

Cayman Islands National Museum

Financial Statements

For the Year Ended June 30, 2016

CAYMAN ISLANDS NATIONAL MUSEUM

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Cayman Islands National Museum 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 Director, 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 Cayman Islands National Museum.

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

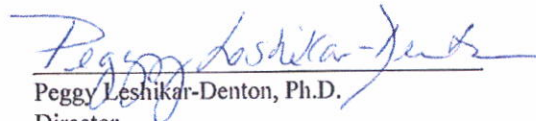
The financial statements fairly present the financial position (except for property, plant and equipment), financial performance (except for the completeness of revenue), changes in equity and cash flows for the financial year ended June 30, 2016.

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

- (a) are complete and reliably reflect the financial transactions of the Cayman Islands National Museum for the year ended June 30, 2016;
- (b) fairly reflect the financial position as at June 30, 2016 and performance for the year ended June 30, 2016;
- (c) comply with International Public Sector Accounting Standards (IPSAS).

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


Alfonso Wright
Chairman
Cayman Islands National Museum


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

Date: 26 October 2016

Date: 26 October 2016

Auditor General's Report

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

In accordance with section 60(1)(a)(ii) of the Public Management and Finance Law (2013 Revision) (the "Law"), I have audited the accompanying financial statements of the Cayman Islands National Museum (the "Museum"), which comprise the statement of financial position as at June 30, 2016, and the statements of financial performance, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International 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 General'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 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 upon 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 controls relevant to the Museum'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. In rendering my qualified opinion on the financial statements of the Museum, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

Auditor General's Report (continued)

Basis for qualified opinion

During the year ended June 30, 2012, the Museum changed the system that maintained the property, plant and equipment register, which resulted in a material adjustment to accumulated depreciation and accumulated surplus. I was unable to verify the accuracy of the adjustment at that time and this issue still has not been resolved. Therefore I am unable to conclude on the accuracy of the property, plant and equipment and the related impact on accumulated surplus and equity of the Museum as at June 30, 2016. My audit report on the financial statements for the year ended June 30, 2015 also included a qualification in respect of the same matter.

In common with many not-for-profit oriented organizations, the Museum derives a portion of its cash receipts from various sources, the completeness of which is not susceptible to independent audit verification. Accordingly, my verification of such cash receipts was limited to the amounts recorded in the records of the Museum and I was not able to determine whether any adjustments might be necessary to cash receipts from fundraising income and donations, the increase in cash and cash equivalents for the year ended June 30, 2016, opening cash as at July 1, 2015 and closing cash as at June 30, 2016. In addition, the audit report on the financial statements for the year ended June 30, 2015 included a qualification in respect of the same matter.

Qualified opinion

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs above, the financial statements present fairly, in all material respects, the financial position of the Museum as at June 30, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Emphasis of matter

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



Sue Winspear, CPFA
Auditor General

Cayman Islands
26 October 2016

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Position

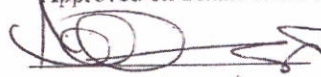
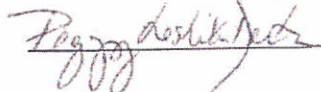
For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2015 Actual	Note	2016 Actual	2016 Budget	Variance
Assets				
Current assets				
377,360	3	556,374	1,021,209	(464,835)
215,285		207,750	20,000	187,750
19,717		50,531	18,000	32,531
41,039	4	47,380	50,000	(2,620)
653,401		862,035	1,109,209	(247,174)
Total current assets				
Non-current assets				
2,130,875	5	1,988,270	1,969,167	19,103
-	1,2	-	-	-
2,130,875		1,988,270	1,969,167	19,103
Total non-current assets				
2,784,276	CIS	2,850,305	3,078,376	(228,071)
Total assets				
Liabilities and equity				
Current liabilities				
54,740	9	82,472	223,652	(141,180)
54,740		82,472	223,652	(141,180)
Total current liabilities				
Equity				
1,409,866		1,436,163	1,389,587	46,576
87,300	6	99,300	87,300	12,000
200,000	7	200,000	200,000	-
1,032,370		1,032,370	1,177,837	(145,467)
2,729,536		2,767,833	2,854,724	(86,891)
Total equity				
2,784,276	CIS	2,850,305	3,078,376	(228,071)
Total liabilities and equity				

See accompanying notes to financial statements.

