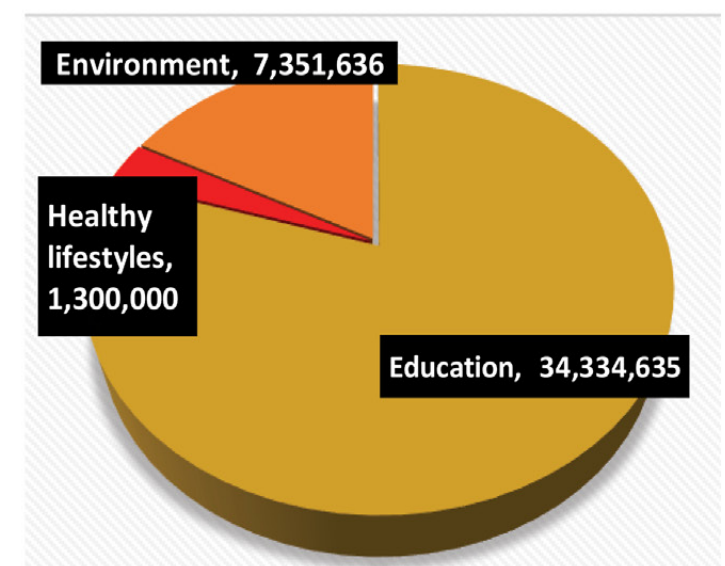
Dr. Fred Kennedy

The GraceKennedy Foundation has in the over three and a half decades of its existence invested hundreds of millions in national development. This, in itself, underscores the depth of commitment that the Foundation has for our nation. As a corporate Foundation, we aim to support our parent company, GraceKennedy & Co. Ltd., by creating environmentally sustainable programs, promoting healthy lifestyles and increasing access to education. What is truly invaluable is the passion and dedication displayed by all members of the Foundation, directors and staff alike, in the fulfilment of our mission, and of our vision to becoming a world-class foundation.

We continue to take pride in being able to make a difference in the lives of the many talented and hardworking youths through our scholarship and bursary programmes. Annually, we offer over JMD 20M in tertiary scholarships assisting close to 100 students. Congratulations to those who received awards for the 2018/2019 academic year. They will soon become a part of the hundreds of awardees who are now playing important roles in a range of professional fields in the nation and the Diaspora.

This year the Foundation upped the ante in our attention to the environment, particularly the status of the Kingston Harbour. The Foundation spearheaded discussions with public and private entities to create long-term solutions to the pollution entering the Kingston Harbour. The 2019 GraceKennedy lecture, "Clean Kingston Harbour, Pipe Dream or Pot of Gold", helped to increase awareness about the importance of reducing pollution at source through education and innovative solutions to prevent and trap waste going into the gullies. This will lead to a healthy mangrove forest, improved marine life, and the building of resilient ecosystems and economies.

I saw, firsthand, the pollution of our beaches with plastic, through participation in the cleanup of the Gun Boat and Buccaneer beaches on International Coastal Clean Up Day on 17 September. In just two hours some 250 volunteers collected more than 4,500 lbs of garbage and plastics! GraceKennedy continues to be the leading corporate collector for three years running at this event. Congratulations to the team.





Centre: Fred Kennedy, Chair of the GraceKennedy Foundation and Edward Alexander, Son of the late Carlton Alexander, along with the new 2018 Carlton Alexander Bursary awardees.

On behalf of the Foundation I offer congratulations to Prof. Mona Webber, holder of the James Moss-Solomon Sr Chair, who in 2018/19 made critical contributions to research, innovation, teaching and outreach for the enhancement of the Jamaican environment. Much of the work focused on the rehabilitation and protection of various aspects of the coastal and marine environment including the island's mangrove stock. These initiatives are all aimed at increasing the island's resilience to natural disasters and the impacts of climate change with the aim of achieving sustainable development.

The establishment of the GK Campus Connect Food Bank at the UWI and UTech campuses ties in with our new mandate of supporting healthy lifestyles. This

initiative will have a huge impact, with the support of the Grace Foods division and the public, who have been so generous with their donations to the bank.

In August 2018, Prof. Boxill was promoted to Deputy Principal of the UWI Mona Campus and with these added responsibilities resigned as the Chair in Management Studies. Prof Boxill's brainchild - the UWI Film Project, has trained hundreds of young people, from underserved communities across Jamaica, in film production, providing them with practical skills for employment. The Board of the GKF thanks him for his outstanding contribution to national development.

GKF Director, Mr James Moss-Solomon Jr has been

seconded by the Mona School of Business and Management as Executive-in-Residence for the past six years. In this role, he provides leadership and business expertise to the students in the MBA programmes, as well as working closely with the MSBM to maximize its capacity by engaging in a wide scope of activities and capacity building strategies.

The Foundation has had an outstanding year. This is very much to the credit of the support of the board of directors and Mrs Caroline Mahfood and her hardworking team. Thanks to all stakeholders who contribute to the sustainable development of our country through their participation in our efforts.

During this period, we said goodbye to Directors – Mrs Fay McIntosh, Mr Radley Reid and Mr Noel Greenland. It was a sad parting as these directors gave the Foundation yeoman service. Their presence at meetings lent great value and insight to our deliberations and we will miss them deeply. Thank you, Fay, Radley and Noel. Enjoy your retirement to the fullest.

The Foundation lives and supports the GK value of being a caring company by fostering and showing care in all that it does. We look forward to continued successes in partnership development, capacity building and in strengthening our relationship with GK Corporate.

Fred W. Kennedy, Chairman, GraceKennedy Foundation.

GRACEKENNEDY FOUNDATION DIRECTORS

AS AT JULY 2019



Fred Kennedy



James Moss Solomon



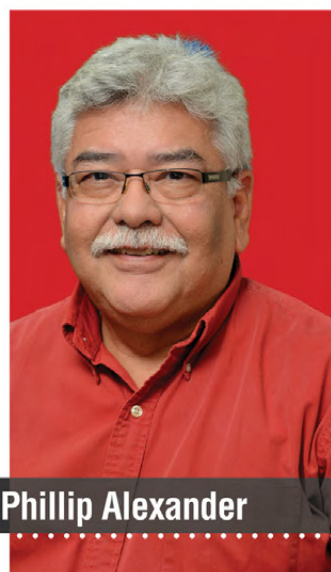
Cathrine Kennedy



Chaluk Richards



Hilary Wehby



Phillip Alexander



Deidre Cousins



Allison Rangolan



Carol Gentles



Caroline Mahfood

Executive Director



Farewell Directors: Retired GKF Directors Radley Reid, Fay McIntosh and Noel Greenland at a farewell luncheon in May 2019.

