

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

30 JUNE 2013



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30th JUNE 2013**

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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 (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 members of the Management Board, we are responsible for establishing and have established and maintained 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 2013.

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 2013;
- (b) Fairly reflect the financial position as at 30th June 2013 and performance for the Year ended 30th June 2013;
- (c) Comply with the 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 2013 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 (2012 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 Children and Youth Services Foundation as at 30 June 2013 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

		2013	2012	Final Budget	Budget Variance
	Note				
Current Assets					
Cash and cash equivalents	2	\$ 474,020	\$ 542,008	\$ 445,818	\$ 28,202
Trade receivables	3	544,500	335,919	300,000	244,500
Other receivables		-	3,688	3,688	(3,688)
Prepayments		2,210	582	-	2,210
Total Current Assets		<u>1,020,730</u>	<u>882,197</u>	<u>749,506</u>	<u>271,224</u>
Non-Current Assets					
Property, plant and equipment	4	47,096	46,623	65,895	(18,799)
Total Non-Current Assets		<u>47,096</u>	<u>46,623</u>	<u>65,895</u>	<u>252,425</u>
Total Assets		<u>1,067,826</u>	<u>928,820</u>	<u>815,401</u>	<u>252,425</u>
Current Liabilities					
Trade payables	5	34,828	7,879	63,479	(28,651)
Other payables and accruals	5	225	-	-	225
Unearned revenue		-	10,000	-	-
Employee entitlements	6	31,522	40,541	-	31,522
Repayment of surplus	7	225,000	-	-	225,000
Total Current Liabilities		<u>291,575</u>	<u>58,420</u>	<u>63,479</u>	<u>228,096</u>
Total Liabilities		<u>291,575</u>	<u>58,420</u>	<u>63,479</u>	<u>228,096</u>
Net Assets		<u>776,251</u>	<u>870,400</u>	<u>751,922</u>	<u>24,329</u>
NET WORTH					
Accumulated surpluses/(deficits)		776,251	870,400	751,922	24,329
Total Net Worth		<u>\$ 776,251</u>	<u>\$ 870,400</u>	<u>\$ 751,922</u>	<u>\$ 24,329</u>

*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

		2013	2012	Final Budget	Budget Variance
	Note				
Revenue					
Outputs to Cabinet	8	\$ 2,178,000	\$ 2,206,809	\$ 2,178,000	\$ -
Donations		92,610	60,143	50,000	(42,610)
Other revenue		216	-	-	(216)
Total Revenue		<u>2,270,826</u>	<u>2,266,952</u>	<u>2,228,000</u>	<u>(42,826)</u>
Expenses					
Personnel costs	9	1,681,524	1,760,542	1,803,159	121,635
Other expenses	10	199,452	245,725	474,659	275,207
Supplies and consumables	11	162,071	188,331	118,000	(44,071)
Depreciation		20,819	26,234	20,000	(819)
Gains/losses on disposal/revaluation of property, plant and equipment	12	487	-	-	(487)
Total expenses		<u>2,064,353</u>	<u>2,220,832</u>	<u>2,415,818</u>	<u>351,465</u>
Surplus or (Deficit) for the period		<u>\$ 206,473</u>	<u>\$ 46,120</u>	<u>\$ (187,818)</u>	<u>\$ (394,291)</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 2013

