

CHILDREN AND YOUTH SERVICES FOUNDATION

Financial Statements

For The Year Ended
June 30, 2011

Children and Youth Services Foundation

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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Children and Youth Services Foundation,

In accordance with section 60(1)(a)(ii) of the Public Management and Finance Law (2010 Revision) I have audited the accompanying financial statements of Children and Youth Services Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2011 and the related statements of comprehensive income, changes in guarantor's equity and cash flows for the years then ended, and the notes to financial statements as set out on pages 5 - 15. The supplemental information presented on pages 16 & 17 have not been audited by me and therefore, I do not express an opinion thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion. In conducting my audit I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

Auditor General's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a substantial proportion of its income from donations, fund raising events and similar activities, the completeness of which is not susceptible to audit. Therefore we were not able to extend our audit of such income beyond the recorded amounts. Had we been able to extend our audit to the completeness of such income, we may have determined adjustments necessary to income.

Qualified Opinion

In my opinion, except for the effect of such adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of income as described in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Other matters

The preparation of these financial statements did not comply with the requirements of the Public Management and Finance Law (2010 Revision) under the following sections:

Section 4: the financial statements are to be prepared in accordance with International Public Sector Accounting Standards. The Foundation presented the financial statements in accordance with International Financial Reporting Standards and were audited to those Standards. In our opinion, we do not believe there would be a material difference in the presentation and accounting of the financial transactions of the Foundation.

Section 52: annual financial statements are to be prepared, submitted to the Auditor General for auditing, and included in an annual report that is required to be presented to the Legislative Assembly four months and two weeks after the end of the financial year. In this case, the financial statements of the Foundation were not prepared and submitted in the timeframe required to be in compliance with the Law.

Supplemental Information

The supplemental information presented on pages 16 and 17 have not been audited by us and, therefore, we do not express an opinion thereon.



Alastair Swarbrick, MA (Hons), CPFA
Auditor General

October 29, 2013
Cayman Islands

Children and Youth Services Foundation

Statements of Financial Position (Expressed in Cayman Islands dollars)

As at June 30,		2011	2010
	Notes:		
Assets			
Non Current Assets			
Property, Plant and Equipment	5	\$ 63,761	\$ 34,660
Deposit on Lease		3,688	3,688
Total Non Current Assets		67,449	38,348
Current Assets			
Cash and Cash Equivalents	2(d)	343,971	575,472
Other Receivables	3	476,372	302,134
Total Current Assets		820,343	877,606
Total Assets		887,792	915,954
Liabilities and Guarantor's Equity			
Current Liabilities			
Accounts Payable		38,512	29,543
Deferred Revenue	6, 10	18,118	68,565
Total Current Liabilities		56,630	98,108
Guarantor's Equity			
Net Income For The Year		13,316	57,797
Opening Retained Surplus		817,846	760,049
Total Guarantor's Equity		831,162	817,846
Total Liabilities and Guarantor's Equity		\$ 887,792	\$ 915,954

Commitments

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

The financial statements were approved by the Board on:

Garth Arch
Chairman of the Board of Directors

Christopher Watler
Treasurer to the Board of Directors

October 29, 2013
Date

October 29, 2013
Date

Children and Youth Services Foundation

Statements of Comprehensive Income (Expressed in Cayman Islands dollars)

For the years ended June 30,		2011		2010 (Restated)	
Income	Note				
Grant income	4, 10	\$	1,828,413	\$	2,100,000
Insurance proceeds	10		31,646		61,567
Other income	6		100,153		53,944
Total Income			1,960,212		2,215,511
Expenses					
Advertising			-		729
Aftercare			8,413		31,841
Bank charges			1,136		1,139
Cleaning expenses			5,480		5,362
Contracted services			7,301		15,151
Depreciation	5		15,450		11,985
Gas allowance	10		15,776		13,900
Health insurance	10		125,041		176,318
Liability insurance			2,737		5,706
Light and heat			45,452		34,460
Medical and hygiene expenses			2,633		4,643
Miscellaneous expenses			15,995		7,663
Office costs			13,258		12,579
Printing, postage and stationary			150		200
Professional fees			13,500		13,000
Rent			44,260		44,260
Repairs and maintenance			39,619		87,750
Staff pensions	8, 10		160,336		175,859
Staff rewards/allowances			-		436
Student rewards/incentives			8,898		7,366
Subsistence			31,863		27,764
Teaching and training costs			12,858		15,033
Telephone costs			23,883		22,083
Travel and entertainment			498		300
Uniforms			-		1,646
Vehicle costs			32,883		24,438
Wages	10		1,305,391		1,401,677
Water			14,085		14,426
Total Expenses			1,946,896		2,157,714
Net Income		\$	13,316	\$	57,797

