

GOVERNMENT OF THE CAYMAN ISLANDS
CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION

FINANCIAL STATEMENTS

30 JUNE 2012



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2012**

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CAYS
Children and Youth Services

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Children and Youth Services Foundation in accordance with the provisions of the Public Management and Finance Law (2010 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 (2010 Revision).

As members of the Management Board, we 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 Children and Youth Services Foundation.

As members of the Management Board, we are responsible for the preparation of the Children and Youth Services Foundation financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance and cash flows of the Children and Youth Services Foundation for the financial year ended 30 June 2012.

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

- (a) Completely and reliably reflect the financial transactions of the Children and Youth Services Foundation for the year ended 30 June 2012;
- (b) Fairly reflect the financial position as at 30th June 2012 and performance for the Year ended 30th June 2012;
- (c) Comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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 has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

Garth Arch
Chairman

May 20, 2015

Sydney Williams
General Manager

May 20, 2015

AUDITOR GENERAL'S REPORT

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

I have audited the accompanying financial statements of the Children and Youth Services Foundation, which comprise the statement of financial position as at 30 June 2012 and the statement of financial performance, statement of changes in net worth and cash flows statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 9 to 20 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2010 Revision)*.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting 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 my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I 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 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, 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 I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a material portion 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 effects of the matter described in the Basis for Qualified Opinion the financial statements present fairly, in all material respects, the financial position of the Children and Youth Services Foundation as at 30 June 2012 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Alastair Swarbrick, MA (Hons), CPFA, CFE
Auditor General

20 May 2015
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE

		2012	2011	Final Budget	Budget Variance
	Note				
Current Assets					
Cash and cash equivalents	2	\$ 542,008	\$ 343,971	\$ 390,725	\$ 151,283
Trade receivables	3	335,919	476,372	377,303	(41,384)
Other receivables		3,688	3,688	3,688	-
Prepayments		582	-	-	582
Total Current Assets		882,197	824,031	771,716	110,481
Non-Current Assets					
Property, plant and equipment	4	46,623	63,761	34,660	11,963
Total Non-Current Assets		46,623	63,761	34,660	122,444
Total Assets		928,820	887,792	806,376	122,444
Current Liabilities					
Trade payables	5	7,879	14,801	43,209	(35,330)
Unearned revenue		10,000	18,118	-	10,000
Employee entitlements	6	40,541	23,711	-	40,541
Total Current Liabilities		58,420	56,630	43,209	15,211
Total Liabilities		58,420	56,630	43,209	15,211
Net Assets		870,401	831,162	763,167	107,234
Net Worth					
Accumulated surpluses/(deficits)		870,400	831,162	763,167	107,233
Total Net Worth		\$ 870,400	\$ 831,162	\$ 763,167	\$ 107,233

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE

		2012	2011	Final Budget	Budget Variance
	Note				
Revenue					
Outputs to Cabinet	7	\$ 2,206,809	\$ 1,828,413	\$ 2,251,847	\$ 45,038
Donations		60,143	100,153	50,000	(10,143)
Other revenue		-	31,646	-	-
Total Revenue		<u>2,266,952</u>	<u>1,960,212</u>	<u>2,301,847</u>	<u>34,895</u>
Expenses					
Personnel costs	8	1,760,542	1,604,518	1,769,427	8,885
Other expenses	9	245,725	168,583	359,700	113,975
Supplies and consumables	10	188,331	158,345	323,746	135,415
Depreciation		26,234	15,450	20,000	(6,234)
Total expenses		<u>2,220,832</u>	<u>1,946,896</u>	<u>2,472,873</u>	<u>252,040</u>
Surplus or (Deficit) for the period		<u>\$ 46,120</u>	<u>\$ 13,316</u>	<u>\$ (171,026)</u>	<u>\$ (217,146)</u>

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2012

Attributable to Cayman Islands Government

	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total	Minority Interest	Total Net Worth	Final Budget	Budget Variance
Balance at 30 June 2010	\$ -	\$ -	\$ -	\$ 817,846	\$ 817,846	\$ -	\$ 817,846	\$ 945,780	\$ (127,934)
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	-	-	-	-	-	-
Restated Balance	-	-	-	817,846	817,846	-	817,846	945,780	(127,934)
Surplus/(deficit) for the period 2010/11				13,316	13,316	-	13,316	(11,587)	24,903
Total recognised rev and exp for the period	-	-	-	13,316	13,316	-	13,316	(11,587)	24,903
Balance at 30 June 2011 carried forward	\$ -	\$ -	\$ -	\$ 831,162	\$ 831,162	\$ -	\$ 831,162	\$ 934,193	\$ (103,031)