GKF 2019 LECTURE TARGETS

KINGSTON HARBOUR POLLUTION

IN PANEL PRESENTATION



Dr Wayne Henry

Prof Mona Webber

Mr Tijani Christian

Prof Dale Webber

L-R: Dr. Fred Kennedy, Chair, GraceKennedy Foundation; Dr. Wayne Henry, 2019 GraceKennedy Lecturer; Senator Don Wehby, Group CEO, GraceKennedy Ltd; Prof Mona Webber, 2019 GraceKennedy Lecturer; Prof Gordon Shirley, Chairman, GraceKennedy Ltd; Mr Tijani Christian, 2019 GraceKennedy Lecturer; and Prof Dale Webber, Moderator for the 2019 GraceKennedy Lecture

The 2019 GraceKennedy Foundation Lecture, held at the Jamaica Pegasus Hotel on April 3, took the format of a panel discussion with presenters, Professor Mona Webber, Director, Centre for Marine Sciences, The University of the West Indies (UWI) & the GraceKennedy-funded James Moss-Solomon Sr Chair in Environmental Management, Dr Wayne Henry, Chairman and Director General of the Planning Institute of Jamaica, and Tijani Christian, Chairperson for the Commonwealth Youth Council. The discussion was moderated by Professor Dale Webber, Pro-Vice-Chancellor and Principal of the UWI's Mona Campus.

The issue of individual and collective responsibility in contributing to a clean Kingston Harbour was a common theme of all presentations. Professor Mona Webber

highlighted the importance of improving the harbour's water quality by more responsible disposal of garbage, as the garbage thrown into gullies ends up in the harbour, destroying the mangroves that play a critical role in regulating climate by removing carbon dioxide, protecting the shoreline from hurricanes and storm surges, serving as a habitat for over 1000 organisms and providing food. Dr Wayne Henry supported her point by pointing to the critically low levels of fish production recorded in commercial fishing data for Jamaica for the past five years, due to pollution in the Harbour. In addition to fishing, he added the multi-billion-dollar potential for tourism and recreational activities, which, if developed in an environmentally conscious way, could contribute significantly to the country's GDP.

Tijani Christian focused on the thousands of people who interacted in the environs of the harbour through work, recreation and residence. He stressed that the harbour was being polluted by communities miles away and suggested that stricter laws, greater enforcement, and a proper garbage collection system be implemented, to address the issue of persons dumping garbage into gullies.

All presenters concurred that improvement was possible, once the society made a collective effort to protect this resource.

The lecture was well received by a large and attentive audience,

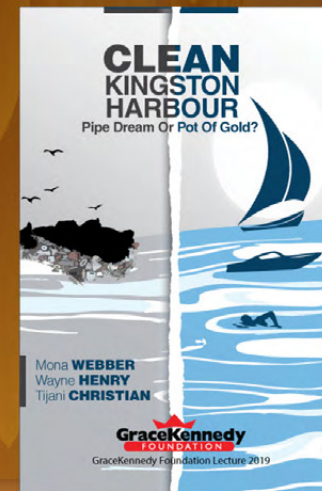
The GraceKennedy Foundation Annual Public Lecture Series has established itself over the past three decades as an invaluable instrument of social and intellectual discourse as it examines the many various national and regional issues. Culture, politics, gender affairs, the Jamaican family, food and nutrition, voluntarism, technology, sports and well-being are only a few of the areas that have been subject to the insightful analysis of the lecture series.

Copies of the lecture book are distributed to schools and public libraries across the island, and the e-book is available online at www.gracekennedy.com, in the hope that the lecture's reach will extend beyond those present at its delivery.



PUBLICATIONS

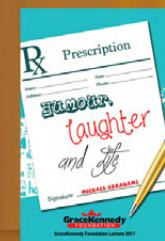
2019
Dr. Mona Webber, Dr. Wayne
Henry & Mr. Tijani Christian
Clean Kingston Harbour:
Pipe Dream or Pot of Gold?



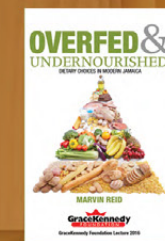
2018
Tech Charge
Dr. Paris Lyew-Ayee



2017
Dr. Michael Abrahams
Humour, Laughter and Life



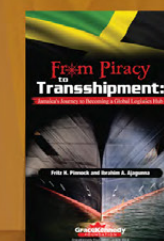
2016
Prof. Marvin Reid
Overfed & Undernourished:
Dietary Choices in Modern Jamaica



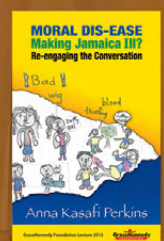
2015
Prof. Michael A. Taylor
Why Climate Demands Change



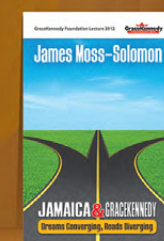
2014
Dr. Fritz Pinnock & Ibrahim Ajagunna
From Piracy to Transshipment:
Jamaica's Journey to Becoming a Global
Logistics Hub



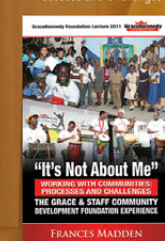
2013
Dr. Anna Perkins
Moral Dis-Ease - Making Jamaica III?
Re-engaging the conversation on
Morality



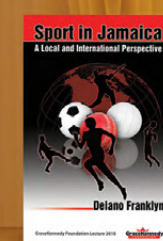
2012
James Moss-Solomon
Jamaica and GraceKennedy:
Dreams Converging, Roads Diverging



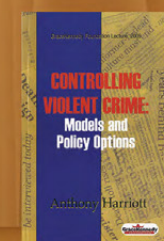
2011
Frances Madden
"It's Not About Me" - Working with
Communities:
Processes and Challenges



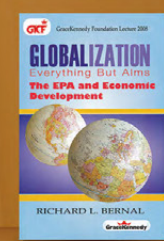
2010
Delano Franklyn
Sport in Jamaica:
A Local and International Perspective



