



GOVERNMENT OF THE CAYMANISLANDS

Children and Youth Services (CAYS) Foundation

ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2020

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Nature and Scope of Activities

This section outlines the nature and scope of activities within which Children and Youth Services (CAYS) Foundation operated.

Approved Nature and Scope of Activities

The Children and Youth Services (CAYS) Foundation focuses on providing 24-hour residential care to youth who have been committed by the Courts into residential treatment due to care and protection needs and/or offending behaviors. The programme adopts a strength- based approach to decision making and self-awareness.

During the 2020 financial year the Children and Youth Services (CAYS) Foundation performed the following functions:

- Operated Bonaventure Boys' Home and Frances Bodden Girls Home; provided 24hr residential facilities for youth who required residential care due to being deemed in need of care and protection as well as youth exhibiting offending behaviors that have been court ordered.
- Provided administration and supervision of the programs offered.
- Provided policy advice to the Minister of Community Affairs on the direction of youth rehabilitation and effective interventions to assist in their integration back into society. The therapeutic process utilized a strength- based approach and positive youth development for foster change in the lives of its participants. The programme also sought to engage families and community in the rehabilitative process.
- Developed and delivered specific programmes to address behavioral problems (including drug and alcohol misuse, promiscuity and other risky behaviors) and the educational needs of the youth. This included individual and group counseling.
- Prepared residents for independent living including pre-employment preparation and life-skills training.
- Maintained the Government owned residential facilities, namely Frances Bodden Girls Home (FBGH) and Bonaventure Boys' Home (BBH), to facilitate programmes and treatment principles of the highest standards.

Customers and Location of Activities

The customers of the Foundation are youth who have been committed by the courts to the residential facility.

The services of the Children and Youth Services (CAYS) Foundation are primarily provided on behalf of the Ministry of Community Affairs. The services cater to the youth and their parents/families, and other Government Departments and Agencies, i.e., Department of Children and Family Services (DCFS), the Court, the Family support Unit (FSU), Department of Counseling Services (DCS), and the Department of Education Services to facilitate care and reintegration into society.

The location of the activities is in the Cayman Islands, with the physical location of the residential Homes being in Grand Cayman.

Strategic Goals and Objectives

Approved strategic Goals and Objectives

The strategic goals and objectives (from an ownership perspective) for the **Children and Youth Services (CAYS) Foundation** for the 2020 year were achieved as follows:

- CAYS implemented programs that address the care needs and the anti-social attitudes, beliefs and behaviors of its residents in a safe nurturing therapeutic environment. It focused on changing resident's attitudes and behaviors by working to build trusting relationships between them and their peers and a trusting relationship with their parents. This assisted residents to develop appropriate behaviours and coping skills that would assist with their reintegration into their family, school, and the community.
- CAYS implemented programmes that promote the principles of individual growth, personal development and peer accountability. The programmes assists residents in setting and meeting educational and vocational goals.
- CAYS assist residents with reintegration into the mainstream education system. This is accomplished by a treatment team meeting to develop a comprehensive plan. The team will consist of key stakeholders.
- CAYS address the vocational issues for residents and partners with the public and private sector to afford the residents every opportunity to participate in some form of vocational training.
- CAYS develops comprehensive treatment plans to address core issues, issues relating to drug and alcohol use, also education and vocational issues, family issues and aftercare plans.

- CAYS provides ongoing training to staff to facilitate the delivery of strength-based, individualized treatment in order to ensure that the best practices are maintained.
- CAYS will enhance services to the families by providing family education groups to help improve family dynamics and create more supportive and productive relationships.
- CAYS will continue to enhance relationships with the private sector for fundraising and programme support.

Achievement during the Year

The Children and Youth Services (CAYS) Foundation continues to meet its goals and objectives during the year.

