

FINANCIAL STATEMENTS
CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION

30 JUNE 2016



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

**ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 JUNE 2016**

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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 (2013 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 (2013 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 2016.

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 2016;
- (b) Fairly reflect the financial position as at 30 June 2016 and performance for the Year ended 30th June 2016;
- (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.

Christopher Watler
Director

October 26, 2016

Garth Arch
Chairman

October 26, 2016

AUDITOR GENERAL'S REPORT

To the Board of Directors of 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 2016 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 10 to 21 in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2013 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

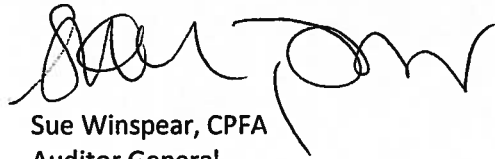
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Children and Youth Services Foundation as at 30 June 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

A handwritten signature in black ink, appearing to read 'Sue Winspear', written over the printed name.

Sue Winspear, CPFA
Auditor General

26 October 2016
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016

		2016	2015 Restated	2014 Restated	Final Budget	Budget Variance
	Note					
Current Assets						
Cash and cash equivalents	2	\$ 205,331	\$ 697,804	\$ 772,966	\$ 675,999	\$ (470,668)
Trade receivables	3	881,013	544,500	363,000	544,500	336,513
Other receivables	3	21,000	39,650	38,000	-	21,000
Prepayments		4,368	2,945	2,387	-	4,368
Total Current Assets		1,111,712	1,284,899	1,176,353	1,220,499	(108,787)
Non-Current Assets						
Property, plant and equipment	4	473,464	68,262	36,108	111,122	362,342
Total Non-Current Assets		473,464	68,262	36,108	111,122	253,555
Total assets		\$ 1,585,176	\$ 1,353,161	\$ 1,212,461	\$ 1,331,621	\$ 253,555
Current Liabilities						
Trade payables	5	\$ 49,317	\$ 52,669	\$ 52,191	\$ 9,767	\$ 39,550
Other payables and accruals	5	4,095	18,495	-	-	4,095
Unearned revenue		16,667	16,667	-	-	16,667
Employee entitlements	6	19,058	24,197	25,408	-	19,058
Total Current Liabilities		89,137	112,028	77,599	9,767	79,370
Total Liabilities		89,137	112,028	77,599	9,767	79,370
Net Assets		1,496,039	1,241,133	1,134,862	1,321,854	174,185
NET WORTH						
Accumulated surpluses		1,496,039	1,241,133	1,134,862	1,321,854	174,185
Total Net Worth		\$ 1,496,039	\$ 1,241,133	\$ 1,134,862	\$ 1,321,854	\$ 174,185

*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 2016

		2016	2015 Restated	Final Budget	Budget Variance
	Note				
Operating Revenue					
Outputs to Cabinet	7	\$ 2,514,513	\$ 2,178,000	\$ 2,178,000	\$ (336,513)
Donations		176,390	86,500	50,000	(126,390)
Other revenue		2,000	2,000	-	(2,000)
Total Revenue		<u>2,692,903</u>	<u>2,266,500</u>	<u>2,228,000</u>	<u>(464,903)</u>
Operating Expenses					
Personnel costs	8	2,035,387	1,725,871	1,612,734	(422,653)
Other expenses	9	159,040	185,406	101,700	(57,340)
Supplies and consumables	10	200,162	228,160	342,610	142,448
Depreciation	4	24,877	20,792	74	(24,803)
Loss on disposal/valuation of property, plant and equipment	11	531	-	-	(531)
Total operating expenses		<u>2,419,997</u>	<u>2,160,229</u>	<u>2,057,118</u>	<u>(362,879)</u>
Net Income/ (Loss) For Year		\$ 272,906	\$ 106,271	\$ 170,882	\$ (102,024)
Other Comprehensive Income for the year		\$ -	\$ -	\$ -	\$ -
Other Comprehensive Expenses for the year:					
Remeasurements of defined benefit obligation:					
effect of changes in financial assumptions		\$ 18,000	\$ -	\$ -	\$ (18,000)
Total Comprehensive Income for the year		<u>\$ 254,906</u>	<u>\$ 106,271</u>	<u>\$ 170,882</u>	<u>\$ (84,024)</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 2016