Attributable to Cayman Islands Government

	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total	Minority Interest	Total Net Worth	Final Budget	Budget Variance
Balance at 30 June 2011 brought forward	\$ -	\$ -	\$ -	\$ 831,162	\$ 831,162	\$ -	\$ 831,162	\$ 934,193	\$ (103,031)
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Prior Year Adjustments	-	-	-	(6,882)	(6,882)	-	(6,882)	-	(6,882)
Restated Balance	-	-	-	824,280	824,280	-	824,280	934,193	(109,913)
Surplus/(deficit) for the period 2011/12				46,120	46,120	-	46,120	(171,026)	217,146
Total recognised rev and exp for the period	-	-	-	46,120	46,120	-	46,120	(171,026)	217,146
Balance at 30 June 2012	\$ -	\$ -	\$ -	\$ 870,400	\$ 870,400	\$ -	\$ 870,400	\$ 763,167	\$ 107,233

*The accounting policies and notes form an integral part of these financial statements

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE

		2012	2011	Final Budget	Budget Variance
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
Outputs to Cabinet		\$ 2,347,262	\$ 1,671,310	\$ 2,251,847	\$ 95,415
Sale of goods and services - cabinet & government agencies		-	55,211	-	-
Other receipts		51,443	-	50,000	1,443
<i>Payments</i>					
Personnel costs		(1,784,252)	(1,607,148)	(1,769,427)	(14,825)
Suppliers		(400,438)	(304,189)	(703,446)	303,008
Other payments		(2,134)	(2,134)		(2,134)
Net cash flows from operating activities	12	211,881	(186,950)	(171,026)	382,908
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(6,962)	(44,551)	-	(6,962)
Net cash flows from investing activities		(6,962)	(44,551)	-	(6,962)
CASH FLOWS FROM FINANCING ACTIVITIES					
Equity adjustment	13	(6,882)	-	-	(6,882)
Net cash flows from financing activities		(6,882)	-	-	(6,882)
Net increase/(decrease) in cash and cash equivalents		198,037	(231,501)	(171,026)	369,063
Cash and cash equivalents at beginning of period		343,971	575,472	561,751	(217,780)
Cash and cash equivalents at end of period		\$ 542,008	\$ 343,971	\$ 390,725	\$ 151,283

*The accounting policies and notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 30 JUNE 2012

Description and principal activities

Children and Youth Services Foundation ("CAYS") is a Cayman Islands Government ("Government") owned entity as defined by section 2 of the Public Management and Finance Law (2010 Revision) and it is domiciled in the Cayman Islands. CAYS' objectives are: to manage and operate the youth rehabilitation, youth at risk, care and reporting facilities owned by the Government, and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at risk children.

Note 1: Significant Accounting Policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

There are no known accounting standards that have been adopted by the IPSAS Board for use in future years that will impact these financial statements.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget as required by IPSAS 24 including explanations of material difference between original budget and actual amounts.

The details and presentation of the Statement of Changes in Net Worth has been changed to show greater detail and to reflect changes in accounting policies and corrections of errors and omissions.

(b) Judgments and Estimates

The preparation of financial statements is in conformity with International Public Sector Accounting Standards that requires judgments, estimates, and assumptions affecting the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions.

(c) Revenue

Revenue is recognised in the accounting period in which it is earned. Revenue received but not yet earned at the end of the reporting period is recognised as a liability (unearned revenue).

CAYS derives its revenue through the provision of services to Cabinet, to other agencies in government and to third parties. Revenue is recognised at fair value of services provided.

(d) Expenses

Expenses are recognised in the accounting period in which they are incurred.

(e) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease payments under operating lease, net of lease incentives received, are recognised as expenses on a straight-line basis over the lease term. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as an expense in the Statement of Financial Performance.

(g) Prepayments

The portion of recognised expenditure paid in advance of receiving services has been recognised as a prepayment and is classified as accounts receivable in these financial statements.

(h) Property, Plant and Equipment

Property, plant and equipment, is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

Asset Type**Estimated Useful life**

• Leasehold Improvement	4 years
• Computer Equipment	3 years
• Office equipment and furniture	4 years
• Motor vehicles	4 years

Disposals

Gains and losses on disposals of property, plant and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the year are included in the Statement of Financial Performance.

