

**GOVERNMENT OF THE CAYMAN ISLANDS
CAYMAN NATIONAL CULTURAL FOUNDATION**

FINANCIAL STATEMENTS

30 JUNE 2015



GOVERNMENT OF THE CAYMAN ISLANDS

CAYMAN NATIONAL CULTURAL FOUNDATION

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 JUNE 2015

**CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015**

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Cayman National Cultural 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 Chairman and Managing Director we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Cayman National Cultural Foundation.

As Chairman and Managing Director we are responsible for the preparation of the Cayman National Cultural Foundation financial statements, representation and judgements made in these statements.

The financial statements fairly present the financial position, financial performance and cash flows of the Cayman National Cultural Foundation for the financial year ended 30 June 2015.

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

- (a) Completely and reliably reflect the financial transactions of Cayman National Cultural Foundation for the year ended 30 June 2015
- (b) fairly reflect the financial position as at 30 June 2015 and performance for the year ended 30 June 2015;
- (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, which is carried out by its agent. The Office of the Auditor General and its agent has been provided access to all the information necessary to conduct an audit in accordance with International Standards of Auditing.

MARCIA MUTTOO

Managing Director

30 October 2015

MARTYN BOULD

Chairman

30 October 2015

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman National Cultural Foundation

In accordance with section 60(1)(a)(ii) of the *Public Management and Finance Law (2013 Revision)* I have audited the accompanying financial statements of the Cayman National Cultural Foundation (the "Foundation"), which comprise the statement of financial position as at 30 June 2015 and the statements of financial performance, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Foundation'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 Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 June 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.



Garnet Harrison, CPA, CA
Acting Auditor General

30 October 2015
Cayman Islands

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2015

2014 Actual (CI\$)		Note	2015 Actual (CI\$)	2015 Budget (CI\$) (Note 1(b))	Variance (CI\$)
	Current assets				
113,258	Cash and cash equivalents	2	103,537	143,508	(39,971)
182,182	Government grants and other receivables	3	294,360	254,001	40,359
3,431	Other financial assets		3,431	3,431	-
298,871	Total current assets		401,328	400,940	388
	Non-current assets				
4,261,534	Property and equipment	4	4,180,000	4,186,344	(6,344)
300,255	Heritage assets	4	300,255	300,255	-
4,561,789	Total non-current assets		4,480,255	4,486,599	(6,344)
4,860,660	Total assets		4,881,583	4,887,539	(5,956)
	Current liabilities				
474,996	Trade payables	5,11	55,943	435,921	(379,978)
-	Other payables and accruals	5	9,041	9,000	41
474,996	Total current liabilities		64,984	444,921	(379,937)
	Non-current liabilities				
36,681	Advanced donations	6	124,205	0	124,205
36,681	Total non-current liabilities		124,205	0	124,205
511,677	Total liabilities		189,189	444,921	(255,732)
4,348,983	Net assets		4,692,394	4,442,618	249,776
	Equity				
1,491,392	General fund	14	1,355,089	1,485,027	(129,938)
2,857,591	Contributed capital	11,14	3,337,305	2,957,591	379,714
4,348,983	Total equity		4,692,394	4,442,618	249,776

The accounting policies and notes on pages 7 to 16 form an integral part of these financial statements.

Approved on behalf of the Board of Directors on 30 October 2015.

MARCIA MUTTOO

Managing Director

MARTYN BOULD

Chairman

**CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2015**

2014 Actual (CI\$)		Note	2015 Actual (CI\$)	2015 Budget (CI\$) (Note 1(b))	Variance (CI\$)
Revenue					
679,394	Government grants		628,900	628,900	-
137,950	Other revenue		195,234	307,903	(112,669)
52,077	Theatre rental	11	76,985	60,000	16,985
869,421	Total revenue	7	901,119	996,803	(95,684)
Expenses					
418,019	Personnel costs	8	474,043	468,548	5,495
462,722	Operating and administrative expenses	9,11	463,524	432,655	30,869
87,915	Depreciation	4	99,855	95,600	4,255
968,656	Total expenses		1,037,422	996,803	40,619
(99,235)	Deficit for the period		(136,303)	0	(136,303)

The accounting policies and notes on pages 7 to 16 form an integral part of these financial statements.

**CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2015**

Attributable to the Government of the Cayman Islands		Contributed capital (CI\$)	Accumulated surplus (CI\$)	Total (CI\$)
	Note			
Balance at 30 June 2013		2,857,591	1,590,627	4,448,218
Deficit for the year		-	(99,235)	(99,235)
Balance at 30 June 2014		2,857,591	1,491,392	4,348,983
Equity injections during the year	5	479,714	-	479,714
Deficit for the year		-	(136,303)	(136,303)
Balance at 30 June 2015		3,337,305	1,355,089	4,692,394

The accounting policies and notes on pages 7 to 16 form part of these financial statements.

**CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2015**

		2015 (CI\$)	2014 (CI\$)
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Deficit for the period		(136,303)	(99,235)
Non-cash movements:			
Depreciation	4	99,855	87,915
Net changes in non-cash operating balances:			
Government grants and other receivables		(112,178)	(17,672)
Trade payables		(419,053)	70,656
Other payables and accruals		9,041	-
Advanced donations		87,524	(17,030)
Net cash flows from operating activities		(471,114)	24,634
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment	4	(18,321)	(26,299)
Net cash flows from investing activities		(18,321)	(26,299)
CASH FLOWS FROM FINANCING ACTIVITIES			
Equity injections	5	479,714	-
Net cash flows from financing activities		479,714	-
Net decrease in cash and cash equivalents		(9,721)	(1,665)
Cash and cash equivalents at beginning of period		113,258	114,923
Cash and cash equivalents at end of period		103,537	113,258

The accounting policies and notes on pages 7 to 16 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015**

Description

The Cayman National Cultural Foundation (the "Foundation") is a non-profit organisation regulated by the Government of the Cayman Islands (the "Government"). The Foundation was formed on October 9, 1984 in accordance with the Cayman National Cultural Foundation Law, 1984.

The objectives of the Foundation are to stimulate, facilitate and preserve cultural and artistic expression generally, and preservation and exploration of Caymanian performing, visual and literary arts.

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

Scope of activities

The scope of the Foundation's activities is as follows:

- The stimulation and facilitation of culture generally;
- The development, maintenance and management of theatres and other cultural facilities, in particular the F J Harquail Cultural Centre;
- Organising cultural festivals;
- Stimulation of the development of local talent by means of training, workshops, competitions, exhibitions, pageants, parades, displays and other such activities;
- Assisting persons in developing cultural and artistic expression, including the preservation and exploration of Caymanian cultural heritage.

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 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. 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.

(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.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2014/15 Annual Ownership Agreement and approved by the Minister of Culture on June 30, 2014.

(c) Judgements and estimates

The preparation of financial statements is in accordance with IPSAS 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.

Depreciation and the calculation of the estimated useful lives of Property and Equipment is considered to be a key judgement made by management in the preparation of the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 1: Significant accounting policies (continued)

(d) Revenue from exchange transactions

Revenue is generally recognised when earned by the Foundation which coincides with the date it is received. The revenue recognised is the fair value of the consideration received for the sale of goods and services. Revenue from exchange transactions includes theatre rentals and general sales.

(e) Revenue from non-exchange transactions - Government grants and donations

Revenue from non-exchange transactions is generally recognised when the event occurs and the resulting asset's recognition criteria are met. Revenue from non-exchange transactions includes donations and government grants. Government grants are received for financial support on a quarterly basis and are recorded when they become receivable. Donations are also received for special projects and these are matched with project expenditure over the term of the project and recorded in the statement of operations when the expenditure is incurred. The grants received from the Government include no conditions or stipulations. The Foundation also receives various services from other Government departments and entities for which payment is made by the Government. These services include but are not limited to risk management services and business support services.

(f) Expenses

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

(g) 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.

(h) Property and equipment

Property and equipment, is stated at historical cost less accumulated depreciation. Items of property 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 and equipment (other than land and heritage assets); 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

Buildings
Furniture and fittings
Motor vehicles

Estimated useful life

50 years
3 to 10 years
5 years

Heritage assets

IPSAS 17 *Property, Plant and Equipment* provides optional recognition of heritage assets. Works of art are considered to be heritage assets.

Disposals

Gains and losses on disposals of property 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.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 1: Significant Accounting Policies (continued)

(i) Impairment of assets

The Foundation considers all assets held to be non-cash generating assets as the primary objective of holding the assets is not to generate a commercial return, but rather to fulfil the Foundation's objectives.

The Foundation assesses whether there is any indication that non-cash generating assets may be impaired at each reporting date. If any such indication exists, the Foundation shall make a formal estimate of the recoverable service amount of the asset.

Impairment losses are recognized in the statement of financial performance. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognized.