		Accumulated Surplus	Total Net Worth	Final Budget	Budget Variance
	Note				
Balance at 30 June 2014		\$ 1,099,862	\$ 1,099,862	\$ 763,349	\$ 336,513
Changes in accounting policy		-	-	-	-
Prior Year Adjustments	21	35,000	35,000	-	35,000
Restated Balance		<u>1,134,862</u>	<u>1,134,862</u>	<u>763,349</u>	<u>371,513</u>
Surplus/(deficit) for the period 2014/15		<u>106,271</u>	<u>106,271</u>	<u>188,000</u>	<u>(81,729)</u>
Total recognised rev and exp for the period		<u>106,271</u>	<u>106,271</u>	<u>188,000</u>	<u>(81,729)</u>
Balance at 30 June 2015 carried forward		<u>\$ 1,241,133</u>	<u>\$ 1,241,133</u>	<u>\$ 951,349</u>	<u>\$ 289,784</u>
		Accumulated Surplus	Total Net Worth	Final Budget	Budget Variance
Balance at 30 June 2015 brought forward		\$ 1,241,133	\$ 1,241,133	\$ 951,349	\$ 289,784
Changes in accounting policy		-	-	-	-
Prior Year Adjustments		-	-	-	-
Restated Balance		<u>1,241,133</u>	<u>1,241,133</u>	<u>951,349</u>	<u>289,784</u>
Surplus/(deficit) for the period 2015/16		<u>254,906</u>	<u>254,906</u>	<u>170,882</u>	<u>84,024</u>
Total recognised rev and exp for the period		<u>254,906</u>	<u>254,906</u>	<u>170,882</u>	<u>84,024</u>
Balance at 30 June 2016		<u>\$ 1,496,039</u>	<u>\$ 1,496,039</u>	<u>\$ 1,122,231</u>	<u>\$ 373,808</u>

*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 2016

		2016	2015	Final Budget	Budget Variance
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts					
Outputs to Cabinet		\$ 2,196,650	\$ 1,996,850	\$ 1,815,000	\$ 381,650
Other receipts		176,970	102,608	50,000	126,970
Payments					
Personnel costs		(2,058,527)	(1,727,082)	(1,586,830)	(471,697)
Suppliers		(376,954)	(394,592)	(444,310)	67,356
Net cash flows from operating activities	12	(61,861)	(22,216)	(166,140)	104,279
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(430,610)	(52,946)	-	(430,610)
Proceeds from sale of property, plant and equipment		-	-	-	-
Net cash flows from investing activities		(430,610)	(52,946)	-	(430,610)
Net (decrease)/increase in cash and cash equivalents		(492,471)	(75,162)	(166,140)	(326,331)
Cash and cash equivalents at beginning of period		697,804	772,966	671,184	26,620
Cash and cash equivalents at end of period		\$ 205,333	\$ 697,804	\$ 505,044	\$ (299,711)

*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 2016

Description and principal activities

The 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 (2013 Revision) and it is domiciled in the Cayman Islands. It is established as a local company limited by guarantee with Cayman Islands Government as Guarantor. 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.

(b) Judgments and Estimates

The preparation of financial statements in conformity with International Public Sector Accounting Standards 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.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

(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 derive 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.

(g) Prepayments

The portion of recognised expenditure paid in advance of receiving goods or 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/ Lease agreement period of 25 years
• Computer Equipment	3 years
• Office equipment and furniture	4 years
• Motor vehicles	4 years

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

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.

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.

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.

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, accounts receivable 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 surplus repayable.

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 Statement of Financial Performance.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 30 JUNE 2016

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.

(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 and bank accounts in the name of CAYS maintained at Cayman National Bank. As at 30 June 2016, CAYS' cash balances were \$205,331 (30 June 2015: \$697,804). No restricted cash balances were held by CAYS at 30 June 2016 (30 June 2015: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Note 3: Trade receivable and other 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 2016 (30 June 2015: \$Nil).

	2016	2015
Debtors	\$ 881,013	\$ 547,150
Less: Provision for doubtful debts	-	-
	<u>\$ 881,013</u>	<u>\$ 547,150</u>

Debtor Aging

	2016	2015
Current	\$ 336,513	\$ 2,650
1-30 Days	181,500	181,500
31-60 Days	181,500	181,500
61-90 Days	181,500	181,500
> 90 Days	-	-
Total	<u>\$ 881,013</u>	<u>\$ 547,150</u>

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Note 4: Property, plant and equipment

COST

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 July 2014	\$ 45,830	\$ 15,953	\$ 68,223	\$ 3,032	\$ 22,312	\$ 155,350
Additions	-	3,376	9,322	3,200	37,048	52,946
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance as at 30 June 2015	45,830	19,329	77,545	6,232	59,360	208,296

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 July 2015	45,830	19,329	77,545	6,232	59,360	208,296
Additions	21,840	2,245	11,207	5,874	389,444	430,610
Disposals	-	-	-	(850)	-	(850)
Transfers	-	-	-	-	-	-
Balance as at 30 June 2016	67,670	21,574	88,752	11,256	448,804	638,056