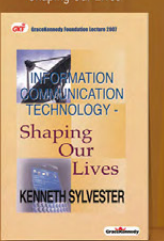
2009
Prof. Anthony Harriott
Controlling Violent Crime:
Models and Policy Options



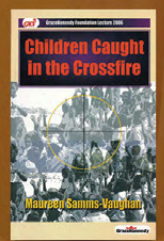
2008
Richard L. Bernal
Globalization: Everything But Alms
The EPA and Economic Development



2007
Kenneth Sylvester
Information Communication
Technology -
Shaping Our
Lives



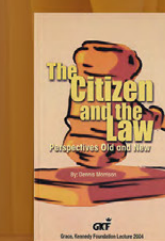
2006
Maureen Samms-Vaughn
Children Caught in the Crossfire



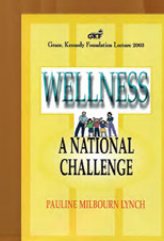
2005
Marjorie Whyllie
Our Musical Heritage:
The Power of the Beat



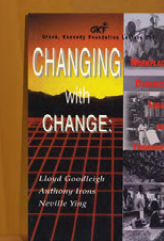
2004
Dennis Morrison O.C.
The Citizen and the Law
Perspectives Old and New



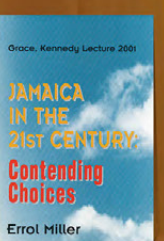
2003
Dr. Pauline Millbourne Lynch
Wellness: A National Challenge



2002
Lloyd Goodleigh, Anthony Irons,
Neville Ying
Changing with Change:
Workplace Dynamics Today and Tomorrow



2001
Errol Miller
Jamaica in the 21st Century:
Contending Choices



THE JAMES S. MOSS SOLOMON SR CHAIR IN
ENVIRONMENTAL MANAGEMENT

CONTRIBUTES TO SUSTAINABLE DEVELOPMENT



GraceKennedy volunteers at the 2018 International Coastal Day activities at Gun Boat and Buccaneer beaches.

Dr. Fred Kennedy, Chair of the GraceKennedy Foundation, volunteers at the 2018 International Coastal cleanup day activities at Gun Boat and Buccaneer Beaches.

Prof. Mona Webber, The James S. Moss Solomon Sr (JMS) Chair in Environmental Management, **continues to contribute to the sustainable development** of Jamaica through research, student development and outreach.

2018/19 was one of the most prolonged Sargassum inundation events in the Caribbean. The blooms caused beaches to be temporarily closed and affected important coastal habitats in shallow areas, killing mangroves and seagrasses. The JMS Chair led the Faculty of Science and Technology (FST) Sargassum Research

Group to conduct research on this issue which included the identification of the species, determination of the chemical profile, compost generation and the testing of agricultural applications.

Kingston Harbour continued to be an important area of research with new and continuing areas being investigated. In 2018, research began on seagrasses in the Kingston Harbour along with the restoration of mangroves on Refuge Cay. The JMS Chair made presentations at several fora throughout the year, including being selected as one of the presenters at the

prestigious GraceKennedy Foundation's annual lecture, which addressed the issues related to the cleaning up of the Kingston Harbour.

The Chair, through the Centre for Marine Sciences, continued to **forge partnerships for environmental conservation**, through supporting the establishment of a monitoring system for ocean acidification (OA).

Several existing projects and activities were continued, like the distribution and monitoring of recycle bins across the Mona campus of the UWI and other tertiary

institutions. New areas relating to education and outreach were given focus. This included the development of courses, new graduate student training and internship exposure for final year students. The Chair coordinated the final-year Internship course, which had a record enrollment of 25 students. It provided an invaluable opportunity for final year students to get hands-on experience in the industry related to their degree, as well as strengthened relationships with industry partners.

GKF

ENCOURAGES ENVIRONMENTAL AWARENESS

AMONG STAFF



Dave DaCosta, Chief Marketing Officer of GraceKennedy Financial Group at the 2018 International Coastal Cleanup activity, organised by GKF at Gun Boat and Buccaneer Beaches.

In observation of International Coastal Cleanup Day, September 15, 2018, the GKF coordinated a massive cleanup of Buccaneer and Gun Boat beaches located on the Palisadoes strip. **Over 250 volunteers** comprised of GraceKennedy employees, members of the Campion College's Green Generation Club, the St. George's College Environmental Club and the Kingston Church of Christ Teen Ministry, students and parents from Hopefield Prep and the staff of the Mona GeoInformatics Institute, collected **over 4,500 lbs of plastics and garbage** in just 2 hours!

The recycling programme which was introduced in the GraceKennedy Group in 2014 continues to engage the interest and dedication of the staff. Since 2014, **over 67,000 lbs of plastic have been collected among the subsidiaries.** Nine educational institutions at the secondary and tertiary levels have also been trained as part of the programme and are coordinating recycling initiatives at their respective schools.

GKF WELCOMES 2018

BIRTHRIGHT CANDIDATES

Joshua Tulloch, student of Oxford University, United Kingdom, was one of the four candidates who were successful in being selected to participate in GraceKennedy's 2018 Birthright Programme. He found the programme **"life-changing"** and shared the sentiments of all four noting that "From the moment we arrived to the moment we left, Jamaica proved itself to be a dynamic, extremely welcoming environment for its diaspora family". The other three participants were Anastacia Davis from Full Sail University, Florida, USA; Kayla Green of Binghamton University, New York State, USA; and Kean Nembhard, from Carleton University, Ottawa, Canada.

Now in its 15th year, the Birthright Programme takes the form of an internship which provides the opportunity for second or third-generation Jamaicans in the major diasporic centres – Canada, USA and the UK – to connect with their Jamaican heritage by working at a GraceKennedy subsidiary linked to their career interests. It also exposes them to various facets of Jamaica's culture through tours to different parts of the island on weekends. The five weeks (27 June to 7 August) that the interns spent in Jamaica proved to be highly inspirational and certainly achieved the purpose of heightening their interest, as they all bonded with the home of their antecedents.

Group Chief Executive Officer (CEO), GraceKennedy Limited, Senator Don Wehby, noted that many members of the diaspora remained strongly connected to the land of their birth, and he took pride in the programme which sought to strengthen this connection with second and third generations. He added that **GraceKennedy believed in giving back** to Jamaica and the Birthright Programme represented a win-win for Jamaica, GraceKennedy and the participants in the programme.