	Attributable to Cayman Islands Government					Minority Interest	Total Net Worth	Final Budget	Budget Variance
	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total				
Balance at 30 June 2011	\$ -	\$ -	\$ -	\$ 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 carried forward	\$ -	\$ -	\$ -	\$ 870,400	\$ 870,400	\$ -	\$ 870,400	\$ 763,167	\$ 107,233
	Attributable to Cayman Islands Government					Minority Interest	Total Net Worth	Final Budget	Budget Variance
	Contributed Capital	Other Reserves	Translation Reserves	Accumulated surplus/(deficits)	Total				
Balance at 30 June 2012 brought forward	\$ -	\$ -	\$ -	\$ 870,400	\$ 870,400	\$ -	\$ 870,400	\$ 763,167	\$ 107,233
Changes in accounting policy	-	-	-	-	-	-	-	-	-
Withdrawal of surplus	-	-	-	(300,000)	(300,000)	-	(300,000)	-	(300,000)
Prior Year Adjustments	-	-	-	(622)	-	-	-	-	-
Restated Balance	-	-	-	569,778	570,400	-	570,400	763,167	(192,767)
Surplus/(deficit) for the period 2012/13	-	-	-	206,473	206,473	-	206,473	(187,818)	394,291
Total recognised rev and exp for the period	-	-	-	206,473	206,473	-	206,473	(187,818)	394,291
Balance at 30 June 2013	\$ -	\$ -	\$ -	\$ 776,251	\$ 776,873	\$ -	\$ 776,873	\$ 575,349	\$ 201,524

*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

	2013	2012	Final Budget	Budget Variance
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Outputs to Cabinet	\$ 1,973,107	\$ 2,347,262	\$ 2,178,000	\$ (204,893)
Other receipts	81,198	51,443	50,000	31,198
<i>Payments</i>				
Personnel costs	(1,690,543)	(1,784,253)	(1,803,159)	112,616
Suppliers	(334,349)	(400,438)	(592,659)	258,310
Other payments	-	(2,134)	-	-
Net cash flows from operating activities	13 29,413	211,881	(167,818)	197,231
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(21,914)	(6,962)	-	(21,914)
Proceeds from sale of property, plant and equipment	(487)	-	-	(487)
Net cash flows from investing activities	(22,401)	(6,962)	-	(22,401)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity adjustment	-	(6,882)	-	-
Repayment of Surplus	(75,000)	-	-	(75,000)
Net cash flows from financing activities	(75,000)	(6,882)	-	(75,000)
Net increase/(decrease) in cash and cash equivalents	(67,988)	198,037	(167,818)	99,830
Cash and cash equivalents at beginning of period	542,008	343,971	445,818	96,190
Cash and cash equivalents at end of period	\$ 474,020	\$ 542,008	\$ 278,000	\$ 196,020

*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 2013**

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 (2012 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.

As a segment of central government, CAYS has presented its financials separately from the consolidated central government financial statements in accordance with IPSAS 18.

(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 on-going 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 a prepayment 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.

(j) Financial Instruments

CAYS is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, 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, accrued expenses, employee entitlements and repayment of surplus.

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-recognised 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.

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 2013 and 30 June 2012, CAYS' cash balances were \$474,020 and \$542,008, respectively. No restricted cash balances were held by CAYS at 30 June 2013 or 30 June 2012.

Note 3: Government grant receivable

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. The provision for doubtful debts is \$Nil for the year ended 30 June 2013 and 30 June 2012.

	2013	2012
Debtors	\$ 544,500	\$ 335,919
Less : Provision for doubtful debts	-	-
	<u>\$ 544,500</u>	<u>\$ 335,919</u>

Debtor Aging

	2013	2012
Current	\$ 181,500	\$ 148,265
1-30 Days	181,500	187,654
31-60 Days	181,500	-
61-90 Days	-	-
> 90 Days	-	-
Total	<u>\$ 544,500</u>	<u>\$ 335,919</u>

Note 4: Property, plant and equipment

	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

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2012	-	193,804	-	-	-	193,804
Additions	-	6,779	-	-	-	6,779
Disposals	-	(44,866)	-	-	-	(44,866)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2013	-	155,717	-	-	-	155,716

ACCUMULATED DEPRECIATION

	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

	Land	Plant and Equipment	Buildings	Infrastructure	Assets under Development	Total
Balance as at 1 July 2012	-	147,181	-	-	-	147,181
Impairment loss	-	-	-	-	-	-
Depreciation	-	20,819	-	-	-	20,819
Eliminate on Disposal	-	(59,379)	-	-	-	(59,379)
Balance as at 30 June 2013	-	108,621	-	-	-	108,621

Net Book value 30 June 2012	\$ -	\$ 46,623	\$ -	\$ -	\$ -	\$ 46,623
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Net Book value 30 June 2013	\$ -	\$ 47,096	\$ -	\$ -	\$ -	\$ 47,095
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Note 5: Trade payables, accruals and repayment of surplus

	2013	2012
Creditors	\$ 34,828	\$ 7,879
Accrued expenses	225	-
Repayment of surplus	225,000	-
Total	\$ 260,053	\$ 7,879

Trade and other payables are non-interest bearing and are normally settled on 30-day terms.