ACCUMULATED DEPRECIATION

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 July 2014	32,510	15,362	59,356	1,227	10,787	119,242
Impairment loss	-	-	-	-	-	-
Depreciation	4,633	773	6,062	856	8,468	20,792
Eliminate on Disposal	-	-	-	-	-	-
Balance as at 30 June 2015	37,143	16,135	65,418	2,083	19,255	140,034

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 July 2015	37,143	16,135	65,418	2,083	19,255	140,034
Impairment loss	-	-	-	-	-	-
Depreciation	4,632	1,922	4,146	1,761	12,416	24,877
Eliminate on Disposal	-	-	-	(319)	-	(319)
Balance as at 30 June 2016	41,775	18,057	69,564	3,525	31,671	164,592

Net Book value 30 June 2015	\$ 8,687	\$ 3,194	\$ 12,127	\$ 4,149	\$ 40,105	\$ 68,262
Net Book value 30 June 2016	\$ 25,895	\$ 3,517	\$ 19,188	\$ 7,731	\$ 417,133	\$ 473,464

Note 5: Trade payables, other payables and accruals

	2016	2015
Creditors	\$ 49,317	\$ 52,669
Accrued Expenses	-	1,112
Other Payables	4,095	17,384
Total	\$ 53,412	\$ 71,165

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Note 6: Employee entitlements

Employee entitlements outstanding to employees of \$19,058 as at 30 June 2016 (30 June 2015: \$24,197), are comprised entirely of accrual for annual leave.

Note 7: Grant revenue from government

During the financial year ended 30 June 2016, grant revenue of \$2,514,513 (30 June 2015: \$2,178,000) is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 8: Personnel costs

	2016	2015
Salaries, wages and allowances	\$ 1,688,553	\$ 1,437,524
Health Care	167,807	142,646
Pension	179,027	145,701
Total	\$ 2,035,387	\$ 1,725,871

Note 9: Other expenses

	2016	2015
Professional Services	\$ 37,774	\$ 46,715
Maintenance	92,626	86,555
Operational	20,564	43,594
Resident expenses	8,076	8,542
Total	\$ 159,040	\$ 185,406

Note 10: Supplies and consumables

	2016	2015
Utilities	\$ 90,185	\$ 99,159
Resident supplies	76,768	86,346
Resident programs	27,336	32,460
Operational supplies	5,873	10,195
Total	\$ 200,162	\$ 228,160

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Note 11: Gains / (Losses)

	Cost of Disposed Assets	Accumulated Depreciation	Gain / Loss on Disposal
Year Ended 30 June 2015	\$ -	\$ -	\$ -
Year Ended 30 June 2016	\$ (850)	\$ 319	\$ (531)

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

	2016	2015
Surplus for the period	\$ 254,906	\$ 104,271
Non-cash movements:		
Losses on sale of property, plant and equipment	531	-
Depreciation expense	24,877	20,792
Increase /(decrease) in payables	(3,352)	17,145
Increase/(decrease) in provisions relating to employee costs	(19,539)	17,284
(Increase)/decrease in other receivable and prepayments	17,228	(558)
(Increase)/decrease in trade receivable	(336,512)	(181,150)
Net cash flows from operating activities	\$ (61,861)	\$ (22,216)

Note 13: Contingent liabilities and assets

As at 30 June 2016, there was no contingent liability or asset (30 June 2015: \$Nil).

Note 14: Commitments

As at 30 June 2016, CAYS had no capital, non-cancellable lease or other financial commitments (30 June 2015: \$Nil).

NOTE 15: Explanation of major variances against budget

Statement of Financial Performance

Donations

Donations were \$126,390 higher than budget, partly due to a donation of USD \$100,000 given by an anonymous client of Broadhurst Attorneys At Law, LLC Cayman Islands.

Personnel Costs

These costs were \$422,654 higher than budget due to approximately twelve new employees being hired over fiscal 2016 and staff pay-outs for vacation that rolled over.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Other Expenses

Other expenses were \$57,340 over budget as the budget did not provide for the increased repairs and maintenance to buildings and vehicles.

Supplies and Consumables

Supplies and Consumables were \$142,448 under budget as neither home was at full capacity during the year.

Depreciation

Depreciation was \$24,803 over budget as the Frances Bodden Children's Home came into use in 2016, therefore increased depreciation on all assets for the home.

Statement of Financial Position

Cash and Cash Equivalents

This figure was \$470,668 under budget as CAYS used this money for the facility expansions at the Frances Bodden Children's Home as well as had increased payroll expenses due to more employees being employed.

Property Plant and Equipment

Property Plant and Equipment was over budget by \$362,341 due to the facility expansions at the Frances Bodden Children's Home.