Financial Performance and Analysis

Information as set out in the financial statements

Statement of Financial Position

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION					
STATEMENT OF FINANCIAL POSITION					
AS AT 31 DECEMBER 2020					
		2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
	Note				
Current Assets					
Cash and cash equivalents	2	\$ 1,101,392	\$ 544,343	\$ 814,088	\$ 287,304
Trade receivables	3	270,440	524,810	234,456	35,984
Prepayments		2,643	4,276	4,348	(1,705)
Total Current Assets		1,374,475	1,073,429	1,052,892	321,583
Non-Current Assets					
Pension Surplus	16	49,000	38,000	32,000	17,000
Property, plant and equipment	4	471,966	430,336	365,132	106,834
Total Non-Current Assets		520,966	468,336	397,132	123,834
Total assets		\$ 1,895,441	\$ 1,541,765	\$ 1,450,024	\$ 445,417
Current Liabilities					
Trade payables		\$ 13,238	\$ 19,405	\$ 20,407	\$ (7,169)
Other payables and accruals		71,404	24,324	42,708	28,696
Unearned revenue	7	10,000	-	-	10,000
Employee entitlements	5	22,250	18,164	24,488	(2,238)
Total Current Liabilities		116,892	61,893	87,603	29,289
Total Liabilities		116,892	61,893	87,603	29,289
Net Assets		1,778,549	1,479,872	1,362,421	416,128
NET WORTH					
Contributed Capital		466,667	466,667	466,667	-
Accumulated Surplus		1,311,882	1,013,205	895,755	416,127
Total Net Worth		\$ 1,778,549	\$ 1,479,872	\$ 1,362,422	\$ 416,127
The accounting policies and notes form an integral part of these financial statements.					

Explanation of Material Variances – Statement of Financial Position

Cash and Cash Equivalents

As at the end of the financial year, cash and cash equivalents were over-budget by \$287,304. This is primarily due to surplus of \$288,677 achieved for the financial year which was not budgeted. Contributing to the surplus is the actual donations received which were unbudgeted, as well as savings in the various expense categories.

Trade receivables

Trade receivables are over budget by \$35,984. The budget anticipated a receivable of \$234,456 but the actual government receivable based on monthly billing of the annual appropriations were \$258,337, which is a variance of \$23,881. In addition to this, there was an actual receivable at year end of \$12,107 from CINICO which was not budgeted to be a receivable.

Prepayments

Prepayments were under budget by \$1,705 as majority of the annual and quarterly prepaid expenses were fully expensed by year end in comparison to the prepayments expected at the time of budget preparation.

Pension Surplus

The Defined Benefit Pension is more than budgeted due to the actuarial valuation provided by the Public Service Pension Board/Mercer. The increased value recognized in the Statement of Financial Position in comparison to the approved budget is an indication that the defined benefit pension value increases year over year as seen in previous years.

Property Plant and Equipment

Property Plant and Equipment is over budget by \$106,834 as the assets obtained/acquired throughout the year were not anticipated in the budget at the time of approval. Throughout the year, two vehicles of \$32K each were donated, leasehold improvements of \$33K were recognised and equipment of \$14K was obtained.

Trade Payables

Trade payables were under budget by \$7,169 as vendors have been paid in a more efficient manner. Additionally, the budget anticipated that the value of trade payables would remain in line with payables of prior years.

Other Payables and Accruals

Other payables and accruals are over budget by \$28,696 as December 2020 pension was pending to be paid at year end. December's pension payable was not anticipated in the budget at the time of the budget approval. The December 2020 pension was settled in January 2021.

Unearned revenue

Unearned revenue was over budget by \$10,000 as CAYS received in advance a donation from R3 Cayman Foundation to accommodate the Annual 2021 Trauma Training. The donation was not anticipated in the budget at the time of the budget approval as the nature of donations do not result in amounts budgeted.

Employee Entitlements

Employee Entitlements were under budget by \$2,238 as the accrual for annual leave and TOIL were less than budgeted for. In previous years, accumulated TOIL was quite excessive and as such, management has been closely monitoring TOIL to reduce the TOIL hours as much as possible. Additionally, due to the compliance with COVID19 social distancing protocol, management ensured TOIL hours were utilised to accommodate social distancing within the Homes.

Accumulated surplus

The increase in accumulated surplus is due to the operating surplus at the end of the 2020 financial year along with the increased movement of the defined benefit pension plan.

