

Financial Statements of the

CAYMAN ISLANDS NATIONAL MUSEUM

Year ended June 30, 2013

CAYMAN ISLANDS NATIONAL MUSEUM

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by Cayman Islands National Museum Limited in accordance with the provisions of the *Public Management and Finance Law (2012 Revision)*.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Law (2012 Revision)*.

As Chairman and Director, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Cayman Islands National Museum Limited.

As Chairman and Director we are responsible for the preparation of Cayman Islands National Museum Limited's financial statements and for the judgements made in them.

The financial statements fairly present the financial position (except for property, plant and equipment), financial performance (except for the completeness of revenue), changes in equity and cash flows for the financial year ended June 30, 2013.

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

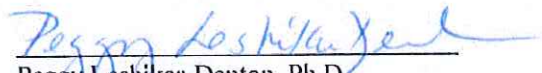
- (a) are complete and reliably reflect the financial transactions of the Cayman Islands National Museum Limited for the year ended June 30, 2013;
- (b) fairly reflect the financial position as at June 30, 2013 and performance for the year ended June 30, 2013;
- (c) comply with International Financial Reporting Standards under the responsibility of the International Accounting Standards Board.

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



Chairman
Cayman Islands National Museum

Date: September 12, 2014



Peggy Leshikar-Denton, Ph.D.,
Director
Cayman Islands National Museum

Date: 12 September 2014

Auditor General's Report

To the Board of Control and Trustees of the Cayman Islands National Museum

In accordance with section 60(1)(a)(ii) of the *Public Management and Finance Law (2012 Revision)* we have audited the accompanying financial statements of Cayman Islands National Museum Limited (the "Museum"), which comprise the statement of financial position as at June 30, 2013 and the statements of financial performance, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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.

Auditors' 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 relevant 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider 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 my qualified opinion. In rendering my qualified opinion on the financial statements of the Museum, 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.

Basis for Qualified Opinion

During the period ended June 30, 2012, the Museum changed the system that maintained the property, plant and equipment register and this resulted in a material adjustment to accumulated depreciation and accumulated surplus. We were unable to form an opinion on the accuracy of this adjustment or the Property, plant and equipment recorded in the statement of financial position as at June 30, 2013 and the related impact that this would have on the accumulated surplus and equity of the Museum as at June 30, 2013.

Auditor General's Report

To the Board of Control and Trustees of the Cayman Islands National Museum (continued)

Basis for Qualified Opinion (continued)

In common with many other organisations of similar size and purpose, the Museum derives a substantial portion of its income from sources which cannot be fully controlled until they are entered into the accounting records and are therefore not susceptible to independent audit verification, but rather dependent upon the close involvement of the Museum's management. Accordingly, we were unable to form an opinion on the completeness of product sales, admissions, membership dues, fundraising income and donations recorded in the statement of financial performance for the year ended June 30, 2013.

Qualified Opinion

In my opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary in respect of the matters discussed in the "Basis for Qualified Opinion" paragraphs above, the financial statements present fairly, in all material respects, the financial position of the Museum as at June 30, 2013 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

I draw attention to note 1, which discloses that the Museum is dependent upon the financial support of the Government of the Cayman Islands to enable it to meet its obligations as they fall due. Without this ongoing support a material uncertainty exists that casts significant doubt about the Museum's ability to continue as a going concern. My opinion is not qualified in respect to this matter.

Other matters

The Museum did not comply with the requirements of the *Public Management and Finance Law (2012 Revision)* under the following sections:

- Section 4: The financial statements are to be prepared in accordance with International Public Sector Accounting Standards ("IPSAS"). These financial statements are prepared in accordance with International Financial Reporting Standards. No assessment has been made to determine if significant differences in presentation or disclosures exist if these financial statements had been prepared in accordance with IPSAS.
- 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. The Company's reporting of its financial information to the Legislative Assembly was not in the timeframe or format required to be in compliance with the Law.

No adjustments are made in these financial statements as a result of this non-compliance with the *Public Management and Finance Law (2012 Revision)*.