Trade Payables, Other Payables and Accruals

The actual balance was \$43,645 higher than budget as the balance includes the invoice for the 2016 audit that was not paid until after the fiscal year. Additionally, CAYS carries a large payable balance with Foster's due to the volume of transactions that happen with them as more residents were in the homes at year end

NOTE 16: 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 2016 the Government granted \$2,514,513 (2015: \$2,178,000).

Because of the Government ownership, other 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 Community Affairs, Youth and Sports free of charge. As indicated in the approved 2015/16 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 2015/16 fiscal year.

It should be noted that Arch and Godfrey is managing the Frances Bodden Children's Home expansion at no charge and CAYS' chairman, Garth Arch, is the Managing Director of Arch and Godfrey. The fair value of the services rendered is \$26,907.

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.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

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 employees' salary or wage each year. During the year ended 30 June 2016 contributions of \$179,027 (2015: \$145,701) were made by the Company and included in the Statement of Financial Performance.

b) Defined benefit plan

IAS19R became effective January 1, 2013. Upon transitioning to IAS19R there is an adjustment to the Statement of Financial Position of \$21,000. All gains and losses and past service costs not previously recognized in the Financial Statements are now recognized in the restated 2015 and 2014 Statement of Financial Position and restated 2015 Statement of Financial Performance. Current year remeasurements are included in Other Comprehensive Income, and defined benefit costs are included in the Profit and Loss.

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 Public Service Pensions Board (PSPB) 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 (plan assets), is calculated periodically by the Plan actuaries and advised to the Company by the PSPB. 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 2016, which was advised to the Company by PSPB in October 2016.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

Table	(\$000's)	2016	2015
	P&L Charge/(credit)	(2)	(2)
	Other Comprehensive (income)/loss	18	-
A.	Benefit Obligation	25	6
B.	Fair Value of Plan Assets	46	43
C.	Net liability/(asset) at the year end	(21)	(37)
D.	Defined Benefit Cost	16	(2)
	Composite discount rate at year-end for all plans	4.0%	4.8%

A.	Change in Defined Benefit Obligation	30 June 2016	30 June 2015
	Defined Benefit Obligation at end of prior year	6	6
	Interest Expense	-	-
	Cash Flow (Benefit Payments)	-	-
	Cash Flow (Participant Contributions)	-	-
	Remeasurements (Effect of changes in Financial Assumptions)	19	-
	Remeasurements (Effect of experience adjustments)	-	-
	Fair Value of Plan Assets	25	6

B.	Change in Fair Value of Plan Assets	30 June 2016	30 June 2015
	Fair Value of Plan Assets at Beginning of Year	43	41
	Interest Income	2	2
	Employer Contributions	-	-
	Participant Contributions	-	-
	Benefit Payments from Plan	-	-
	Remeasurements (Return on plan assets)	1	-
	Benefit Obligation	46	43

C.	Amounts Recognised in the Statement of Financial Position	30 June 2016	30 June 2015
	Defined Benefit Obligation	25	6
	Fair Value of Plan Assets	46	43
	Net liability/(asset) at the year end	(21)	(37)

D.	Components of Defined Benefit Cost	30 June 2016	30 June 2015
1	Service Cost	-	-
2	Net Interest Cost	(2)	(2)
3	Remeasurements of Other Long Term Benefits	-	-
4	Administrative Expenses and Taxes	-	-
5	Defined Benefit Cost Included in P&L	(2)	(2)
6	Remeasurements	18	-
	Defined Benefit Cost	16	(2)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 18: Events occurring after reporting date

There were no significant subsequent events to the reporting date that would require adjustment 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 of credit risk exposure information, including concentrations therein) and receivables from Government (2016: \$881,013, 2015: \$544,500). The credit risk of CAYS' assets is not considered significant since all the deposits are placed with highly reputable institutions in the Cayman Islands and receivables are owed to CAYS by 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 (2016: \$89,137, 2015: \$112,028) which are due within 90 days of the year-end date. CAYS' maintains sufficient cash balances to meet these financial commitments.

NOTE 20: Expansion of the Frances Bodden Girls Home

During 2015 and 2016 an expansion was done to the Frances Bodden Girls Home, which is owned by the Ministry of Community Affairs, Youth and Sports and rented to CAYS free of charge for a period of 25 years. These alterations and renovations will be deemed part of the property owned by the Government of Cayman Islands at the end of this lease period.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2016**

NOTE 21: Restatement of Financial Statements

Due to the omission of the pension valuation to prior years' financial statements, the following prior year adjustments were made in order to restate the opening balances as at 30 June 2016:

- Other Receivables have been restated with an additional \$35,000 in 2014 and \$37,000 in 2015 to recognize the previously unrecorded defined benefit asset.
- Other Revenue have been restated with an additional \$2,000 in 2015 to recognize the defined benefit income.