Statement of Financial Performance

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 31 DECEMBER 2020					
		2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
	Note				
Operating Revenue					
Outputs to Cabinet	6	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ -
Donations		114,253	84,768	-	114,253
Total Revenue		<u>3,214,253</u>	<u>3,184,768</u>	<u>3,100,000</u>	<u>114,253</u>
Operating Expenses					
Personnel costs	8	2,451,427	2,636,961	2,709,277	\$ (257,850)
Other expenses	9	166,628	126,865	-	\$ 166,628
Supplies and consumables	10	254,085	229,997	351,586	\$ (97,501)
Depreciation	4	53,436	52,223	59,089	\$ (5,653)
Total operating expenses		<u>2,925,576</u>	<u>3,046,046</u>	<u>3,119,952</u>	<u>(194,376)</u>
Surplus/(Deficit) for the year		<u>\$ 288,677</u>	<u>\$ 138,722</u>	<u>\$ (19,952)</u>	<u>\$ 308,629</u>
The accounting policies and notes form an integral part of these financial statements.					

Explanation of Material Variances – Statement of Financial Performance

Donations

Donations were \$114,253 higher than budget due to donations received from various donors. There was no budget in place for donations as donations are not guaranteed and are generally one-off items, which do not repeat from year to year, leaving little correlation from one year to the next.

Personnel Costs

Personnel costs were under-budget by \$257,850 as the role for the general manager had not been filled and a few staff members resigned and/or were terminated. Due to reduced staffing, pension and health insurance expenses also decreased.

Other Expenses and Supplies and Consumables

The accumulated differences for both Other Expenses and Supplies and Consumables are over-budget by \$69,127. This is due to increased expenditures in Building maintenance for repainting of both Homes and servicing of AC Units, increased staff & vocational training took place, purchase of satellite phones and legal fees increased. These specific expenses incurred were not anticipated at the time of the budget approval.

Depreciation

Depreciation was under budget by \$5,653. Although CAYS acquired/obtained additional assets throughout the year, depreciation for majority of the additional assets obtained commenced towards the end of the year.

Statement of Change in Net Worth

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION					
STATEMENT OF CHANGES IN NET WORTH					
FOR THE YEAR ENDED 31 DECEMBER 2020					
	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2019 brought forward	\$ 869,483	466,667	1,336,150	1,336,150	-
Remeasurement of net defined benefit asset	5,000	-	5,000	-	5,000
Surplus/(deficit) for the period 2019	138,722	-	138,722	46,224	92,498
Net revenue and expenses for the year	143,722	-	143,722	46,224	97,498
Balance at 31 December 2019	<u>\$ 1,013,205</u>	<u>466,667</u>	<u>1,479,872</u>	<u>1,382,374</u>	<u>97,498</u>
	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2020 brought forward	\$ 1,013,205	466,667	1,479,872	1,382,374	97,498
Remeasurement of net defined benefit asset	10,000	-	10,000	-	10,000
Contributed Capital	-	-	-	-	-
Surplus/(deficit) for the period 2020	288,677	-	288,677	(19,952)	308,629
Net revenue and expenses for the year	298,677	-	298,677	(19,952)	318,629
Balance at 31 December 2020	<u>\$ 1,311,882</u>	<u>466,667</u>	<u>1,778,549</u>	<u>1,362,422</u>	<u>416,127</u>
The accounting policies and notes form an integral part of these financial statements.					

Cash Flow Statement

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION				
STATEMENT OF CASH FLOWS				
FOR THE YEAR ENDED 31 DECEMBER 2020				
	2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
Note				
CASH FLOWS FROM OPERATING ACTIVITIES				
<i>Receipts</i>				
Outputs to Cabinet	\$ 3,354,370	\$ 2,833,540	\$ 3,100,000	\$ 254,370
Other receipts	55,303	38,838	-	55,303
<i>Payments</i>				
Personnel costs	(2,448,341)	(2,640,931)	(2,709,277)	260,936
Suppliers	(351,805)	(358,913)	(351,586)	(219)
Net cash flows used in operating activities	11 609,527	(127,466)	39,137	570,390
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(52,478)	(11,999)	-	(52,478)
Net cash flows used in investing activities	(52,478)	(11,999)	-	(52,478)
CASH FLOWS FROM FINANCING ACTIVITIES				
Contributed Capital	-	-	-	-
Net cash flows from financing activities	-	-	-	-
Net (decrease)/increase in cash and cash equivalents	557,049	(139,465)	39,137	517,912
Cash and cash equivalents at beginning of the year	544,343	683,808	774,952	(230,609)
Cash and cash equivalents at end of year	\$ 1,101,392	\$ 544,343	\$ 814,088	\$ 287,303
The accounting policies and notes form an integral part of these financial statements.				