(j) Employee benefits

Employee entitlements to salaries and wages, annual 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 the Foundation are paid to the Silver Thatch Pension Fund (the "Fund"). The Fund is a defined contribution fund. Employees have a mandatory contribution of 5% of their salary, which is matched by the Foundation.

(k) Financial instruments

The Foundation is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, other financial assets, government grants and other receivables, trade payables and other payables and accruals, 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, government grants and other receivables and other financial assets.

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 liabilities comprise of trade payable, other payables and accruals and advanced donations.

Recognition

The Foundation 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. Loans and receivables are recognised on the day they are granted by the Foundation.

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 fair value, which is considered to approximate historic cost 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 (i.e. the effective interest method)

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 1: Significant Accounting Policies (continued)

(k) Financial instruments (continued)

De-recognition

A financial asset is de-recognised when the Foundation 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) Contingent Liabilities and Assets

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.

(m) 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 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.

(n) Comparative information

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

Note 2: Cash and cash equivalents

Cash and cash equivalents includes cash on hand, bank accounts in the name of Cayman National Cultural Foundation maintained at First Caribbean International Bank and short term deposits invested with the Cayman Islands Government Treasury. As at 30 June 2015 and 2014 Cayman National Cultural Foundation unrestricted cash balances were as presented below. No restricted cash balances were held by the Cayman National Cultural Foundation at 30 June 2015 (2014: none).

2014 Actual (CI\$)	Description	2015 Actual (CI\$)
79,897	CI\$ Operational Current Account	84,642
18,904	US\$ Operational Current Account	4,690
14,457	Fixed Deposits	14,205
113,258	TOTAL	103,537

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 3: Government grants and other receivables

At 30 June 2015 overdue receivables have been assessed and appropriate provisions calculated based on expected losses for the Foundation and review of specific debtors. All receivables are due within one year (2014: all due within one year). Expected losses have been determined based on an analysis of the Foundation's losses in previous periods. The bad debt expense recorded in the current financial year is CI\$600 (2014: CI\$nil)

Included in the government grants and other receivables balance is government grants receivable of CI\$157,225 (2014: CI\$169,846), plus CI\$70,443 (2014: CI\$nil) in equity injections and CI\$50,000 (2014: CI\$nil) advanced donations which were fully collected subsequent to the year end.

Note 4: Property and equipment

<u>Cost</u>	<i>Land (CI\$)</i>	<i>Buildings (CI\$)</i>	<i>Furniture & fittings (CI\$)</i>	<i>Motor vehicles (CI\$)</i>	<i>Heritage assets (CI\$)</i>	<i>Total</i>
Balance as at 1 July 2013	963,151	3,766,929	168,056	23,611	300,255	5,222,002
Additions	-	-	26,299	-	-	26,299
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance as at 30 June 2014	963,151	3,766,929	194,355	23,611	300,255	5,248,301

<u>Cost</u>	<i>Land (CI\$)</i>	<i>Buildings (CI\$)</i>	<i>Furniture & fittings (CI\$)</i>	<i>Motor vehicles (CI\$)</i>	<i>Heritage assets (CI\$)</i>	<i>Total</i>
Balance as at 1 July 2014	963,151	3,766,929	194,355	23,611	300,255	5,248,301
Additions	-	-	18,321	-	-	18,321
Disposals	-	-	-	-	-	-
Transfers	-	-	-	-	-	-
Balance as at 30 June 2015	963,151	3,766,929	212,676	23,611	300,255	5,266,622

<u>Accumulated depreciation</u>	<i>Land (CI\$)</i>	<i>Buildings (CI\$)</i>	<i>Furniture & fittings (CI\$)</i>	<i>Motor vehicles (CI\$)</i>	<i>Heritage assets (CI\$)</i>	<i>Total</i>
Balance as at 1 July 2013	-	437,643	137,343	23,611	-	598,597
Depreciation Expense 2013/14	-	75,338	12,577	-	-	87,915
Eliminate on Disposal 2013/14	-	-	-	-	-	-
Balance as at 30 June 2014	-	512,981	149,920	23,611	-	686,512

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 4: Property and equipment (continued)

<u>Accumulated depreciation</u>	<i>Land (CI\$)</i>	<i>Buildings (CI\$)</i>	<i>Furniture & fittings (CI\$)</i>	<i>Motor vehicles (CI\$)</i>	<i>Heritage assets (CI\$)</i>	<i>Total</i>
Balance as at 1 July 2014	-	512,981	149,920	23,611	-	686,512
Depreciation Expense 2014/15	-	75,338	24,517	-	-	99,855
Eliminate on Disposal 2014/15	-	-	-	-	-	-
Balance as at 30 June 2015	-	588,319	174,437	23,611	-	786,367

Net Book value 30 June 2014	963,151	3,253,948	44,435	-	300,255	4,561,789
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Net Book value 30 June 2015	963,151	3,178,610	38,239	-	300,255	4,480,255
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Heritage assets comprise of works of art relate to paintings that are held in trust for the people of the Cayman Islands. These may not be sold, assigned, charged, or encumbered in any way without the permission of the artist, her heirs and successors. The asset is therefore deemed to be restricted in its use.