State Minister in the Ministry of Foreign Affairs and Foreign Trade, Senator the Hon. Parnell Charles Jr and Director of Tourism, Donovan White, both of whom



attended the launch of the 2018 programme on 2 June, commended GraceKennedy for implementing such a meaningful programme. Senator Charles said, "It is an excellent platform for our young leaders and students in the diaspora to experience the professional environment through placement in your subsidiary companies". Mr Donovan White noted that "The importance of the Jamaican Birthright Programme is pivotal to sustaining the vibrant culture, history and values of the island among the generations of diaspora communities around the world."

GraceKennedy's subsidiaries, along with the Jamaica Tourist Board and the Ministry of Foreign Affairs and Foreign Trade, Caribbean Airlines, Go Jamaica Travel and Island Car Rentals, among others, all played an active role to ensure that the selected candidates had a well-rounded Jamaican experience.



GraceKennedy would like to thank our partners for all their support of the 2018 GraceKennedy Jamaican Birthright Programme. It was a great success, all made possible because of your contribution to the enrichment of the programme.



www.gracekennedy.com

GRANT FUNDING

2018-19

For the period, 6 grants totaling over \$1.6M were awarded. They focused on early childhood education, STEAM Education and the environment. The early childhood STEAM project report and curriculum have been reviewed by the Early Childhood Commission and they are interested in using it as a model for early childhood practitioners.

Participants of the Calico Challenge Summer Internship organised by the Palisadoes Foundation.

GKF INVESTS

OVER J\$19 MILLION IN SCHOLARSHIPS

FOR 2018/2019 ACADEMIC YEAR,
80 STUDENTS RECEIVE TERTIARY AWARDS FROM GKF

As part of its commitment to education, the GraceKennedy Foundation awarded **80 tertiary scholarships** at a value of **over J\$19 million** for the 2018/19 academic year. The scholarships are tenable at the island's major universities and colleges. The awardees of the named/endowed scholarships were Joanna-Joy Gray, GraceKennedy/Douglas Orane Scholar; Shamari Cooper, GraceKennedy/UTECH Scholar; Alick Campbell, GraceKennedy/Jamaica Scholar; Johmar Bennett, GraceKennedy/Carlton Alexander Scholar; Malik Alexander, GraceKennedy/Bruce Rickards Scholar 2018; Pamela Chang, GraceKennedy/Edna Manley Scholar; Shenel Graham,

GraceKennedy/Rafael Diaz Scholar; Javon Salmon, GraceKennedy/Jamaica Institute for Excellence in Education Scholar; Raeon Ricketts, GraceKennedy/Caribbean Maritime University Scholar. In addition to these, 70 merit scholarships were awarded to students attending the above-mentioned universities. All scholarship recipients who maintain at least a 3.0 GPA will have their scholarship renewed until the completion of their degree.

The GraceKennedy Foundation has added a service component to its scholarship programme that is aimed at contributing to Jamaica's development. It will see GraceKennedy scholars voluntarily manning

the food bank that the Foundation has established.

The scholars will also participate in the newly established student ambassador programme known as GK Campus Connect. Through the programme, the scholarship recipients will serve as campus ambassadors for GraceKennedy brands such as Grace Foods, First Global Bank, GK Insurance, GK Money Services, and Hi-Lo Food Stores. The campus ambassadors will receive training in marketing, project planning and implementation. The initiative is part of GraceKennedy's efforts to support students in a multifaceted way at the tertiary level.

The scholars are cognisant of the company's investment in the nation's development through their education and the responsibility that it entails- **"I am better able to afford my university tuition**, but also, through the volunteering opportunities at the food bank, I am able to be an active part of the solution to a problem faced by many university students", stated Joanna-Joy Gray, 2018 GraceKennedy/Douglas Orane Scholar. "I take pride in my post as an ambassador for the company and as such, I endorse the brand in all means possible and as a display of gratitude", added Malik Alexander, 2018 GraceKennedy/Bruce Rickards Scholar.

2018/19 GraceKennedy Scholars along with Group CEO of GraceKennedy Ltd Senator Don Wehby and Shelly-Ann Fraser-Pryce, GraceKennedy Brand Ambassador and Caroline Mahfood, Executive Director of the GraceKennedy Foundation, at the 2018 Scholars Awards Ceremony.

GKF CONTINUES TO INVEST IN
THE CHILDREN OF GK STAFF
THROUGH AWARD OF
**CARLTON
ALEXANDER
BURSARIES**



GraceKennedy executives and the 2018 Carlton Alexander Memorial Bursary Awardees and their parents.

The GraceKennedy Foundation awarded **20 bursaries valued at J\$1.4 million** to children of workers for the 2018/2019 academic year. The bursaries are awarded based on outstanding academics and a rounded approach to education through active participation in co-curricular activities. The successful candidates are those who enhance academic performance with strong leadership within their school community. Bursaries are renewed yearly after reports are provided to confirm that the recipients have maintained an acceptable standard of performance.

New awardees totaled seven, split among four high school students and three tertiary students. There were 13 renewals, comprising 12 high school students and one tertiary student.

The bursaries are named after Carlton Alexander, former chairman and CEO of GraceKennedy who believed passionately in the critical role of education in individual and national development. He also felt that **charity begins at home** and so it was fitting that awards contributing to the advancement of the potential of members of the GraceKennedy family should be named in his honour.

FEED THE FUTURE CAMPAIGN LAUNCHED

TO PROMOTE STUDENT NUTRITION
AND WELLNESS AMONG TERTIARY STUDENTS



GK Campus Connect Food Bank at the UWI Mona Students Union

As a part of GraceKennedy's efforts to support students in a multifaceted way at the tertiary level, the GraceKennedy Foundation has opened food banks at the UWI and UTech campuses. This is to **address one of the critical issues affecting many tertiary level students – hunger.** It started with two UWI undergraduates, Norval Mendez and Claudine Reid, who were providing small food packages to needy students under the 'Hands Across the Hall Action Project.' The overwhelming demand led them to propose to the GraceKennedy Foundation to implement the project on a larger scale.

In 2018, the Foundation forged a partnership with the UWI Guild of Students, the UWI's Office of Student Financing and UTech's Financial Aid Office to establish the GK Campus Connect Food Bank. It was a natural progression from the traditional assistance provided through scholarships for tuition, transportation and educational supplies.