Alastair Swarbrick, MA(Hons), CPFA
Auditor General

September 12, 2014
Cayman Islands

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Position

June 30, 2013

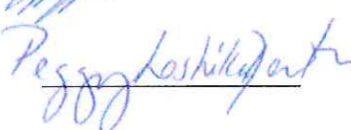
(expressed in Cayman Islands dollars)

	Note	2013	2012
Assets			
Current assets			
Cash and cash equivalents	3	322,780	389,402
Accounts receivable		10,299	10,746
Deposits and prepaid expenses		33,281	65,091
Inventories	4	77,101	78,195
		443,461	543,434
Non-current assets			
Property, plant and equipment	5	2,482,590	2,659,745
Collections, exhibits and artifacts	1,2	0	0
		2,482,590	2,659,745
Total assets	CI\$	2,926,051	3,203,179
Liabilities and equity			
Liabilities			
Accounts payable and accrued liabilities		190,864	253,121
		190,864	253,121
Equity			
Accumulated surplus		1,414,296	1,785,298
Temporary restricted funds	6	88,521	88,635
Contingency reserve	7	200,000	200,000
Contributed capital		1,032,370	876,125
		2,735,187	2,950,058
Total liabilities and equity	CI\$	2,926,051	3,203,179

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on Sep 12th, 2014


Chairperson


Director

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Performance

For the year ended June 30, 2013

(expressed in Cayman Islands dollars)

	Note	2013	2012 (24 months)
Revenues			
Government grants and contributions	8	620,527	1,311,460
Product sales	9	91,761	169,293
Admissions		39,762	64,909
Rental income		22,500	45,800
Fundraising income and donations		11,270	5,342
Membership dues		9,344	7,515
Interest and other income		115	267
		795,279	1,604,586
Expenses			
Staff costs	9, 10, 11	466,648	976,296
Depreciation	5	206,286	385,592
Facility expenses	9	182,353	372,880
Administration and other expenses		136,013	222,008
Rent expense		99,704	245,592
Cost of goods sold		75,277	185,160
		1,166,281	2,387,528
Temporary restricted funds			
Contributions received	6	0	23,041
Expenditure	6	(114)	(1,339)
		(114)	21,702
Loss for the year/period	CI\$	(371,116)	(761,240)

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Changes in Equity

For the year ended June 30, 2013

(expressed in Cayman Islands dollars)

	Accumulated Surplus	Contingency Reserve (Note 7)	Temporary Restricted Funds (Note 6)	Contributed capital	Total
Restated balance at June 30, 2010	2,568,240	200,000	66,933	876,125	3,711,298
Loss for the period	(761,240)	0	0	0	(761,240)
Contributed capital	(23,041)	0	23,041	0	0
Transfer to unrestricted from temporary restricted funds for the period	1,339	0	(1,339)	0	0
Balance at June 30, 2012	1,785,298	200,000	88,635	876,125	2,950,058
Loss for the period	(371,116)	0	0	0	(371,116)
Contributed capital	0	0	0	156,245	156,245
Transfer to unrestricted from temporary restricted funds for the period	114	0	(114)	0	0
Balance at June 30, 2013	CIS\$ 1,414,296	200,000	88,521	1,032,370	2,735,187

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Cash Flows

For the year ended June 30, 2013

(expressed in Cayman Islands dollars)

	Note	2013	2012 (24 months)
Cash provided by/(used in):			
Operating activities			
Loss for the year/period		(371,116)	(761,240)
Adjustments for items not involving cash:			
Depreciation	5	206,286	385,592
Net changes in operating assets and liabilities:			
Accounts receivable		447	196,639
Deposits and prepaid expenses		31,810	(49,664)
Inventories		1,094	67,202
Accounts payable and accrued liabilities		(62,257)	18,914
Cash used in operating activities		(193,736)	(142,557)
Investing activities			
Purchase of Property, plant and equipment	5	(29,131)	(108,796)
Cash used in investing activities		(29,131)	(108,796)
Financing activities			
Capital contribution		156,245	0
Cash provided by financing activities		156,245	0
Net decrease in cash and cash equivalents		(66,622)	(251,353)
Cash and cash equivalents at beginning of year/period		389,402	640,755
Cash and cash equivalents at end of year/period	CI\$	322,780	389,402