Note 5: Trade payables, other payables and accruals

2014 (CI\$)		2015 (CI\$)
418,319	Other government agencies	15,554
1,935	Payroll Deductions	-
54,742	Other payables	49,430
474,996	Total trade payables, other payables and accruals	64,984

Amounts payable to other Government agencies relates primarily to annual property insurance premiums due to be paid to the Government Risk Management Unit (CI\$15,549 accrued for the period April 2015 to June 2015). During the year ended 30 June 2015 the Foundation requested, and the Ministry of Finance & Economic Development approved, the transfer of CI\$409,277 in insurance payables from the Foundation to the Government effective 31 March 2015. The Foundation made a corresponding entry to re-classify the insurance premiums payable to "Contributed capital", effective 31 March 2015.

Note 6: Advanced donations

During the year ended June 30, 2009, the Foundation began collecting donations to restore the house of the late Gladwyn K. Bush ("Miss Lassie"), who was a famous Caymanian artist. The long-term liability account: Advanced donations of CI\$124,205 (2014: CI\$36,681) includes revenue and donations in regards to the conservation and development of the property, as well as the corresponding expenditures. Of the Advanced donations account CI\$100,000 (2014: CI\$nil) were amounts contributed by the Government of the Cayman Islands during the year ended 30 June 2015.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 7: Revenue

2014 Actual (CI\$)	Revenue type	2015 Actual (CI\$)	2015 Budget (CI\$)	Variance (CI\$)
679,394	Outputs to Cabinet	628,900	628,900	-
71,151	Other	106,243	98,000	8,244
65,705	Donations	86,450	206,103	(119,654)
52,077	Rentals of Harquail Theatre	76,985	60,000	16,985
1,094	General sales	2,541	3,800	(1,259)
869,421	Total revenue	901,119	996,803	(95,684)

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Islands Government. The Foundation considers the annual grant received to be an Output to the Cabinet.

Donations made to the Foundation during the year were as follows:

2014 Actual (CI\$)	Source	Purpose	2015 Actual (CI\$)
-	Appleby	Educational	23,000
22,000	Butterfield	YAA	22,000
-	Anonymous donor	Educational	10,000
-	Various	Cayfest '15/Travelling Film	7,500
4,000	Dept. of Commerce	YAA	4,650
-	Dart	Educational	5,000
4,355	Harney's	Gimistory	4,500
-	Min. of Education	Gimistory	4,000
-	Various	Gimistory	3,200
-	Min. of Distr. Admin	Gimistory	1,500
-	Individuals	CI Folk Singers/Productions	1,100
27,900	Walkers	Mind's Eye School Tours	-
5,000	Min. of Tourism	Cayfest	-
2,200	Individuals	Core expenses	-
250	Individual	Cayfest	-
65,705	Total donations		86,450

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 8: Personnel costs

2014 Actual (CI\$)	Description	2015 Actual (CI\$)	2015 Budget (CI\$)	Variance (CI\$)
354,667	Salaries, wages and allowances	399,373	382,034	17,339
44,766	Health care	49,808	64,966	(15,158)
18,586	Pension	24,862	21,548	3,314
418,019	Total personnel costs	474,043	468,548	5,495

Note 9: Operating and administrative expenses

2014 Actual (CI\$)	Description	2015 Actual (CI\$)
188,112	Cultural Development Expense	161,824
143,114	Maint/Repairs Property, Automobile, Computers)	142,595
63,041	Utilities and Communications	78,639
50,949	General Administration (Fees, Permits, Audit, Advertising)	53,602
17,506	Theatre Production Expense	26,864
462,722		463,524

Note 10: Contingent liabilities and assets

The Foundation has been named, along with others, in a legal claim relating to an incident that occurred at a Foundation organised event. Management is uncertain of the outcome of this legal matter, and there is uncertainty relating to the settlement required. As such, no provision for this matter has been included in the statement of financial position. It is possible that this settlement may have a material impact on the Foundation's ability to continue operating as a going concern.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 11: Explanation of major variances against budget