Grace Foods committed food items valued at \$1 million for the year, while Dairy Industries Jamaica Limited and Grace Food Processors (Meats) Division are also donating items monthly. Hi-Lo Food Stores is directing all donations from its 'Cans For A Cause Initiative' at its Liguanea branch to the Food Bank.

Our 'Feed the Future' Campaign, launched in 2019, is two pronged. Locally, the collection points through Hi-Lo Food Stores have been expanded to six supermarkets, where donors can hand in their contribution of non-perishable food items. It also enables Jamaicans living abroad, many of them who graduated from local universities, to become involved in supporting the bank. Known as the 'Good Graces Barrel', Jamaicans overseas can contribute US\$50 to fill a barrel with Grace products through Sampars.com for students supported by the bank.



Donations received from Hi-Lo's 'Cans For A Cause' initiative.



GraceKennedy Scholars volunteering at the GK Campus Connect Food Bank.

FINANCIALS



GraceKennedy Foundation Limited

Financial Statements
30 June 2019

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Independent auditor's report

To the Members of GraceKennedy Foundation Limited

Report on the audit of the financial statements

Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of GraceKennedy Foundation Limited (the Foundation) as at 30 June 2019 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act.

What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at 30 June 2019;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

PricewaterhouseCoopers, Scotiabank Centre, Duke Street, Kingston, Jamaica
T: (876) 922 6230, F: (876) 922 7581, www.pwc.com/jm

L.A. McKnight P.E. Williams B.L. Scott B.J. Denning G.A. Reece P.A. Williams R.S. Nathan C.I. Bell-Wisdom G.K. Moore T.N. Smith DaSilva K.D. Powell

Responsibilities of management for the financial statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

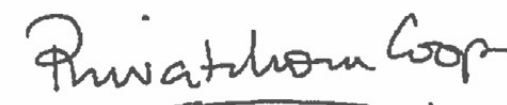
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation 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.

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

Report on Other Legal and Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Jamaican Companies Act, in the manner so required.



Chartered Accountants
19 December 2019
Kingston, Jamaica

GraceKennedy Foundation Limited
Statement of Comprehensive Income
Year ended 30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

	GraceKennedy Scholarship Fund	S. Carlton Alexander Memorial Fund	James Moss-Solomon Snr. Chair Fund	Bruce Rickards Fund	Luis Fred Kennedy Fund	JIEE Scholarship Fund	General Income & Expenditure Account	Total Fund 2019 \$'000	Total Fund 2018 \$'000
Income	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2019 \$'000	2018 \$'000
Interest and dividends	18,211	16,449	6,685	3,327	2,067	-	6,863	53,602	46,763
Other	919	613	613	306	564	-	45,750	48,765	43,270
	19,130	17,062	7,298	3,633	2,631	-	52,613	102,367	90,033
Expenditure									
Annual lecture series	-	-	-	-	-	-	3,873	3,873	3,570
Grants	-	-	-	-	-	-	3,627	3,627	5,824
Printing and stationery	-	-	-	-	-	-	144	144	79
Directors' emoluments	-	-	-	-	-	-	-	-	-
Fees	-	-	-	-	-	-	603	603	708
Expenses	-	-	-	-	-	-	360	360	372
Bank charges	-	-	-	-	-	-	67	67	71
Staff costs	-	-	-	-	-	-	35,375	35,375	33,465
Other operating expenses	1,500	1,004	750	150	300	-	1,427	5,131	4,072
Scholarships and bursaries	8,364	4,334	-	2,850	-	500	4,987	21,035	20,161
University chair	-	-	5,500	-	-	-	-	5,500	11,000
Environmental projects	-	-	-	-	7,352	-	-	7,352	1,659
Motor vehicle and travel expenses	-	-	-	-	-	-	96	96	115
Public relations	-	-	-	-	-	-	808	808	550
Meetings and conferences	-	-	-	-	-	-	1,193	1,193	1,122
Fees - Registrar General	-	-	-	-	-	-	8	8	18
	9,864	5,338	6,250	3,000	7,652	500	52,568	85,172	82,786
	9,266	11,724	1,048	633	(5,021)	(500)	45	17,195	7,247
Net Surplus/(Deficit)									

GraceKennedy Foundation Limited

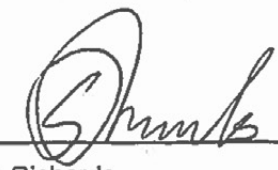
Statement of Financial Position

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	Note	2019 \$'000	2018 \$'000
ASSETS			
Non-Current Assets			
Fixed assets	6	2	2
Investments	7	1,367,423	1,144,510
		1,367,425	1,144,512
Current Assets			
Accounts receivable		4,250	2,212
Taxation recoverable		7,299	12,618
Cash and cash equivalents	8	52,049	41,280
		63,598	56,110
Current Liability			
Accounts payable and accrued liabilities	9	5,042	888
Net Current Assets		58,556	55,222
		1,425,981	1,199,734
FINANCED BY			
Contribution Fund	10	32,988	32,988
GraceKennedy Scholarship Fund	11	691,228	555,557
S. Carlton Alexander Memorial Fund	12	502,136	414,722
James Moss-Solomon, Snr. Chair Fund	13	90,125	90,438
Jamaica Institute for Excellence in Education Scholarship Fund	14	4,827	-
Bruce Rickards Fund	15	51,968	51,707
Luis Fred Kennedy Fund	16	23,859	28,730
General Fund		20,591	20,546
Fair Value Reserve	17	8,259	5,046
		1,425,981	1,199,734

Approved for issue by the Board of Directors on December 12, 2019 and signed on its behalf by:


Chaluk Richards Director


Deidre Cousins Director

GraceKennedy Foundation Limited

Statement of Changes in Equity
Year ended 30 June 2019
(expressed in Jamaican dollars unless otherwise indicated)