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

June 30, 2013

(expressed in Cayman Islands dollars)

1. Background information

The Cayman Islands National Museum (the "Museum") was established on May 3, 1979 by enactment of the Museum Law, 1979. Its purpose is to establish for posterity a collection of material evidence concerning man and his environment, with primary but not exclusive reference to the Cayman Islands, and to arouse public interest in Caymanian heritage and, through proper use of the collection, to increase knowledge and appreciation of, and respect for Caymanian heritage.

The Museum holds a collection in excess of 7,500 artifacts that have been donated, transferred, purchased or found, with the majority being donations. Artifacts are documented in the Museum's Accession Register, and are used in research or are held in exhibition for public service. The research collections (those that are not on exhibit at the Museum) are kept at the Museum Support Facility in an environmentally controlled vault for preservation. The Museum also operates a gift shop and leases a space to third party, which operates a cafe.

The Museum is funded primarily by an annual grant from the Cayman Islands Government through the Ministry of Health, Environment, Youth, Sports and Culture. The Museum would not be able to continue as a going concern without ongoing support from the Cayman Islands Government and as a result the Museum is economically dependent on the Government of the Cayman Islands (the "Government").

2. Significant accounting policies

(a) Reporting periods

While the financial statements for the year ended June 30, 2013 relates to a twelve month period, comparative figures are for a 24 month period from July 1, 2010 to June 30, 2012. The financial performance and cash flows of the Museum are therefore not comparable with the prior period.

(b) Basis of preparation

The *Public Management and Finance Law (2012 Revision)* requires the Museum to prepare its financial statements in accordance with International Public Sector Accounting Standards ("IPSAS"). The Museum has prepared its financial statements in accordance with International Financial Reporting Standards ("IFRS").

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

As outlined in Note 1, the continued existence of the Company is contingent on the ongoing support from the Museum's owner, the Government. As management consider that this support will be ongoing and there are no indications which suggest otherwise, management consider the preparation of the financial statements under the going concern assumption to be appropriate.

These financial statements are presented in Cayman Islands dollars ("CI\$"), which is the Museum's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.

(c) Use of estimates

The preparation of financial statements in accordance 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 revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant, equipment and exhibits (Note 5) and whether an impairment provision is required in respect of inventory (Note 4).

(c) New and revised standards and interpretations that are not yet effective:

Certain new, revised and amended standards and interpretations came into effect during the current financial year. There was no material impact on the financial statements as a result of those amendments.

At the date of authorisation of the financial statements the following new relevant standards, amendments to standards and interpretations, which were in issue, are not yet effective. Those standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

- IFRS 9, *Financial Instruments (2010)*, which is effective for annual reporting periods beginning on or after January 1, 2015, retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortised cost and fair value.

It also includes guidance on classification and measurement of financial liabilities designated as at fair value through profit or loss and incorporates certain existing requirements of IAS 39, *Financial Instruments: Recognition and Measurement*, on the recognition and de-recognition of financial assets and financial liabilities.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(c) New and revised standards and interpretations that are not yet effective (continued)

- IFRS 13, *Fair Value Measurement*, which is effective for annual reporting periods beginning on or after January 1, 2013, defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. It explains how to measure fair value and is applicable to assets, liabilities and an entity's own equity instruments that, under other IFRSs, are required or permitted to be measured at fair value, or when disclosure of fair values is provided. It does not introduce new fair value measurements, nor does it eliminate the practicability exceptions to fair value measurements that currently exist in certain standards.
- Improvements to IFRS 2009 - 2010 cycle contains amendments to certain standards and interpretations and are effective for accounting periods beginning on or after January 1, 2013. The main amendments applicable to the company are as follows:
 - IAS 1 *Presentation of Financial Statements* is amended to clarify that only one comparative period, which is the preceding period, is required for a complete set of financial statements. IAS 1 requires the presentation of an opening statement of financial position when an entity applies an accounting policy retrospectively or makes a retrospective restatement or reclassification. IAS 1 has been amended to clarify that (a) the opening statement of financial position is required only if a change in accounting policy, a retrospective restatement or a reclassification has a material effect upon the information in that statement of financial position; (b) except for the disclosures required under IAS 8, notes related to the opening statement of financial position are no longer required; and (c) the appropriate date for the opening statement of financial position is the beginning of the preceding period, rather than the beginning of the earliest comparative period presented.