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2020

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CAYS
Children and Youth Services

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Tel: (345) 946-2446

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 Act (2020 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

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 Act (2020 Revision)*.

As members of the Management Board, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by Act 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's financial statements and the judgements made in them.

The financial statements fairly present the financial position, financial performance, changes in net worth and cash flows of the Children and Youth Services Foundation for the financial year ended 31 December 2020.

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 31 December 2020;
- (b) fairly reflect the financial position as at 31 December 2020 and performance for the year ended 31 December 2020; and
- (c) comply with the International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board.

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



Garth Arch
Chairman

Date: 30 April 2021



Lisa Burke
Treasurer

Date: 30 April 2021

AUDITOR GENERAL'S REPORT

To the Board of Directors of Children and Youth Services Foundation

Opinion

I have audited the financial statements of the Children and Youth Services Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2020 and the statement of financial performance, statement of changes in net worth and cash flow statement for the year ended 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 27.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its financial performance, and its cash flows for the year ended 31 December 2020 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Foundation, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the "Foundation's" ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the "Foundation" or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the "Foundation's" financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR GENERAL'S REPORT (continued)

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the "Foundation's" ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the "Foundation" to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear, CPFA
Auditor General

30 April 2021
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
	<i>Note</i>				
Current Assets					
Cash and cash equivalents	2, 19	\$ 1,101,392	\$ 544,343	\$ 814,088	\$ 287,304
Trade receivables	3, 19	270,440	524,810	234,456	35,984
Prepayments	19	2,643	4,276	4,348	(1,705)
Total Current Assets		1,374,475	1,073,429	1,052,892	321,583
Non-Current Assets					
Pension surplus	16, 19	49,000	38,000	32,000	17,000
Property, plant and equipment	4, 19	471,966	430,336	365,132	106,834
Total Non-Current Assets		520,966	468,336	397,132	123,834
Total assets		\$ 1,895,441	\$ 1,541,765	\$ 1,450,024	\$ 445,417
Current Liabilities					
Trade payables	19	\$ 13,238	\$ 19,405	\$ 20,407	\$ (7,169)
Other payables and accruals	19	71,404	24,324	42,708	28,696
Unearned revenue	7, 19	10,000	-	-	10,000
Employee entitlements	5, 19	22,250	18,164	24,488	(2,238)
Total Current Liabilities		116,892	61,893	87,603	29,289
Total Liabilities		116,892	61,893	87,603	29,289
Net Assets		1,778,549	1,479,872	1,362,421	416,128
NET WORTH					
Contributed capital		466,667	466,667	466,667	-
Accumulated surpluses	19	1,311,882	1,013,205	895,755	416,127
Total Net Worth		\$ 1,778,549	\$ 1,479,872	\$ 1,362,422	\$ 416,127

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 31 DECEMBER 2020

		2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
	<i>Note</i>				
Operating Revenue					
Outputs to Cabinet	6	\$ 3,100,000	\$ 3,100,000	\$ 3,100,000	\$ -
Donations	19	114,253	84,768	-	114,253
Total Revenue		<u>3,214,253</u>	<u>3,184,768</u>	<u>3,100,000</u>	<u>114,253</u>
Operating Expenses					
Personnel costs	8, 19	2,451,427	2,636,961	2,709,277	\$ 257,850
Other expenses	9, 19	166,628	126,865	-	\$ (166,628)
Supplies and consumables	10, 19	254,085	229,997	351,586	\$ 97,501
Depreciation	4, 19	53,436	52,223	59,089	\$ 5,653
Total operating expenses		<u>2,925,576</u>	<u>3,046,046</u>	<u>3,119,952</u>	<u>194,376</u>
Surplus/(Deficit) for the year		<u>\$ 288,677</u>	<u>\$ 138,722</u>	<u>\$ (19,952)</u>	<u>\$ 308,629</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 31 DECEMBER 2020

	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2019 brought forward	\$ 869,483	466,667	1,336,150	1,336,150	-
Remeasurement of net defined benefit asset	5,000	-	5,000	-	5,000
Surplus/(deficit) for the year 2019	138,722	-	138,722	46,224	92,498
Net revenue and expenses for the year	143,722	-	143,722	46,224	97,498
Balance at 31 December 2019	\$ 1,013,205	\$ 466,667	\$ 1,479,872	\$ 1,382,374	\$ 97,498
	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2020 brought forward	\$ 1,013,205	466,667	1,479,872	1,382,374	97,498
Remeasurement of net defined benefit asset	10,000	-	10,000	-	10,000
Surplus/(deficit) for the year 2020	288,677	-	288,677	(19,952)	308,629
Net revenue and expenses for the year	298,677	-	298,677	(19,952)	318,629
Balance at 31 December 2020	\$ 1,311,882	\$ 466,667	\$ 1,778,549	\$ 1,362,422	\$ 416,127