	Contribution Fund \$'000	Grace, Kennedy Scholarship Fund \$'000	S. Carlton Alexander Memorial Fund \$'000	James Moss-Solomon Snr. Chair Fund \$'000	JIEE Scholarship Fund \$'000	Bruce Rickards Fund \$'000	Luis Fred Kennedy Fund \$'000	General Income & Expenditure Account \$'000	Fair Value Reserve \$'000	Total Fund \$'000
Balance at 30 June 2017	32,988	465,715	352,111	74,860	-	50,855	25,670	22,763	2,076	1,027,038
Net surplus/(deficit) for the year	-	4,639	3,653	741	-	196	235	(2,217)	-	7,247
Fair value movement	-	85,203	58,958	14,837	-	656	2,825	-	2,970	165,449
Balance at 30 June 2018	32,988	555,557	414,722	90,438	-	51,707	28,730	20,546	5,046	1,199,734
Primary grant	-	-	-	-	5,327	-	-	-	-	5,327
Net surplus/(deficit) for the year	-	9,266	11,724	1,048	(500)	633	(5,021)	45	-	17,195
Fair value movement	-	126,405	75,690	(1,361)	-	(372)	150	-	3,213	203,725
Balance at 30 June 2019	32,988	691,228	502,136	90,125	4,827	51,968	23,859	20,591	8,259	1,425,981

GraceKennedy Foundation Limited

Statement of Cash Flows

Year ended 30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

	2019 \$'000	2018 \$'000
Cash Resources were used in:		
Operating Activities		
Net surplus	17,195	7,247
Items not affecting cash:		
Exchange gain on foreign balances	(3,371)	(3,866)
Interest and dividend income	(53,602)	(46,763)
	(39,778)	(43,382)
Changes in operating assets and liabilities:		
Accounts receivable	(2,038)	1,056
Accounts payable and accrued liabilities	4,154	634
	(37,662)	(41,692)
Withholding tax	5,319	(5,312)
Cash used in operating activities	(32,343)	(47,004)
Investing Activities		
Proceeds from disposal of investments	22,538	40,108
Acquisition of investments	(37,380)	(55,482)
Interest and dividends received	52,627	50,192
Cash provided by investing activities	37,785	34,818
Financing Activity		
Grants received	5,327	-
Increase/(decrease) in cash and cash equivalents	10,769	(12,186)
Cash and cash equivalents at beginning of year	41,280	53,466
Cash and Cash Equivalents at End of The Year (Note 8)	52,049	41,280

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

1. Identification and Activities

GraceKennedy Foundation Limited (The Foundation) was incorporated in Jamaica on 22 October 1982 and its main objects are to develop and promote the arts, health, culture, sports, education, skills and religious programmes. The Foundation is registered as an approved charitable organisation under the Charities Act 2013. The current registration expires on 26 May 2020.

2. Summary of Significant Accounting Policies

(a) Basis of preparation

These financial statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS), and have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets.

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results could differ from those estimates.

At the year end, in the opinion of directors and management, there are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Standards, interpretations and amendments to published standards effective during the current period

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2018). This standard replaces the guidance in IAS 39. It includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the current incurred loss impairment model.

IFRS 9 has three classification categories for debt instruments: amortised cost, fair value through other comprehensive income ('FVOCI') and fair value through profit or loss ('FVPL'). Classification under IFRS 9 for debt instruments is based on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ('SPPI'). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity. That is, an entity's business model determines whether the cash flows will result from collecting contractual cash flows, selling financial assets or both.

If a debt instrument is held to collect contractual cash flows, it is classified as amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect assets' contractual cash flows and to sell the assets are classified as FVOCI. Under the new model, FVPL is the residual category - financial assets should therefore be classified as FVPL if they do not meet the criteria of FVOCI or amortised cost.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

2. Summary of Significant Accounting Policies (Continued)

(a) Basis of preparation (continued)

Standards, interpretations and amendments to published standards effective during the current period (continued)

IFRS 9 introduces a new model for the recognition of impairment losses - the expected credit losses (ECL) model. The ECL model constitutes a change from the guidance in IAS 39 and seeks to address the criticisms of the incurred loss model which arose during the economic crisis. In practice, the new rules mean that entities will have to record a day 1 loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). IFRS 9 contains a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The adoption of IFRS 9 from 1 July 2018 resulted in changes in accounting policies but did not result in adjustments to the amounts recognised in the financial statements opening retained earnings. Details of the new accounting policy in relation to IFRS 9 are outlined in Note 2(d).

Standards, interpretations and amendments to published standards that are not yet effective

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been issued which are mandatory for the Foundation's accounting periods beginning after 1 July 2019, and which the Foundation has not early adopted. The Foundation has assessed the relevance of all such new standards, interpretations and amendments, has determined that the following may be relevant to its operations, and has concluded as follows:

Amendments to IAS 1 and IAS 8 (effective annual periods beginning on or after 1 January 2020). These amendments to IAS 1, 'Presentation of financial statements', and IAS 8, 'Accounting policies, changes in accounting estimates and errors', and consequential amendments to other IFRSs: i) use a consistent definition of materiality throughout IFRSs and the Conceptual Framework for Financial Reporting; ii) clarify the explanation of the definition of material; and iii) incorporate some of the guidance in IAS 1 about immaterial information.

The Foundation has concluded that all other standards, interpretations and amendments to existing standards, which are published but not yet effective are either relevant to its operations but will have no material impact on adoption; or are not relevant to its operations and will therefore have no impact on adoption; or contain inconsequential clarifications that will have no material impact when they come into effect. This includes amendments resulting from the IASB's ongoing 'Improvements to IFRS' project.

(b) Revenue recognition

Interest and dividends are accounted for on the accrual basis.

(c) Fixed assets

Fixed assets are recorded at cost.

Depreciation is calculated on furniture and fixtures on the straight-line basis at a rate of 10% and computer and equipment at 33 1/3%, which will write-off their cost over the period of estimated useful life. Art work is not depreciated.

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Accounting policy applied from 1 July 2018

Financial assets

(i) Classification

Classification of the Foundation's financial assets depends on the business model for managing such assets and the contractual terms of the cash flows. From 1 July 2018 the Foundation classifies its financial assets as those measured at amortised cost and fair value through other comprehensive income (FVOCI).

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Foundation commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred control of the assets.

(iii) Measurement

Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Interest income from these financial assets is included in the income statement using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss. Impairment losses are presented as a separate line item in the income statement.

(iv) Impairment

From 1 July 2018, the Foundation assesses on a forward looking basis the expected credit losses associated with its financial instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

On the adoption of IFRS 9, there have been no changes in the subsequent measurement of the Foundation's financial instruments from that noted in the previous year under IAS 39.

The fair value of the Foundation's financial instruments is discussed in Note 19.

Accounting policy applied until 30 June 2018

The Foundation classified its financial assets in the category of available-for-sale financial assets. Management determined the appropriate classification of investments at the time of purchase.