The Company is assessing the impact, if any, that the new, revised and amended standards may have on its financial statements in future years when they become effective.

(d) Cash and cash equivalents

The Museum considers all cash and short-term deposits with a maturity of three months or less to be cash or cash equivalents.

(e) Accounts receivable

Receivables are measured at cost less any allowance for doubtful accounts.

The allowance for doubtful accounts is calculated using specific identification by management of accounts which are long overdue.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(f) Inventories

Inventories consist of products sold in the Museum shop and are valued on an average cost basis less an allowance for obsolete and slow moving items.

(g) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance.

Depreciation is charged to write off the cost of the asset over their estimated useful life, using the straight-line method.

Useful lives are as follows:

Computer hardware and software	3-5 years
Furniture, fittings & equipment	5-8 years
Leasehold improvements	3-30 years
Permanent exhibits	30 years
Vehicles	5 years

Cost comprises the purchase price of an asset and any directly attributable costs of bringing the asset to working condition for its intended use such as import duties, initial delivery and storage cost.

Repairs and maintenance are charged to expenses as incurred.

(h) Income recognition

Income on the sale of goods is recognized in the statement of financial performance at the point of the sale. Rental income, interest and other income are recognized on an accruals basis. Income earned on admissions, membership dues, fundraising, and donations are recorded in the period in which the payment is received.

(i) Government grants

Government grants are recognised and accrued for on a quarterly basis for financial support. Certain grants cover staff costs and related expenditures of the Museum. Grant income and expenditures are recorded gross in the financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(j) Foreign currency translation

Transactions during the year and assets and liabilities at the statement of financial position dates denominated in United States dollars are translated into Cayman Islands dollars at a fixed rate of US\$1.00 = CI\$0.82. Gains and losses on foreign currencies, if any, are included in administration and other expenses.

(k) Collections, Exhibits and Artefacts

Consistent with the practice followed by many museums, collections, exhibits and artefacts purchased and donated are not recorded in the statement of financial position. The costs of all objects purchased are recorded as an expense in the statement of financial performance. Objects acquired by gift or donations are not recorded in these financial statements since it is difficult to obtain an objective measurement or valuation of these items.

(l) Contributed services

During the course of the period covered by these financial statements, unpaid volunteers make significant contributions of their time and resources to manage the Museum's activities. The value of these contributions is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

(m) Financial assets and liabilities

(i) Classification

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) Recognition

The Museum recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial liabilities measured at amortised cost are recognised in the statement of financial performance.

Financial assets comprise cash and cash equivalents, accounts receivable and deposits. Financial liabilities comprise accounts payable and accrued liabilities. Management determines the classification of its financial assets and liabilities at initial recognition.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(m) Financial assets and liabilities (continued)

(iii) Measurement

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received.

(iv) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Museum has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At June 30, 2013 and 2012, there were no assets or liabilities reported on a net basis.

(v) Impairment

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of financial performance.

(vi) Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Museum has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

(vii) Fair value

The fair value of financial instruments approximates their carrying value principally due to the short-term nature of such instruments.

(n) Temporary restricted funds

Temporary restricted funds are derived from gifts, grants, and contracts received by the Museum for operating purposes but restricted by donors, grantors, and outside agencies as to the specific purpose for which the funds may be expended. As these funds have traditionally not been reimbursable, and the Museum does not consider there to be a legal or constructive obligation to do so, they form a part of the Museum's equity position as reflected on the statement of financial position. Contributions that are restricted for specific purposes by the donor must be used as intended and cannot fund other activities or general operations without the proper consent of the original donor.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(o) Operating leases

Operating lease payments are recognised as an expense in the statement of financial performance on a straight line basis over the lease term.