Explanations for major variances for the Foundation performance against the original budget are as follows:

Statement of financial performance

The non-commercial nature of the Foundation's cultural development work necessitates that additional contributed income is raised through fundraising. The Foundation seeks to supplement its annual Government grant by raising funds from non-Government sources, and makes predictions when budgeting that may vary to a greater or lesser degree from the actual contributed income, depending on the economic climate in any given period and the willingness of potential funders to give support. In the financial year ended 30 June 2015, the Foundation projected that some contributed income would derive from international funding agencies, many of whom require proof of non-profit (charity) status, 501(c)(3) status under the United States Internal Revenue Code. The Foundation's application for recognition of non-profit status is still awaiting a decision from the Cayman Islands Government, which has significantly limited the Foundation's eligibility for international funding. This explains why other revenue earned during the year was significantly below budget.

Operating and administrative expenses were impacted by the sudden unexpected failure of several components of the air conditioning system in the F J Harquail Cultural Centre. It had been estimated that the aging system, installed in 2007, might last until 2016, however that was not the case. The efficiency of the system was negatively impacted, resulting in electricity bills being approximately CI\$12,000 higher than budgeted. Additionally, an accrual of CI\$15,549 for property insurance from April to June 2015 had not been budgeted, and legal fees of CI\$3,465 were an unexpected expense due to a labour dispute. These items explain why operating and administrative expenses were higher than budgeted.

Statement of financial position

The Foundation depends primarily on Government funding and has not been in a position to reimburse to the Government premiums paid on its behalf for property insurance. In light of this, the Ministry of Finance & Economic Development approved the transfer of CI\$409,277 in insurance payables from the Foundation to the Government effective 31 March 2015. The Foundation has made a corresponding entry to re-classify the insurance premiums payable on its Statement of Financial Position to "Contributed capital". The Government's capital Injection of CI\$70,437 for the urgent replacement of the Harquail Theatre air-conditioning system was also applied to contributed capital during the year ended 30 June 2015. As a result, trade payables is significantly below budget.

Note 12: Related party and key management personnel disclosures

Related party disclosure

The Foundation derives a major source of its revenue from government. The Foundation and its key management personnel transact with other Government entities on a regular basis. These transactions were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions. During the year ended 30 June 2015 the Foundation received CI\$628,900 (2014: CI\$679,394) in Government grants, of which CI\$157,225 (2014: CI\$169,846) was outstanding at the year end.

Key management personnel

Description	2015 (CI\$)	2014 (CI\$)
Salaries, bonuses & other short-term employee benefits	189,066	184,318
Other amounts paid	5,000	5,000
Number of key management personnel	2	2
Total	194,066	189,318

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 30 JUNE 2015 (CONTINUED)**

Note 12: Related party and key management personnel disclosures (continued)

An amount of CI\$5,000 (2014: CI\$5,000) was paid to a key member of management as compensation for services rendered. The member of management wrote the script for one of the theatrical productions completed. Non-executive board members receive no fees or remuneration.

At June 30, 2015 no loans are due from key management personnel (2014: none).

Note 13: Financial instruments and associated risks

The Foundation is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, government grants and other receivables, other financial assets, trade payables, other payables and accruals and advanced donations. The fair value of financial instruments is equivalent to their carrying amounts disclosed in the statement of financial position.

Credit risk

In the normal course of its business the Foundation is subject to credit risk from debtors other than the Cabinet. The Foundation does not have significant concentrations of credit risk for its other financial instruments.

Currency and interest rate risk

The Foundation has no significant exposure to currency exchange loss risk and interest rate risk.

Liquidity risk

In meeting its liquidity requirements, the Foundation closely monitors its forecast cash requirements with expected cash drawdowns from Cabinet and receipts from third parties. The Foundation maintains a target level of available cash to meet liquidity requirements.

All of the Foundation's financial liabilities will be settled in less than six months from the date of these financial statements.

Note 14: Capital management

The Foundation has no legislated minimum capital requirements. Contributed capital relates to assets contributed by the Cayman Islands Government, which the Foundation utilizes to achieve its objective. The General Fund reflects the accumulation of profits and losses. The General Fund is managed through a strict budget approval and monitoring process.

Note 15: Subsequent events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to 30 October 2015 which is the date that the financial statements were available to be issued.