Note 6: Employee entitlements

Employee entitlements of \$31,522 and \$40,541 as at 30 June 2013 and 30 June 2012, respectively, are comprised entirely of accrual for annual leave.

Note 7: Repayment of Surplus

A payable to the government in the amount of \$300,000 was required due to a withdrawal from the accumulated surplus. It was to be repaid in monthly instalments of \$75,000 from March 2013 through to June 2013, provided that the full amount of the monthly grant funding was received. As at 30 June 2013, the grant funding was in arrears for the months April 2013 through to June 2013 and respectively the surplus repayments were also in arrears for the months April 2013 through to June 2013.

Note 8: Grant revenue from government

During the financial years ended 30 June 2013 and 30 June 2012, grant revenue of \$2,178,000 and \$2,206,809, respectively, is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 9: Personnel costs

	2013	2012
Salaries, wages and allowances	\$ 1,382,076	\$ 1,472,737
Health Care	149,146	119,038
Pension	150,302	168,767
Total	\$ 1,681,524	\$ 1,760,542

Note 10: Other expenses

	2013	2012
Operational	\$ 29,763	\$ 116,761
Maintenance	65,987	84,831
Professional Services	96,608	27,914
Other Resident expenses	7,094	16,219
Total	\$ 199,452	\$ 245,725

Note 11: Supplies and consumables

	2013	2012
Utilities	\$ 84,539	\$ 87,301
Resident supplies	56,690	64,041
Resident programs	13,572	24,178
Operational supplies	7,270	12,811
Total	\$ 162,071	\$ 188,331

Note 12: Gains / (Losses)

	Cost of Disposed Assets	Accumulated Depreciation	Gain / Loss on Disposal
Plant and equipment	\$ 1,461	\$ 974	\$ 487

Note 13: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

	2013	2012
Surplus/(deficit) from ordinary activities	\$ 206,473	\$ 46,120
2011/12 adjustments	-	-
Non-cash movements	-	26,234
Depreciation expense	20,819	-
Amortisation	-	-
Increase in provision for doubtful debts	-	1,790
Increase /(decrease) in payables	17,174	-
Increase in provisions relating to employee costs	(9,019)	-
(Gain)/losses on sale of property, plant and equipment	487	-
(Increase)/decrease in other current assets	(1,628)	(2,716)
(Increase)/decrease in receivables - Cabinet	(204,893)	140,453
Net cash flows from operating activities	\$ 29,413	\$ 211,881

Note 14: Contingent liabilities and assets

As at 30 June 2013 and 30 June 2012, CAYS had no contingent liabilities or assets.

Note 15: Commitments

As at 30 June 2013 and 30 June 2012, CAYS had no capital, non-cancellable lease or other financial commitments.

NOTE 16: Explanation of major variances against budget**Statement of Financial Performance****Personnel Costs**

Personnel costs were \$122K under budget due to restructuring in the Organization and the re-negotiation of employment contracts.

Other Expenses

Other Expenses were \$275K under budget due to several cash outflows such as maintenance, staff training and Resident programmes that did not materialize.

Supplies and Consumables

Supplies and Consumables were \$44K over budget due to an increase in the resident population.

Statement of Financial Position**Government Receivables**

The actual balance was \$245K higher than budget due to untimely payments made by the Cayman Islands Government at year end.

Government Payables

The balance was \$225K over budget due to the surplus revenue of \$300K owed back to the Cayman Islands Government. \$75K had been paid back as at June 30, 2013.