(i) Employee Benefits

Employee entitlements to salaries and wages, annual leave, long service leave, retiring leave and other similar benefits are recognised in the Statement of Financial Performance when they are earned by employees. Employee entitlements to be settled within one year following the year-end are reported as current liabilities at the amount expected to be paid.

Pension contributions for employees of CAYS are paid to the Public Service Pension Fund and administered by the Public Service Pension Board (the "Board"). Contributions of 12%, which includes the employer 6% and the employee 6%, are made to the fund and are fully funded by CAYS.

Prior to 1 January 2000 the Board operated a defined benefit scheme. With effect from 1 January 2000 the Board continued to operate a defined benefit scheme for existing employees and a defined contribution scheme for all new employees. Obligations for contribution to defined contribution retirement plans are recognised in the Statement of Financial Performance as they are earned by employees. Obligations for defined benefit retirement plans are reported in the Consolidated Financial Statements for the Entire Public Sector of the Cayman Islands Government.

(j) Financial Instruments

CAYS is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents and prepayments.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses.

Recognition

CAYS recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statements of financial performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

(k) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realised.

De-recognition

A financial asset is de-recognition when CAYS realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(l) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the Statement of Financial Performance.

At the end of the reporting period the following exchange rates are to be used to translate foreign currency balances:

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

(m) Comparative Figures

The presentation of the prior year financial statements has been changed to include a comparison of actual amounts with amounts in the original and final budget. Comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so.

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of CAYS maintained at Cayman National Bank. As at 30 June 2012 and 30 June 2011, CAYS' cash balances were \$542,008 and \$343,971, respectively. No restricted cash balances were held by CAYS at 30 June 2012 and 30 June 2011.

Note 3: Trade receivables and other receivables

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for CAYS and review of specific debtors. Expected losses have been determined based on an analysis of CAYS losses in previous periods.

	2012	2011
Debtors	\$ 335,919	476,372
Less: Provision for doubtful debts	-	-
	<u>\$ 335,919</u>	<u>\$ 476,372</u>

Debtor Aging

	2012	2011
Current	\$ 148,265	\$ 171,636
1-30 Days	187,654	152,368
31-60 Days	-	152,368
61-90 Days	-	-
> 90 Days	-	-
Total	<u>\$ 335,919</u>	<u>\$ 476,372</u>

Note 4: Property, plant and equipment

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2010	\$ -	\$ 140,157	\$ -	\$ -	\$ -	\$ 140,157
Additions	-	46,685	-	-	-	46,685
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance as at 30 June 2011	-	186,842	-	-	-	186,842

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2011	-	186,842	-	-	-	186,842
Additions	-	6,962	-	-	-	6,962
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance as at 30 June 2012	-	193,804	-	-	-	193,804

ACCUMULATED DEPRECIATION

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2010	-	105,497	-	-	-	105,497
Impairment loss	-	-	-	-	-	-
Depreciation	-	15,450	-	-	-	15,450
Eliminate on Disposal	-	-	-	-	-	-
Balance as at 30 June 2011	-	120,947	-	-	-	120,947

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2011	-	120,947	-	-	-	120,947
Impairment loss	-	-	-	-	-	-
Depreciation	-	26,234	-	-	-	26,234
Eliminate on Disposal	-	-	-	-	-	-
Balance as at 30 June 2012	-	147,181	-	-	-	147,181

Net Book value 30 June 2011	\$ -	\$ 65,895	\$ -	\$ -	\$ -	\$ 65,895
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Net Book value 30 June 2012	\$ -	\$ 46,623	\$ -	\$ -	\$ -	\$ 46,623
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Note 5: Trade payables

Trade payables of \$7,879 and \$14,801 as at 30 June 2012 and 30 June 2011, respectively, are comprised entirely of payments due to vendors. Trade payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Employee entitlements

Employee entitlements of \$40,541 and \$23,711 as at 30 June 2012 and 30 June 2011, respectively, are comprised entirely of accrual for annual leave.