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

Children and Youth Services Foundation

Statements of Changes in Guarantor's Equity

Year ended June 30

(Expressed in Cayman Islands dollars)

	Guarantor's Equity
Balance at July 1, 2009	\$ 760,049
Net income for year	57,797
Balance at July 1, 2010	817,846
Net (loss) income for year	13,316
Balance at June 30, 2011	\$ 831,162

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

Children and Youth Services Foundation

Statements of Cash Flows

(Expressed in Cayman Islands dollars)

For the years ended June 30,	2011	2010
Operating Activities:		
Net Income for the Year	\$ 13,316	\$ 57,797
Adjustments:		
Depreciation of Fixed Assets	15,450	11,985
Operating Surplus Before Working Capital Changes	28,766	69,782
Changes in Working Capital:		
(Increase) Decrease in Other Receivables	(174,238)	97,866
Increase (Decrease) in Accounts Payable	8,969	(13,666)
(Decrease) Increase in Deferred Revenue	(50,447)	68,565
Net Cash Flow from Changes in Working Capital	(215,716)	152,765
Net Cash Flow from Operating Activities	(186,950)	222,547
Investment Activities:		
Purchase of Property, Plant and Equipment	(44,551)	(8,430)
Net Cash Flow from Investment Activities	(44,551)	(8,430)
Net (Decrease) Increase in Cash and Cash Equivalents	(231,501)	214,117
Cash and Cash Equivalents		
Beginning of year	575,472	361,355
End of year	\$ 343,971	\$ 575,472

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

1. INCORPORATION AND ACTIVITY

The Children and Youth Services Foundation (the “Foundation”) was incorporated on December 5, 2002. The Foundation’s objectives are: to manage and operate the youth rehabilitation, youth at risk, care and reporting facilities owned by the Government of the Cayman Islands, and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at risk children. The Foundation operates in three physical locations, Bonaventure Boys Home, Frances Bodden Girls Home, and the Head (administration) office. These locations are divided into four operating program schemes, Bonaventure Boys Home, Frances Bodden Girls Home, the Head office, and the Education Team. The administrative functions are handled by CAYS Foundation.

The Foundation is a Government-owned entity, limited by guarantee and without share capital.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements are prepared in accordance with International Financial Reporting Standards, and are expressed in Cayman Islands Dollars (“CI\$”).

(b) Income taxes

The Foundation is not subject to taxes on income, withholding or capital gains taxes in the Cayman Islands and, accordingly, no provision has been made.

(c) Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, deposit on lease, other receivables, accounts payable and deferred revenue. Their carrying amounts approximate fair value due to their short-term nature.

(d) Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of overdrafts.

(e) Use of estimates

The preparation of financial statements in conformity with International Financial Reporting Standards 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(f) Income and expense recognition, and deferred revenue

The Foundation records unrestricted donations as revenue when it is received during the year. Restricted donations such as grant income are recorded on the basis determined in the contracts established between the parties involved. The Foundation records restricted donation revenue when the related expenses have been incurred. The portion of restricted donation revenue related to future periods has been recorded as deferred revenue in the statements of financial position.

Income from insurance proceeds is recognised as revenue when the related expenses have been incurred. Any balance related to future periods is not recognised as revenue, and is deferred and recorded as deferred revenue in the statements of financial position.

(g) Property, plant and equipment

Fixed assets are recorded at cost. Depreciation, which is based on the cost of the asset, is computed using the straight-line method over their estimated useful lives, as follows:

Office equipment	4 years
Computer equipment	3 years
Motor vehicles	4 years
Furniture	4 years
Leasehold Improvements	3 years

3. OTHER RECEIVABLES

Other receivables as of June 30, 2011 includes \$457,103 (2010: \$300,000) which represents amounts owing from the Government for grants.