Approved on behalf of the Board of Control on October 26, 2016:

 Chairperson
 Museum Director

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Performance

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2015			2016	2016	
Actual		Note	Actual	Budget	Variance
Revenue					
820,800	Sales of outputs to cabinet	8	820,800	820,800	-
94,140	Product sales	9	77,860	95,903	(18,043)
45,259	Admissions		53,122	40,000	13,122
16,210	Rental income		18,000	18,000	-
11,840	Fundraising income and donations		54,801	61,000	(6,199)
7,200	Membership dues		5,652	9,000	(3,348)
340	Interest income		9	115	(106)
995,789	Total revenue		1,030,244	1,044,818	(14,574)
Expense					
397,546	Staff costs	9,10,11	392,788	435,500	(42,712)
185,381	Facility expenses	9	162,691	148,130	14,561
183,387	Depreciation	5	148,867	161,588	(12,721)
116,186	Rent expenses		116,679	115,900	779
70,351	Administration and other expenses		126,605	127,300	(695)
52,585	Cost of goods sold		56,317	56,400	(83)
1,005,436	Total expense		1,003,947	1,044,818	(40,871)
(9,647)	Net surplus/(deficit) for the year	CIS	26,297	-	26,297

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Changes in Equity

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

	Accumulated Surplus	Contingency Reserve (Note 7)	Restricted Funds (Note 6)	Contributed Capital	Total	Budget	Variance
Balance at June 30, 2014	1,419,513	200,000	87,800	1,032,370	2,739,683	2,754,724	(15,041)
Net deficit for the year	(9,647)	-	-	-	(9,647)	-	(9,647)
Equity investment from cabinet	-	-	-	-	-	100,000	(100,000)
Use of restricted funds		-	(500)	-	(500)	-	(500)
Balance at June 30, 2015	1,409,866	200,000	87,300	1,032,370	2,729,536	2,854,724	(125,188)
Net surplus for the year	26,297	-	-	-	26,297	-	26,297
Contribution to restricted funds	-	-	12,000	-	12,000	-	12,000
Balance at June 30, 2016							
CIS	1,436,163	200,000	99,300	1,032,370	2,767,833	2,854,724	(86,891)

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Cash Flows

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2015 Actual	Note	2016 Actual	2016 Budget	Variance
Cash provided by:				
Operating activities				
(9,647)		26,297	-	26,297
183,387	5	148,867	161,588	(12,721)
10,149		7,535	-	7,535
13,688		(30,814)	-	(30,814)
12,489		(6,341)	-	(6,341)
(89,822)		27,732	-	27,732
120,244		173,276	161,588	11,688
Investing activities				
(12,317)	5	(6,262)	-	(6,262)
1,750	5	-	-	-
(10,567)		(6,262)	-	(6,262)
Financing activity				
(500)	6	12,000	-	12,000
Cash generated by/(used in) financing activity				
(500)		12,000	-	12,000
109,177		179,014	161,588	17,426
Net increase in cash and cash equivalents				
268,183		377,360	859,621	(482,261)
377,360	CIS	556,374	1,021,209	(464,835)

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

1. Background information

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

The Museum holds a collection in excess of 9,400 (2015: 9,300) artefacts that have been donated, transferred, purchased or found, with the majority being donations. Artefacts are documented in the Museum's Accession Register, and are used in research or are held in exhibition for public service. The research collections (those that are not on exhibit at the Museum) are kept at the Museum Support Facility in an environmentally controlled vault for preservation. The Museum also operates a gift shop and leases a space to a third party, which operates a cafe.

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

The administrative office of the Museum is located at 10 Cayside, George Town, Grand Cayman.

2. Significant accounting policies

(a) Reporting periods

The financial statements presented are for the year ended June 30, 2016 with comparable information for the financial year ended June 30, 2015.

(b) Basis of preparation

In compliance with the *Public Management and Finance Law (2013 Revision)* these financial statements, for the year ended June 30, 2016, are prepared in accordance with International Public Sector Accounting Standards ("IPSAS").

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

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

The measurement base applied to these financial statements is the historical cost basis.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(c) Use of estimates

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant and equipment (Note 5) and whether an impairment provision is required in respect of inventory (Note 4).