(p) Statement of comprehensive income

A statement of comprehensive income is not presented since the Museum has no items of other comprehensive income. Comprehensive income is the same as net income.

3. Cash and cash equivalents

	2013	2012
Cash	113,431	155,167
Fixed deposits	209,349	234,235
	CI\$ 322,780	389,402

Included in cash and cash equivalents are temporary restricted funds of CI\$88,521 (2012: CI\$88,635) which may only be used as described in Notes 2(n) and 6. In addition, CI\$200,000 of the fixed deposit balance is considered to comprise part of the Museum's contingency reserve (see Note 7).

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

4. Inventories

	2013	2012
Inventory at average cost	102,556	104,005
Less: provision for slow moving items	(25,455)	(25,810)
	CIS 77,101	78,195

Movement in Inventory provision

The movement in the provision for slow moving items during the year/period ending June 30, 2013 and 2012 is summarised as follows:

	2013	2012
Inventory provision at beginning of year	(25,810)	0
Inventory written off	25,810	0
Increase in provision	(25,455)	(25,810)
Inventory provision at end of year	CIS (25,455)	(25,810)

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

5. Property, plant and equipment

Property, plant and equipment consist of the following:

2013	Furniture, fixtures & equipment	Computer hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Cost:						
Balance at beginning of period	360,893	125,916	2,197,705	442,804	24,900	3,152,218
Additions during the period	25,951	0	3,180	0	0	29,131
Balance at end of period	386,844	125,916	2,200,885	442,804	24,900	3,181,349
Accumulated depreciation:						
Balance at beginning of period	(148,659)	(65,159)	(224,153)	(29,602)	(24,900)	(492,473)
Depreciation expense during the period	(72,626)	(23,331)	(95,527)	(14,802)	0	(206,286)
Balance at end of period	(221,285)	(88,490)	(319,680)	(44,404)	(24,900)	(698,759)
Net book value at June 30, 2013						
CI\$	165,559	37,426	1,881,205	398,400	0	2,482,590
Net book value at June 30, 2012						
CI\$	212,234	60,757	1,973,552	413,202	0	2,659,745

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

5. Property, plant and equipment (continued)

Property, plant and equipment consist of the following:

2012	Furniture, fixtures & equipment	Computer hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Cost:						
Balance at beginning of period	350,905	123,742	2,101,071	442,804	24,900	3,043,422
Additions during the period	9,988	2,174	96,634	0	0	108,796
Balance at end of period	360,893	125,916	2,197,705	442,804	24,900	3,152,218
Accumulated depreciation:						
Balance at beginning of period	(343,938)	(61,018)	(734,302)	0	(19,358)	(1,158,616)
Adjustment to accumulated depreciation (note 14)	339,658	40,284	673,251	0	(1,458)	1,051,735
Restated opening accumulated depreciation	(4,280)	(20,734)	(61,051)	0	(20,816)	(106,881)
Depreciation expense during the period	(144,379)	(44,425)	(163,102)	(29,602)	(4,084)	(385,592)
Balance at end of period	(148,659)	(65,159)	(224,153)	(29,602)	(24,900)	(492,473)
Net book value at June 30, 2012	CI\$ 212,234	60,757	1,973,552	413,202	0	2,659,745
Net book value at June 30, 2010	CI\$ 346,625	103,008	2,040,020	442,804	4,084	2,936,541

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

6. Temporary restricted funds

Fund balances are temporarily restricted for:

Archaeology

During the period ended December 31, 1994, a fundraiser was held to provide funds for marine archaeological research and equipment. The net proceeds from the fundraiser were placed in a restricted account for similar expenditures. At June 30, 2013 and 2012, CI\$12,812 remained in the temporary restricted funds account.

Powell's

During the period ended June 30, 1998, the Museum received a government grant of CI\$25,000 for specific projects including creating a business plan, architectural surveys, condition reports, and maintenance planning. As at June 30, 2013 and 2012, CI\$20,250 remained in the temporary restricted funds account.