4. GRANT INCOME

Grant income consists of monetary cedings from the Cayman Islands Government.

Children and Youth Services Foundation
June 30, 2011 and 2010
Notes to Financial Statements
(Expressed in Cayman Islands dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computer Equipment	Motor Vehicles	Furniture	Leasehold Improvements	Total
Cost:						
At July 1, 2010	\$ 8,722	\$ 34,582	\$ 46,952	\$ 33,975	\$ 15,926	\$ 140,157
Additions in the year	-	-	-	31,047	13,504	44,551
Disposals in the year	-	-	-	-	-	-
As at June 30, 2011	8,722	34,582	46,952	65,022	29,430	184,708
Depreciation:						
At July 1, 2010	8,722	21,590	42,869	24,684	7,632	105,497
Charge for the year	-	5,383	1,750	3,645	4,672	15,450
Disposals in the year	-	-	-	-	-	-
As at June 30, 2011	8,722	26,973	44,619	28,329	12,304	120,947
Net book value at June 30, 2011	\$ -	\$ 7,609	\$ 2,333	\$ 36,693	\$ 17,126	\$ 63,761
Net book value at June 30, 2010	\$ -	\$ 12,992	\$ 4,083	\$ 9,291	\$ 8,294	\$ 34,660

6. OTHER INCOME

Other income for the years ended June 30, 2011 and 2010 consists of the following:

	2011	2010
Family reunification program	\$ 46,714	\$ 8,325
Donations	33,289	18,036
Pro-bono audit fees (BDO)	13,500	13,000
Resident Work Training	6,000	-
Academic Awards Donation	350	2,075
Summer Camp Donation	300	6,614
Reading Program Donation	-	2,700
CAYS Magazine	-	1,142
Funds for Crops Greenhouse	-	1,092
Resident Holiday Gifts	-	960
Total Other Income	\$ 100,153	\$ 53,944

A donation in the amount of \$30,000 was made in support of the Family reunification program for the period from May 1, 2011 through April 30, 2012 (2010: \$49,953). As at June 30, 2011, an amount of \$18,118 was included in deferred revenue (2010: \$41,628) on the Statement of Financial Position.

7. EMPLOYEES

The average number of persons employed by the Foundation during the year was 33 (2010: 34).

8. PENSION PLAN

The Foundation participates in multi-employer defined contribution pension plans as prescribed by the Public Service Pensions Law and Regulations. Contributions are calculated as a percentage of salary based on a graduated scale up to the prescribed maximum of 12% with an additional 1% of salary charged for Public Service Pensions liability, a defined-benefit plan. The total pension costs recognized for the year ended June 30, 2011 was \$160,336 (2010: \$175,859).

The Foundation also participates in a defined benefit pension plan. The defined benefit asset as at June 30, 2011 is immaterial to the financial statements as a whole (2010: defined benefit asset unknown) and no amount has been recorded in the Foundation's financial statements.

9. FINANCIAL RISK MANAGEMENT

During the year, the Foundation entered into transactions which gave rise to the following financial assets and liabilities: cash and cash equivalents, deposit on lease, other receivables, and accounts payable.

The Foundation's activities expose it to a variety of risks including credit risk, interest rate risk and liquidity risk. The Foundation actively monitors and seeks to manage these risks by employing various strategies. In addition, it is a policy of the Foundation to transact the majority of its contractual commitment activity with counterparties that the Foundation considers to be well established.

(a) *Credit risk*

The Foundation takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Foundation's main credit risk concentration is spread between cash and cash equivalents and other receivables. The credit risk of the Foundation's assets is not considered significant since all deposits are placed with a highly reputable institution in the Cayman Islands and the majority of other receivables are owed from the Cayman Islands Government.