Trade Payables

The actual balance was \$29K 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 2013 the Government granted \$2,178,000 (2012: \$2,206,809).

A repayment of surplus in the amount of \$300,000 was deemed payable by instalments of \$75,000 per month from March 2013 to June 2013.

Children and Youth Services Foundation ("CAYS") is a Cayman Island Government owned entity and therefore government ministries, portfolios, statutory authorities, government companies and other government offices are considered related parties. During the 2012/13 year CAYS began operating on land and buildings owned by the Ministry of Home and Community Affairs free of charge. As indicated in the approved 2012/13 Annual Budget Statement of Government, there were no inter-agency charges between core government entities, except for audit services revenue. As a result, CAYS was unable to make an estimate of the fair value of these contributed goods and services received for the 2012/13 fiscal year.

Key employees are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS, directly or indirectly. There are no such key employees.

NOTE 18: Provision for pensions payable and severance payable

CAYS (the "Company") and its employees participate in the Cayman Islands Public Service Pension Plan (the "Plan") on both a defined contribution and defined benefit basis as explained below:

a) Defined contribution plan

For employees enrolled in the defined contribution plan, the Company contributes 12% (plus 1% for the Public Service Liability) of the employee's salary or wage each year. During the year ended 30 June 2013 contributions of \$150,302 (2012: \$168,767) were made by the Company and included in the Statement of Financial Performance.

b) Defined benefit plan

Employees who served with the Company prior to January 1, 2000 are enrolled in the defined benefit program. Contributions towards benefits accruing in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to the Company by the Pensions Board and are recognized as an expense in the period incurred. The Company is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially determined present value of the defined benefit obligations less the value of the assets available to meet such obligations, is calculated periodically by the Plan actuaries and advised to the Company by the Pensions Board. The Company recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred. In the absence of formal notification from the Pensions Board, the Company has no reliable way to quantify its liability to the Plan in respect of unfunded past service benefits.

The most recent actuarial valuation was performed as of 30 June 2012 and the results, which were advised to the Company by the Public Service Pension Board ("PSPB") in August 2013, indicated a Plan deficit attributable to the Company of \$1,000.

	2012	2011
Provision at beginning of year	7,000	2,000
Pension expense	10,000	5,000
Provision at end of year	17,000	7,000

Reconciliation of Funded Status

	2012	2011
Company's share of Defined benefit obligation	(194,000)	(170,000)
Fair value of Plan assets	171,000	150,000
Funded status	(23,000)	(20,000)
Unrecognized actuarial loss	40,000	27,000
Defined benefit liability	17,000	7,000

Change in Defined Benefit Obligation during the Year

	2012	2011
Defined benefit obligation at beginning of year	170,000	140,000
Interest cost	8,000	7,000
Contributions paid into the plan	3,000	7,000
Net actuarial (gain)/loss	13,000	16,000
Defined benefit obligation at end of year	194,000	170,000

Change in Plan Assets during the Year

	2012	2011
Fair value of plan assets as beginning of year	150,000	108,000
Employer contributions	11,000	8,000
Plan participant contributions	3,000	7,000
Expected return on assets net of expense	8,000	6,000
Asset gain/(loss)	(1,000)	21,000
Fair value of plan assets at end of year	171,000	150,000

As required by IAS 19 the Projected Unit Credit has been used as the Cost Method. Assumptions regarding future mortality rates are based on the published Standard US Mortality Rates. The retirement age is completion of age 57 and 10 years of service.

NOTE 19: 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 20: 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 of credit risk exposure information, including concentrations therein) and receivables from Government (2013: \$544,500, 2012: \$335,919). The credit risk of CAYS' assets is not considered significant since all the deposits are placed with highly reputable institution in the Cayman Islands and other receivables are owned 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 balances which are 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 (2013: \$291,575, 2012: \$58,420) which are due with 90 days of the year-end date. CAYS' maintains sufficient cash balances to meet these financial commitments.