McCoy Prize Award

During the period ended June 30, 2003, Harris McCoy donated CI\$1,000 to hold for the winner of the McCoy prize. A further CI\$20,900 was donated by the chairman during the period ending June 30, 2006. As at June 30, 2013 and 2012, CI\$1,918 remained in the temporary restricted funds account.

New Building

During the period ended June 30, 2004, the Museum received donations in the amount of CI\$9,840 for the new museum building. As at June 30, 2013 and 2012, CI\$9,840 remained in the temporary restricted funds account.

Maritime Heritage Trail

During the period ended June 30, 2004, the Department of Tourism donated CI\$20,000 for the Maritime Heritage Trail. As at June 30, 2013 and 2012, CI\$1,412 remained in the temporary restricted funds account.

Educational Programme

During the period ended 30 June 2012, the museum received a donation of \$3,041. This was to be applied to the Museum's educational Fund. As at 30 June 2013, CI\$1,588 (2012: \$1,702) remained in the temporary restricted funds account.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

6. Temporary restricted funds (continued)

Renovations & Recovery

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$20,701 for the recovery of any material evidence of artistic, historic or scientific significance to Cayman Islands. As at June 30, 2013 and 2012, CI\$20,701 remained in the temporary restricted funds account.

Webster Foundation

During the period ended 30 June 2012, the museum received a donation of \$20,000 to be used to acquire artefacts and the costs of displaying such artefacts. As at 30 June 2013, \$20,000 (2012: \$20,000) remained in the temporary restricted funds account.

Following is the movement of temporary restricted funds during the year:

	Archacology	Powell's	McCoy Prize	New Building	Maritime Heritage Trail	Educational Programme	Renovations& Recovery	Webster Foundation	Total
Balance at June 30, 2010	12,812	20,250	1,918	9,840	1,412	0	20,701	0	66,933
Receipts:									
Donations	0	0	0	0	0	3,041	0	20,000	23,041
Disbursements:									
Prizes and awards	0	0	0	0	0	(1,339)	0	0	(1,339)
Balance at June 30, 2012	12,812	20,250	1,918	9,840	1,412	1,702	20,701	20,000	88,635
Receipts:									
Donations	0	0	0	0	0	0	0	0	0
Disbursements:									
Prizes and awards	0	0	0	0	0	(114)	0	0	(114)
Balance at June 30, 2013	12,812	20,250	1,918	9,840	1,412	1,588	20,701	20,000	88,521

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

7. Contingency reserve

At June 30, 2013, the Museum's equity includes a contingency reserve of CI\$200,000 (2012: CI\$200,000). The contingency reserve was established by the Board of Control and Trustees as a precautionary measure to meet costs of overcoming any disaster that might befall the Museum in the future and is equal to the estimated operating costs of the Museum for a six month period. The contingency reserve is in the form of fixed deposits included in cash and cash equivalents (see note 3).

8. Government grants

During the year ended June 30, 2013, grants totalling CI\$620,527 (2010-2012: CI\$1,311,460) were received from the Government, of which CI\$nil (2012: CI\$nil) is included in accounts receivable at June 30, 2013.

As noted in note 1, the Museum would not be able to continue as a going concern without ongoing support from the Cayman Islands Government and as a result the Museum is economically dependent on the Government of the Cayman Islands (the "Government").

9. Related party transactions

Controlling Entity

The Museum is a wholly owned statutory entity of the Government within the Ministry of Health, Environment, Youth, Sports and Culture (the "Ministry").

Museum Building

Under the terms of a fifty year agreement with the Governor of the Cayman Islands dated June 5, 1990, the Museum leases its building, the Old Courts Building, and the accompanying land for annual consideration of a nominal amount.

Property Insurance

The Government allocates the insurance premium, which covers the building and its contents, of the Old Courts Building in Grand Cayman.

During the period ended June 30, 2013, total insurance premium allocated to the Museum amounted to CI\$40,974 (2012: CI\$103,870). This amount is shown as facilities expenses in the statement of financial performance.