Children and Youth Services Foundation
June 30, 2011 and 2010
Notes to Financial Statements
(Expressed in Cayman Islands dollars)

9. FINANCIAL RISK MANAGEMENT *(continued)*

(a) *Credit risk (continued)*

The tables below summarize the credit quality and aging of the Foundation's financial assets:

	High Grade	Standard Grade	Past due and Impaired
As at June 2011			
Cash and Cash Equivalents	\$ 343,971	\$ -	\$ -
Other Receivables	-	476,372	-
Deposit on Lease	-	3,688	-
Total	\$ 343,971	\$ 480,060	\$ -

As at June 2010			
Cash and Cash Equivalents	\$ 575,472	\$ -	\$ -
Other Receivables	-	302,134	-
Deposit on Lease	-	3,688	-
Total	\$ 575,472	\$ 305,822	\$ -

	Less than 1 month	1-3 months	Impaired
As at June 2011			
Cash and Cash Equivalents	\$ 343,971	\$ -	\$ -
Other Receivables	476,372	-	-
Deposit on Lease	-	3,688	-
Total	\$ 820,343	\$ 3,688	\$ -

As at June 2010			
Cash and Cash Equivalents	\$ 575,472	\$ -	\$ -
Other Receivables	302,134	-	-
Deposit on Lease	-	3,688	-
Total	\$ 877,606	\$ 3,688	\$ -

(b) *Interest rate risk*

A significant portion of the Foundation's financial assets are interest bearing. As a result the Foundation is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates. All cash and cash equivalents are invested at short-term market interest rates.

9. FINANCIAL RISK MANAGEMENT *(continued)*

(b) *Interest rate risk (continued)*

The Foundation's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarizes the Foundation's exposure to interest rate risks:

		Less than 1 month	1-3 months	Total
As at June 30, 2011				
Assets				
Cash and Cash Equivalents	\$	343,971	\$ -	\$ 343,971
As at June 30, 2010				
Assets				
Cash and Cash Equivalents	\$	575,472	\$ -	\$ 575,472

(c) *Liquidity risk*

Liquidity risk, also referred to as funding risk, is the risk that the Foundation will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of any illiquid assets.

10. RELATED PARTY TRANSACTIONS

The Foundation is owned directly by the Government of the Cayman Islands (the "Government"). The Government provides the majority of the grant income received by the Foundation. For the year ended June 30, 2011 the Government granted \$1,828,413 (2010: \$2,100,000).

The Ministry of Community Affairs, Gender and Housing (the "Ministry") provides the buildings for the Bonaventure Boys Home and the Frances Bodden Girls Home at no cost to the Foundation.

During the year ended June 30, 2011 the Foundation received insurance proceeds of \$nil (2010: \$88,504), of which \$nil (2010: \$26,937) was deferred until 2011. The funds were to restore the buildings and fittings of the Frances Bodden Girls Home to the condition that they were in before a fire caused damage to them during the year ended June 30, 2009. The Foundation supervised the restoration of the buildings and fittings, and received the money from the insurance company. This was therefore recorded as insurance proceeds, and the associated restoration expenses are recorded within contracted services, and repairs and maintenance expense in the statements of comprehensive income.

10. RELATED PARTY TRANSACTIONS *(continued)*

Key employees are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly. The Foundation has one key employee, the CEO. For the year ended June 30, 2011, transactions with the key employee consisted of \$77,680 in wages (2010: \$80,248), \$10,098 for staff pension (2010: \$10,432), \$7,759 for health insurance (2010: \$5,900) and \$1,500 for gas allowances (2010: \$1,500).

For the year ended June 30, 2011, the Government of the Cayman Islands department of Public Works completed repairs and maintenance work totalling \$11,748 (2010: \$14,116).

11. COMMITMENTS

On September 1, 2008, the Foundation entered into a new three (3) year lease agreement. The annual lease payments are \$44,260. Minimum lease payments over the remaining term of the lease are as follows:

June 30, 2012	\$ 7,377
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12. SUBSEQUENT EVENTS

As of September 1, 2011, the lease agreement between the Foundation and British American Insurance Company Limited regarding the Foundation's head office tenancy in the Dotcom Centre was scheduled to terminate. The parties agreed to move forward with the lease on a month-to-month basis under the same terms.

13. COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

14. CORRECTION OF PRIOR PERIOD ERRORS

During the analysis of insurance proceeds received as a result of the fire at the Francis Bodden Girls Home, it came to light that funds received and utilised in 2010 were not properly allocated to that period. The correct allocation of the insurance proceeds was recomputed and the figures for 2010 have been adjusted to reflect this change.