Note 7: Revenue

During the financial years ended 30 June 2012 and 30 June 2011, revenue of \$2,206,809 and \$1,828,413, respectively, is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 8: Personnel costs

	2012	2011
Salaries, wages and allowances	\$ 1,472,737	\$ 1,321,626
Health Care	119,038	125,041
Pension	168,767	157,851
Total	\$ 1,760,542	\$ 1,604,518

Note 9: Other expenses

	2012	2011
Operational	\$ 116,761	\$ 74,657
Maintenance	84,831	60,113
Professional Services	27,914	20,801
Other Resident expenses	16,219	13,012
Total	\$ 245,725	\$ 168,583

Note 10: Supplies and consumables

	2012	2011
Utilities	\$ 87,301	\$ 84,120
Resident supplies	64,041	39,522
Resident programs	24,178	28,436
Operational supplies	12,811	6,267
Total	\$ 188,331	\$ 158,345

Note 11: Gains / (Losses)

During the years ended 30 June 2012 and 30 June 2011, CAYS had no disposals of fixed assets and therefore no gains/losses arose from this activity.

Note 12: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

	2012	2011
Surplus/(deficit) from ordinary activities	\$ 46,120	\$ (20,432)
Non-cash movements:		-
Depreciation expense	26,234	15,450
Amortisation	-	-
Increase in provision for doubtful debts	-	-
Increase /(decrease) in payables	1,790	(7,731)
Increase in provisions relating to employee costs	-	-
(Gain)/losses on sale of property, plant and equipment	-	-
(Increase)/decrease in other current assets	(2,716)	(2,134)
(Increase)/decrease in receivables	-	(15,000)
(Increase)/decrease in receivables - Cabinet	140,453	(157,103)
Net cash flows from operating activities	\$ 211,881	\$ (186,950)

Note 13: Equity adjustment

As at 30 June 2011, an additional \$6,882 of unearned revenue was incorrectly recognized, and therefore need to be reversed as at 30 June 2012.

Note 14: Contingent liabilities and assets

As at 30 June 2012 and 30 June 2011, CAYS had no contingent liabilities or assets.

Note 15: Commitments

As at 30 June 2012 and 30 June 2011, CAYS had no capital, non-cancellable lease or other financial commitments.

NOTE 16: Explanation of major variances against budget**Statement of Financial Performance*****Supplies and Consumables***

These were over budgeted by \$135K due to the new added educational component and additional programmes that began, which did not require the amount of supplies and consumables anticipated. In addition to this, inflation was not as high as originally predicted.

Statement of Financial Position***Trade Receivables***

The actual balance was \$41K lower than budget due to timely payments made by the Cayman Islands Government.

Trade Payables

The actual balance was \$35K lower than budget due to expenses being lower than anticipated and additional payments made to vendors.

NOTE 17: Related party and key management personnel disclosures

CAYS is owned directly by the Government. The government provides the majority of the grant income received by CAYS. For the year ended 30 June 2012 the Government granted \$2,206,809 (2011: \$1,828,413).

The Ministry of Health & Human Services provides the buildings for the Bonaventure Boys Home and the Frances Bodden Girls Home at no cost to the Foundation.

Key employees are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS, directly or indirectly. CAYS have one key employee, the CEO. For the year ended 30 June 2012, transactions with the key employee consisted of \$79,130 (2011: \$77,680) in wages, \$10,395 (2011: \$10,432) for staff pension, \$4,953 (2011: \$4,476) for health insurance and \$1,500 (2011: \$1,500) for gas allowance.

NOTE 18: Events occurring after reporting date

There were no significant subsequent events to the reporting date that would require adjustment to, or disclosure in, these financial statements.

NOTE 19: Financial instrument risks

CAYS is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and bank balances, advances, accounts receivable, debtor-Cabinet and creditors and other payables. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CAYS' main credit risk concentration is spread between cash and cash equivalents (refer to Note 2 for credit risk exposure information, including concentrations therein) and receivables from Government (2012: \$335,919, 2011: \$476,372). The credit risk of CAYS' assets is not considered significant since all deposits are place with highly reputable institution in the Cayman Islands and other receivables are owed from the Cayman Islands Government.

Currency risk

CAYS has no significant exposure to currency exchange loss risk.

Interest rate risk

CAYS' interest rate risk is comprised entirely of cash and cash equivalents balance which is interest bearing. As a result, CAYS 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 however and therefore, this risk is considered to be insignificant.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that CAYS will encounter difficulty in raising funds to meet financial commitments when they are due. CAYS' main liquidity risk relates to its current liabilities (2012: \$58,420, 2011: \$56,630) which are due with 90 days of the year-end date. CAYS' maintains sufficient cash balances to meet these financial commitments.