At June 30, 2013, \$40,009 (2012: \$166,616) is included in accounts payable and accrued liabilities due to the Government in respect of insurance.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

9. Related party transactions (continued)

Property Insurance (continued)

During the course of the year, the Government agreed to forgive certain amounts outstanding from the Museum relating to property insurance premiums. This amounted to \$156,245 and has been recorded as an additional capital contribution.

Ministry employees

The Curations Manager, who is an employee of the Ministry, works for the Museum on a secondment contract. The total salary and benefits paid by the Ministry to the Curations Manager during the year ended June 30, 2013 amounted to CI\$65,826 (2010-2012: CI\$108,424).

The Curations Manager's remuneration, the details of which are not available to the Museum, formed part of the Ministry's expenditures and are not reflected in the statement of financial performance of the Museum.

Gift Shop Sales

During the year ended June 30, 2013, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI\$17,485 (2010-2012: CI\$2,227).

10. Pension plan

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law. Contributions for the year ended June 30, 2013 included in staff costs in the statement of financial performance amounted to CI\$26,213 (2010-2012: CI\$38,856). Pension contributions consist of 5% of the employee's salary made by the employee and are matched by the employer (2010-2012: 5%/5%).

11. Key management remuneration

There were no loans made to key management at June 30, 2012 (2012: none). Total remuneration paid to 4 personnel considered to be key management during the periods ended June 30, 2013 and 2012 was:

	Salaries CI\$	Pension CI\$	Health insurance CI\$	Total CI\$
2013	217,892	10,895	25,668	254,455
(24 months) 2012	308,935	15,447	40,745	365,127

Members of the Board of Directors are voluntary and do not receive any type of remuneration for services rendered.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

12. Financial risk management

The Museum's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The Museum's Board of Control have overall responsibility for the establishment and oversight of its risk management framework. The Museum's risk management policies are established to identify and analyse the risks, set appropriate risk limits and controls and to monitor risks and adherence to limits. The most important types of financial risk to which the Museum is exposed to are credit risk and liquidity risk. This note presents information about the Museum's exposure to each of these risks and the Museum's objectives, policies and processes for measuring and managing risk and the Museum's management of capital.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Museum. To mitigate this risk, the Museum has adopted a policy of dealing only with counterparties which it believes to be credit worthy. Financial assets which potentially subject the Museum to credit risk consist principally of cash and cash equivalents and accounts receivable.

At June 30, 2013, the Museum held CI\$322,780 (2012: CI\$400,148) in financial instruments represented by cash and cash equivalents at one financial institution in the Cayman Islands as well as accounts receivable. As such, the Museum is exposed to credit related losses in the event of non-performance by the financial institution and accounts receivable which was largely due from the Shareholder, the Government. Given the high credit rating of this financial institution, the Board of Control does not anticipate any material losses as a result of this concentration.

Liquidity risk

Liquidity risk is the risk that the Museum will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from the Government and the ability to predict and manage the Museum's expected cash outflows. Throughout the year and subsequent to the year end, the Museum has relied significantly on the support from the Government, as Shareholder, to provide funds in the form of grants. The ability of the Museum to meet its obligations is dependent on the ongoing financial support provided by the Government (refer note 8).

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2013

(expressed in Cayman Islands dollars)

13. Commitments and contingencies

The Museum leases premises at Pasadora Places to store its collection and artefacts. The Museum holds a three year lease effective June 1, 2011 to May 31, 2014.

The Museum entered into a lease for the use of 10 Cayside House which will expire on December 31, 2015. This space is utilized as the education, administration and library. The lease commenced on October 1st 2012.

	2013	2012
Minimum lease payments		
Payable within one year	107,126	75,600
Payable from one to two years	38,000	69,300
Payable from two to three years	19,344	-
	CI\$ 164,470	144,900

14. Comparative amounts

Certain comparative amounts have been reclassified to conform to the financial statement presentation adopted in the current year.

15. Subsequent events

In preparing these consolidated financial statements, management has evaluated and disclosed all material subsequent events up to September 12, 2014, being the date that the financial statements were available to be issued.