The restatement of the financial statements as of and for the year ended June 30, 2010 had the following effect on the June 30, 2010 ending balances: Increased insurance proceeds \$4,709 and increase contracted services by \$4,709.

Children and Youth Services Foundation

Schedule of Expenses by Cost Centre (Unaudited) (Expressed in Cayman Islands dollars)

For the year ended June 30, 2011

	Bonaventure	Frances Bodden	Head Office	Education Team	Total
Expenses:					
Aftercare	\$ -	\$ -	\$ 8,413	\$ -	\$ 8,413
Bank charges	-	-	1,136	-	1,136
Cleaning expenses	1,934	567	2,979	-	5,480
Contracted services	-	-	7,301	-	7,301
Depreciation	3,883	691	10,876	-	15,450
Gas allowance	4,500	4,500	5,225	1,551	15,776
Health insurance	42,454	53,103	17,124	12,360	125,041
Liability insurance	-	-	2,737	-	2,737
Light and heat	23,453	21,999	-	-	45,452
Medical and hygiene expenses	418	1,919	296	-	2,633
Miscellaneous expenses	8,078	6,040	1,877	-	15,995
Office costs	3,679	2,834	6,745	-	13,258
Printing, postage and stationary	-	-	150	-	150
Professional fees	-	-	13,500	-	13,500
Rent	-	-	44,260	-	44,260
Repairs and maintenance	11,027	16,844	11,748	-	39,619
Staff pensions	54,438	68,092	21,957	15,849	160,336
Students rewards/incentive	2,710	4,188	-	2,000	8,898
Subsistence	11,920	19,577	366	-	31,863
Teaching and training costs	100	483	7,150	5,125	12,858
Telephone costs	7,096	7,609	8,215	963	23,883
Travel and entertainment	-	-	498	-	498
Vehicle costs	17,203	15,680	-	-	32,883
Wages	443,207	554,379	178,770	129,035	1,305,391
Water	7,746	6,339	-	-	14,085
Total Expenses	\$ 643,846	\$ 784,844	\$ 351,323	\$ 166,883	\$ 1,946,896

Children and Youth Services Foundation

Schedule of Expenses by Cost Centre (Unaudited and Restated) (Expressed in Cayman Islands dollars)

For the year ended June 30, 2010

	Bonaventure	Frances Bodden	Head Office	Education Team	Total
Expenses:					
Advertising	\$ -	\$ -	\$ 729	\$ -	\$ 729
Aftercare	-	-	31,841	-	31,841
Bank charges	-	-	1,139	-	1,139
Cleaning expenses	1,466	332	3,564	-	5,362
Contracted services	-	3,324	11,827	-	15,151
Depreciation	3,883	-	8,102	-	11,985
Gas allowance	4,500	4,000	3,900	1,500	13,900
Health insurance	69,816	58,070	17,700	30,732	176,318
Liability insurance	-	-	5,706	-	5,706
Light and heat	18,532	15,928	-	-	34,460
Medical and hygiene expenses	557	1,868	2,218	-	4,643
Miscellaneous expenses	2,856	2,671	2,136	-	7,663
Office costs	3,845	2,877	5,857	-	12,579
Printing, postage and stationary	-	-	200	-	200
Professional fees	-	-	13,000	-	13,000
Rent	-	-	44,260	-	44,260
Repairs and maintenance	6,361	67,273	14,116	-	87,750
Staff pensions	72,264	50,769	25,481	27,345	175,859
Staff rewards/allowances	436	-	-	-	436
Students rewards/incentive	2,018	2,665	2,683	-	7,366
Subsistence	10,233	17,375	156	-	27,764
Teaching and training costs	4,545	1,007	7,389	2,092	15,033
Telephone costs	5,614	7,283	7,212	1,974	22,083
Travel and entertainment	-	-	300	-	300
Uniforms	-	-	1,646	-	1,646
Vehicle costs	12,384	12,054	-	-	24,438
Wages	508,345	493,343	189,715	210,274	1,401,677
Water	8,590	5,836	-	-	14,426
Total Expenses	\$ 736,245	\$ 746,675	\$ 400,877	\$ 273,917	\$ 2,157,714