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

Certain new, revised and amended standards and interpretations were issued during the current financial year that are not yet effective. No material impact on the financial statements is anticipated as a result of these amendments.

(e) Cash and cash equivalents

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

(f) Accounts receivable

Accounts receivable are measured at cost less any allowance for doubtful accounts.

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

(g) Inventories

Inventories consist of products sold in the Museum gift shop and are valued at the lower of cost or net realisable value, using an average cost basis less an allowance for obsolete and slow moving items.

(h) Property, plant and equipment

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

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

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

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(h) *Property, plant and equipment (continued)*

Useful lives are as follows:

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

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

Repairs and maintenance are charged to expenses as incurred.

(i) *Income recognition*

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

(j) *Government grants*

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

(k) *Foreign currency translation*

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

(l) *Collections, Exhibits and Artefacts*

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

(m) *Contributed services*

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

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(n) Financial assets and liabilities

(i) Classification

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

(ii) Recognition

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

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

(iii) Measurement

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

(iv) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Museum has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At June 30, 2016 and 2015, there were no assets or liabilities reported on a net basis.

(v) Impairment

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

(vi) Derecognition

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

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

2. Significant accounting policies (continued)

(n) Financial assets and liabilities(continued)

(vii) Fair value

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

(o) Restricted funds

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

(p) Operating leases

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

(q) Budget amounts

The budget amounts for the financial year are presented in the 2015/16 Ownership Agreement and were approved by the Legislative Assembly.

3. Cash and cash equivalents

2015 Actual		2016 Actual	2016 Budget	Variance
167,763	Cash	346,679	811,209	(464,530)
209,597	Fixed deposits	209,695	210,000	(305)
377,360	CIS	556,374	1,021,209	(464,835)

4. Inventories

2015 Actual		2016 Actual	2016 Budget	Variance
46,781	Inventory at average cost	49,970	50,000	(30)
(5,742)	Less: provision for slow moving stock	(2,590)	-	(2,590)
41,039	CIS	47,380	50,000	(2,620)

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

5. Property, plant and equipment

As at June 30, 2016 and 2015, property, plant and equipment consisted of the following:

2016	Furniture, fixtures & equipment	Computer hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Cost:						
Balance at beginning of year	388,611	133,741	2,207,885	442,804	24,900	3,197,941
Additions	3,910	-	1,160	1,192	-	6,262
Balance at end of year	392,521	133,741	2,209,045	443,996	24,900	3,204,203
Accumulated depreciation:						
Balance at beginning of year	(323,685)	(133,741)	(510,734)	(74,006)	(24,900)	(1,067,066)
Depreciation	(38,539)	-	(95,527)	(14,801)	-	(148,867)
Balance at end of year	(362,224)	(133,741)	(606,261)	(88,807)	(24,900)	(1,215,933)
Net book value at June 30, 2016	CIS 30,297	-	1,602,784	355,189	-	1,988,270

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

5. Property, plant and equipment (continued)

2015	Furniture, fixtures & equipment	Computer hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Cost:						
Balance at beginning of year	386,844	131,941	2,200,885	442,804	24,900	3,187,374
Additions	1,767	3,550	7,000	-	-	12,317
Disposals	-	(1,750)	-	-	-	(1,750)
Balance at end of year	388,611	133,741	2,207,885	442,804	24,900	3,197,941
Accumulated depreciation:						
Balance at beginning of year	(272,545)	(111,822)	(415,207)	(59,205)	(24,900)	(883,679)
Depreciation	(51,140)	(21,919)	(95,527)	(14,801)	-	(183,387)
Balance at end of year	(323,685)	(133,741)	(510,734)	(74,006)	(24,900)	(1,067,066)
Net book value at June 30, 2015	CIS	-	1,697,151	368,798	-	2,130,875

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

6. Restricted funds- Fund balances are restricted for:

Archaeology

During the period ended December 31, 1994, a fundraiser was held to provide funds for marine archaeological research and equipment. The net proceeds from the fundraiser were placed in a restricted account for similar expenditures. At June 30, 2016 and 2015, CI\$12,812 remained in the restricted funds account.

Powell's

During the period ended June 30, 1998, the Museum received a government grant of CI\$25,000 for specific projects including creating a business plan, architectural surveys, condition reports, and maintenance planning. As at June 30, 2016 and 2015, CI\$20,250 remained in the restricted funds account.