Available-for-sale investments were those intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices.

Financial assets were initially recognised at fair value plus transaction costs. Available-for-sale financial assets were subsequently carried at fair value. Financial assets were derecognised when the right to receive cash flows from the financial assets expired or where the Foundation had transferred substantially all risks and rewards of ownership.

2. Summary of Significant Accounting Policies (Continued)

(d) Financial instruments (continued)

Accounting policy applied until 30 June 2018 (continued)

Changes in the fair value of available-for-sale securities denominated in a foreign currency were analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences were recognised in the income statement, and other changes in carrying amount are recognised in equity. Changes in the fair value of available-for-sale securities were recognised in equity.

When securities classified as available-for-sale were sold or impaired, the accumulated fair value adjustments recognised in equity were included in the income statement.

The Foundation assessed at each statement of financial position date whether there was objective evidence that a financial asset or group of financial assets were impaired. In the case of equity securities classified as available-for-sale a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the securities were impaired. If any such evidence existed for available-for-sale financial assets the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the income statement - was removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments were not reversed through the income statement.

Financial instruments carried on the statement of financial position include cash, investments and accounts receivable. Cash and cash equivalents are carried at cost and, for the purposes of the statement of cash flows, comprise cash at bank and short term deposits. The particular recognition methods for other financial instruments are disclosed in the individual policy statements associated with those items.

(e) Cash and cash equivalents

Cash and cash equivalents are carried on the statement of financial position at cost and comprise balances which mature within 90 days of the date of acquisition, including cash and bank balances.

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

3. Funding

The Foundation is funded through endowment funds and a subvention from GraceKennedy Limited.

4. Share Capital

The Foundation is limited by guarantee and has no share capital.

5. Taxation

No charge has been made for taxation as the Foundation has been granted tax exempt status as an approved charitable organisation under the Charities Act 2013.

6. Fixed Assets

	Art Work \$'000	Furniture and Fixtures \$'000	Computer Equipment \$'000	Total \$'000
At Cost -				
At 1 July 2018 and 30 June 2019	2	7	100	109
Accumulated Depreciation -				
At 1 July 2018 and 30 June 2019	-	7	100	107
Net Book Value -				
30 June 2019	2	-	-	2
30 June 2018	2	-	-	2

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

7. Investments

	2019 \$'000	2018 \$'000
FVOCI Securities		
Government of Jamaica –		
J\$ and US\$ local bonds	299,182	281,401
Interest receivable	2,115	2,128
	<u>301,297</u>	<u>283,529</u>
Corporate Bonds -		
US\$ bonds	131,113	134,454
Interest receivable	2,720	1,732
	<u>133,833</u>	<u>136,186</u>
	<u>435,130</u>	<u>419,715</u>
Quoted, ordinary stocks	932,293	724,795
	<u>1,367,423</u>	<u>1,144,510</u>

8. Cash and Cash Equivalents

	2019 \$'000	2018 \$'000
Cash	47,275	36,637
Deposits	4,774	4,643
	<u>52,049</u>	<u>41,280</u>

9. Accounts Payable and Accrued Liabilities

	2019 \$'000	2018 \$'000
Accrued liabilities	<u>5,042</u>	<u>888</u>

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

10. Contribution Fund

	2019 \$'000	2018 \$'000
Contribution Fund – GraceKennedy Limited	28,988	28,988
Contribution Fund - Luis Fred Kennedy	4,000	4,000
Fund balance at start and end of period	<u>32,988</u>	<u>32,988</u>

11. GraceKennedy Scholarship Fund

The scholarship programme was originally funded by a grant of \$350,000 received in 1985 which was invested in GraceKennedy Limited ordinary stock.

	2019 \$'000	2018 \$'000
Original grant received	350	350
Accumulated surplus	120,491	111,225
Fair value reserve –		
Brought forward	443,982	358,779
Movement	126,405	85,203
	<u>570,387</u>	<u>443,982</u>
Total fund	<u>691,228</u>	<u>555,557</u>

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

12. S. Carlton Alexander Memorial Fund

This fund was established on 20 December 1989 and is funded primarily by grants from GraceKennedy Limited. Additional contributions to the fund are received from GraceKennedy Limited from time to time.

	2019 \$'000	2018 \$'000
Primary grants received	10,557	10,557
Accumulated surplus	141,763	130,039
Fair value reserve –		
Brought forward	274,126	215,168
Movement	75,690	58,958
	<u>349,816</u>	<u>274,126</u>
Total fund	<u>502,136</u>	<u>414,722</u>

The GraceKennedy Limited stock units held by the Foundation are assigned to the Grace, Kennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund. The unrealised gains and losses arising from the changes in the fair value of the stock units are being recognised in the individual fund balances in the proportion of the stock units held.

13. James Moss-Solomon, Snr. Chair Fund

This fund was established in January 1995 with a grant from the Grace, Kennedy Scholarship Fund. Subsequent grants have been received from GraceKennedy Limited.

	2019 \$'000	2018 \$'000
Primary grants received	30,633	30,633
Accumulated surplus	44,464	43,416
Fair value reserve		
Brought forward	16,389	1,552
Movement	(1,361)	14,837
	<u>15,028</u>	<u>16,389</u>
Total fund	<u>90,125</u>	<u>90,438</u>

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

14. Jamaican Institute for Excellence in Education Scholarship Fund

The fund was established during the year. It was funded by a contribution from the Jamaican Institute for Excellence in Education Scholarship (JIEE) to make scholarship payments to one final year student pursuing STEM studies at the University of the West Indies or the University of Technology and a grant to a graduate student pursuing research in environmental management or climate change.

	2019 \$'000	2018 \$'000
Primary grant received	5,327	-
Scholarships	(500)	-
Total fund	4,827	-

15. Bruce Rickards Fund

This fund was established on 1 October 2003 from transfers from the Grace, Kennedy Scholarship Fund and the S. Carlton Alexander Memorial Fund.

	2019 \$'000	2018 \$'000
Primary grant received	18,000	18,000
Accumulated surplus	32,678	32,045
Fair value reserve		
Brought forward	1,662	1,006
Movement	(372)	656
	1,290	1,662
Total fund	51,968	51,707

16. Luis Fred Kennedy Fund

The Fund was established in Jamaica on 21 June 1993 and its main objects are to promote the study and research of the environment and to encourage good environmental practices.