McCoy Prize Award

During the period ended June 30, 2003, Harris McCoy donated CI\$1,000 to hold for the winner of the McCoy prize. A further CI\$20,900 was donated by the chairman during the period ending June 30, 2006. As at June 30, 2016 and 2015, CI\$1,918 remained in the restricted funds account.

New Building

During the period ended June 30, 2004, the Museum received donations in the amount of CI\$9,840 for the new museum building. As at June 30, 2016 and 2015, CI\$9,840 remained in the restricted funds account.

Maritime Heritage Trail

During the period ended June 30, 2004, the Department of Tourism donated CI\$20,000 for the Maritime Heritage Trail. As at June 30, 2016 and 2015, CI\$191 remained in the restricted funds account.

Educational Programme

During the period ended June 30, 2012 the Museum received a donation of CI\$3,041. This was to be applied to the Museum's Educational Fund. As at June 30, 2016 and 2015, CI\$1,588 remained in the restricted funds account.

Renovations & Recovery

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$20,701 for the recovery of any material evidence of artistic, historic or scientific significance to Cayman Islands. As at June 30, 2016 and 2015, CI\$20,701 remained in the restricted funds account.

Webster Foundation

During the period ended June 30, 2012, the Museum received a donation of CI\$20,000 to be used acquire artefacts and the costs of displaying such artefacts. As at June 30, 2016 and 2015 CI\$20,000 remained in the restricted funds account.

Collections Preservation

During the period ended June 30, 2016, the Museum received CI\$12,000 for collections preservation.

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

6. Restricted funds (continued)

The movements in restricted fund balances during the years ended June 30, 2016 and 2015 were as follows:

	Archaeology	Powell's	McCoy Prize	New Building	Maritime Heritage Trail	Educational Programme	Renovations & Recovery	Webster Foundation	Collections Preservation	Total
Balance at June 30, 2014	12,812	20,250	1,918	9,840	691	1,588	20,701	20,000	-	87,800
Disbursements	-	-	-	-	(500)	-	-	-	-	(500)
Balance at June 30, 2015	CIS 12,812	20,250	1,918	9,840	191	1,588	20,701	20,000	-	87,300
Additions	-	-	-	-	-	-	-	-	12,000	12,000
Balance at June 30, 2016	CIS 12,812	20,250	1,918	9,840	191	1,588	20,701	20,000	12,000	99,300

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

7. Contingency reserve

At June 30, 2016, the Museum's equity includes a contingency reserve of CI\$200,000 (2015: CI\$200,000). The contingency reserve was established by the Board of Control as a precautionary measure to meet costs of overcoming any disaster that might befall the Museum in the future.

8. Sales of outputs to cabinet

During the year ended June 30, 2016, grants totalling CI\$820,800 (2015: CI\$820,800) were received from Government, of which CI\$205,200 (2015: CI\$205,200) is included in accounts receivable at June 30, 2016.

As noted in Note 1, the Museum would not be able to continue as a going concern without ongoing support from the Government and as a result the Museum is economically dependent on the Government.

9. Related party transactions

Controlling entity

The Museum is a wholly owned statutory entity of the Government within the Ministry.

Museum building

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

Property insurance

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

During the year ended June 30, 2016, total insurance premium determined for the Museum amounted to CI\$26,936 (2015: CI\$34,076). This amount is included in facility expenses in the statement of financial performance.

At June 30, 2016, CI\$31,675 (2015: CI\$7,456) was payable to the Government in respect of insurance and is included in accounts payable and prepayments (2015: accounts payable and accrued liabilities) in the statement of financial position.

Ministry employees

The Curations Manager, who is an employee of the Ministry, works for the Museum on a secondment contract. A portion of the Curations Manager's remuneration, the details of which are not available to the Museum, formed part of the Ministry's expenditures and are not reflected in the statement of financial performance of the Museum.

The total salary and benefits paid by the Museum to the Curations Manager during the year ended June 30, 2016 amounted to CI\$16,598 (2015: CI\$15,785).

CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

9. Related party transactions (continued)

Gift shop sales

During the year ended June 30, 2016, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI\$5,205 (2015: CI\$12,959).

10. Pension plan

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law (2012 Revision). Contributions for the year ended June 30, 2016 included in staff costs in the statement of financial performance amounted to CI\$13,479 (2015: CI\$13,447). Pension contributions consist of 5% of the employee's salary made by the employee and are matched by the employer (2015: 5% employer 5% employee).

11. Key management remuneration

Total remuneration paid to the 4 (2015: 4) personnel considered to be key management during the years ended June 30, 2016 and 2015 was:

	Salaries CI\$	Pension CI\$	Health insurance CI\$	Total CI\$
2016 Actual	218,266	8,127	26,318	252,711
2016 Budget	218,266	8,127	26,318	252,711
Variance	-	-	-	-
2015 Actual	206,967	7,890	24,139	238,996

Members of the Board of Control are voluntary and do not receive any type of remuneration for services rendered. There were no loans to key management at June 30, 2016 (2015: none).

12. Financial risk management

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

CAYMAN ISLANDS NATIONAL MUSEUM

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For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

12. Financial risk management (continued)

Credit risk

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

At June 30, 2016, the Museum held CI\$556,374 (2015: CI\$377,360) in cash and cash equivalents at one financial institution in the Cayman Islands and CI\$207,750 (2015: CI\$215,285) of accounts receivable, CI\$205,200 (2015: CI\$214,449) of which was due from the Government. As such, the Museum is exposed to credit related losses in the event of non-performance by these parties. Given the high credit rating of this financial institution and the Museum's relationship with the Government, the Board of Control do not anticipate any material losses as a result of these concentrations.

Liquidity risk

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

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

Accounts payable and accrued liabilities are expected to mature within 12 months of the date of the statement of financial position.

13. Commitments and contingencies

The Museum leases premises at Pasadora Place to store its collection and artefacts. The lease will expire on November 30, 2017.

The Museum leases premises at 10 Cayside House for administration, education and library purposes. The lease will expire on December 31, 2018.

2015 Actual		2016 Actual	2016 Budget	Variance
	Minimum lease payments			
45,960	Payable within one year	104,810	104,810	-
-	Payable from one to two years	60,999	60,999	-
-	Payable from two to three years	14,897	14,897	-
45,960		CI \$180,706	180,706	-

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For the year ended June 30, 2016

(expressed in Cayman Islands dollars)

14. Explanations of material variance against budget

Statement of financial position

The majority of the cash and cash equivalent and accumulated surplus variances are the result of the budget having been prepared assuming a break-even performance for the year ended June 30, 2013. The net deficit for the year ended June 30, 2013 was CI\$371,116. There was a further variance/decrease of CI\$100,000 in contributed capital in the year ended June 30, 2015 as the result of Government reallocating budgeted capital funding to another entity.

Accounts Receivable was higher because of the outstanding receipt of the quarterly grant from the Ministry.

Deposits and prepaid expenses are higher than expected due to the purchase of a replacement server for CI\$14,000 that had not been delivered as at the year-end along with a change in timing of the receipt of the insurance invoice for 2016.

Property, plant & equipment are higher than budgeted due to a significant amount of assets being fully depreciated in the year, leading to a lower depreciation charge.

Accounts payable are lower than budgeted as a result of the plans to increase the gift shop stock and improve displays, along with the planned delay of the replacement, instalment and maintenance costs of the new server which were delayed until after the accounting period. These items combined with an accumulated surplus variance of CI\$90,000 from previous years' budgets lead to an overall surplus of CI\$141,000.

Statement of financial performance

Gift shop sales were lower than budgeted as the Museum had planned to make improvements to the displays and increase their marketing efforts leading to a forecast improvement in gift shop sales. These plans however did not materialize, leading to a lower actual sales compared to the budgeted figure.

Staff costs were lower than budgeted as the Museum operated with several vacancies during the fiscal year. This was a deliberate management strategy to build a reserve and identify target areas for new or renewed services.

15. Capital

The Museum's objective when managing its working capital, is to safeguard the Museum's ability to continue as a going concern, through the on-going support from the Government (Notes 1 and 2) to ensure that adequate cash flows are generated to fund its programs. Management manages the Museum's capital by assessing the Museum's financial risk and responding to changes in risks and the market. The Museum is not subject to any externally imposed working capital requirements by third parties or the Government. There have been no changes to the strategy adopted by management to control the capital of the Museum since the previous year.

16. Subsequent events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to October 26, 2016, being the date that the financial statements were authorized for issue.