	2019 \$'000	2018 \$'000
Accumulated surplus	20,884	25,905
Fair value reserve		
Brought forward	2,825	-
Movement	150	2,825
	2,975	2,825
Total fund	23,859	28,730

GraceKennedy Foundation Limited

Notes to the Financial Statements

30 June 2019

(expressed in Jamaican dollars unless otherwise indicated)

17. Fair Value Reserve

This represents the unrealised surplus or deficit on the revaluation of FVOCI investment securities held by the General Fund.

18. Financial Risk Management

The Foundation's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. Management seeks to minimise potential adverse effects on the financial performance of the Foundation by applying procedures to identify, evaluate and manage these risks, based on guidelines set by the Board of Directors.

The Board of Directors is ultimately responsible for the establishment and oversight of the Foundation's risk management framework. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk and interest rate risk.

(a) Credit risk

The Foundation takes on exposure to credit risk, which is the risk that its counterparties will cause a financial loss for the Foundation by failing to discharge their contractual obligations. Credit risk is one of the most important risks for the Foundation; management therefore carefully manages its exposure to credit risk. Credit exposures arise principally from the Foundation's investment activities. The Foundation structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty or group of related counterparties.

Impairment of Financial Assets

The debt investments carried at FVOCI are the only financial assets that are subject to the expected credit loss model.

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, all bank balances are assessed to have low credit risk at each reporting date as they are held with reputable banking institutions.

Maximum exposure to credit risk

The Foundation limits its exposure to credit risk by investing mainly in liquid securities, with counterparties that have high credit quality and Government of Jamaica securities. Accordingly, the management and directors do not expect any counterparty to fail to meet its obligations.

Payment is made on a purchase once the securities have been received. The trade will fail if either party fails to meet its obligation.

	2019 \$'000	2018 \$'000
Credit risk exposures are as follows:		
Government of Jamaica securities FVOCI	301,297	283,529
Corporate securities FVOCI	133,833	136,186
Accounts receivable	4,250	2,212
Cash and cash equivalents	52,049	41,280
	491,429	463,207

The above table represents the worst case scenario of credit risk exposure to the Foundation.

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Notes to the Financial Statements

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18. Financial Risk Management (Continued)

(b) Liquidity risk

Liquidity risk is the risk that the Foundation is unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

Liquidity risk management process

The Foundation's liquidity management process, as carried out within the Foundation and monitored by the Board of Directors, includes:

- (i) Monitoring future cash flows and liquidity on a regular basis;
- (ii) Maintaining a portfolio of highly liquid assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- (iii) Optimising cash returns on investment.

The contractual maturities of the undiscounted cash flows of the financial liabilities are due within three months of the period end.

(c) Market risk

The Foundation takes on exposure to market risk, which is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks mainly arise from changes in foreign currency exchange rates and interest rates. The Board of Directors monitors the market and its impact on the Foundation's securities on a regular basis, and takes appropriate action to minimise the effect of market fluctuations.

There has been no change to the Foundation's exposure to market risk or the manner in which it manages and measures the risk.

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Foundation is exposed to foreign exchange risk primarily with respect to the United States (US) dollar. The statement of financial position at 30 June 2019 includes aggregate foreign assets of \$170,293,000 (2018 - \$165,448,000).

The Foundation manages its foreign exchange risk by ensuring that the exposure in foreign assets is kept to an acceptable level by monitoring currency positions.

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18. Financial Risk Management (Continued)

(c) Market risk (continued)

(i) Currency risk (continued)

Foreign currency sensitivity

The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a possible change in foreign currency rates.

	% Change in Currency Rate 2019	Effect on Net Surplus 2019 \$'000	% Change in Currency Rate 2018	Effect on Net Surplus 2018 \$'000
Devaluation	6	10,218	6	9,927
Revaluation	4	(6,812)	2	(3,309)

(ii) Interest rate risk

Interest rate risk is the risk that the value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on financial position and cash flows. The average interest rates of financial instruments are as follows:

	2019 %	2018 %
Investments -		
Government of Jamaica Securities	8.4	8.5
Corporate securities	5.7	6.0

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18. Financial Risk Management (Continued)

(d) Financial instruments by category

Financial assets:

The following table summarises the results of management's reclassification of financial assets from IAS 39 categories to their IFRS 9 categories:

	IAS 39 Classification	Carrying value at 30 June 2018 \$'000	IFRS 9 classification	Carrying value at 1 July 2018 \$'000
Investments	Available for sale	1,144,510	FVOCI	1,144,510
Accounts receivable	Loans and receivables	2,212	Amortised cost	2,212
Cash and cash equivalents	Loans and receivables	41,280	Amortised cost	41,280
Total financial assets		<u>1,188,002</u>		<u>1,188,002</u>

19. Fair Value of Financial Instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Market price is used to determine fair value where an active market exists, as it is the best evidence of the fair value of a financial instrument. However, market prices are not available for a significant number of the financial assets held by the Foundation. Therefore, for financial instruments where no market price is available, the fair values presented have been estimated using present value or other estimates and valuation techniques based on market conditions existing at balance sheet date.

The values derived from applying these techniques are significantly affected by the underlying assumptions used concerning both the amount and timing of future cash flows and the discount rates. The following methods and assumptions have been used:

- The fair value of cash and other assets maturing within one year is assumed to approximate their carrying amount. This assumption is applied to cash and short-term elements of all other financial assets.
- The fair value of variable rate financial instruments is assumed to approximate their carrying amounts.
- The fair value of other financial instruments is based upon projected cash flows discounted at an estimated current market rate of interest.

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Notes to the Financial Statements

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19. Fair Value of Financial Instruments (Continued)

The following table presents the Foundation assets that are measured at fair value at 30 June 2019. The financial assets are grouped into levels 1 to 3 based on the degree to which the fair value is observable, as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

	Level 1 \$'000	Level 2 \$'000	Total balance \$'000
30 June 2019			
Assets			
Fair value through OCI -			
Equity securities	932,293	-	932,293
Debt investments	-	435,130	435,130
	<u>932,293</u>	<u>435,130</u>	<u>1,367,423</u>
30 June 2018			
Assets			
Fair value through OCI --			
Equity securities	724,795	-	724,795
Debt investments	-	419,715	419,715
	<u>724,795</u>	<u>419,715</u>	<u>1,144,510</u>

There were no transfers between levels during the period.



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