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

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020	2019	Approved Budget	Budget Variance (Actual vs Approved)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
<i>Receipts</i>				
Outputs to Cabinet	\$ 3,354,370	\$ 2,833,540	\$ 3,100,000	\$ 254,370
Other receipts	55,303	40,838	-	55,303
<i>Payments</i>				
Personnel costs	(2,448,341)	(2,642,931)	(2,709,277)	260,936
Suppliers	(351,805)	(358,913)	(351,586)	(219)
Net cash flows from/(used in) operating activities	609,527	(127,466)	39,137	570,390
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(52,478)	(11,999)	-	(52,478)
Net cash flows used in investing activities	(52,478)	(11,999)	-	(52,478)
Net (decrease)/increase in cash and cash equivalents	557,049	(139,465)	39,137	517,912
Cash and cash equivalents at beginning of year	544,343	683,808	774,952	(230,609)
Cash and cash equivalents at end of year	\$ 1,101,392	\$ 544,343	\$ 814,089	\$ 287,303

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 31 DECEMBER 2020

Description and principal activities

Children and Youth Services Foundation (“CAYS”/the “Foundation”) is a non-profit Cayman Islands Government (“Government”) owned entity as defined by section 2 of the *Public Management and Finance Act (2020 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

In conformity with the *Public Management & Finance Act (2020 Revision)*, 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. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

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 which is the functional currency 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. These financial statements have been prepared on a going concern basis.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2020 have not been early adopted by CAYS

Certain new accounting standards have been published that are not mandatory for the 31 December 2020 reporting period and have not been early adopted by CAYS. CAYS’ assessment of the impact of these new standards are set out below.

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 41 establishes new requirements for classifying, recognising and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on CAYS’ financial statements. This will be entirely assessed closer to the effective date of adoption.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2023. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognised and how they are measured. It is anticipated that IPSAS 42 will not have an impact on CAYS’ financial statements. This will be entirely assessed closer to the effective date of adoption.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1: Significant Accounting Policies (continued)

(b) Judgments and Estimates

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

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

(c) Revenue

Outputs to Government

CAYS derives its revenue through the provision of services to Cabinet, to other agencies in Government and to third parties. The Cayman Islands Government has agreed to purchase certain outputs from CAYS. These outputs include providing 24-hour residential care to youth who have been committed by the Courts into residential treatments due to care and protection needs and/or offending behaviours. Revenue is recognised at fair value of services provided as the outputs in the purchase agreement are met.

Donations (Non-exchange)

Donations are recorded in revenue when they are received. Where conditions are attached to the donations a liability is recognised and revenue recognised as the conditions attached to the donation are satisfied.

(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 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 measurement.

(g) Prepayments

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1: Significant Accounting Policies (continued)

(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 recognised 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.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Leasehold Improvement	4 years/ Lease agreement period of 25 years
• Computer Equipment	3 years
• Office equipment and furniture	4 years
• Motor vehicles	4 years

Disposals

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

(i) Employee Benefits

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

(j) Financial Instruments

CAYS is party to financial instruments as part of its normal operations. 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.

Classification

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

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 trade payables, other payables and accruals and employee entitlements.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1: Significant Accounting Policies (continued)

Recognition

CAYS recognise financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. Any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the Statement of Financial Performance.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at amortized cost using the effective interest rate method.

Financial liabilities are subsequently measured at amortized 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.

De-recognition

A financial asset is de-recognised when CAYS realizes 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.

(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 realized.

(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.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 1: Significant Accounting Policies (continued)

(m) Budget amounts

The original budget amounts for the financial year are as presented in the 2020 Annual Budget Statement. Where the Budget is presented in a format that is different from the financial statements, a statement of comparison of budget and actual amounts are included in the financial statements. Refer to note 19.

The appropriations presented in the Budget Statement covers a budget period of two financial years. The 2020-2021 Ownership agreement covers the two financial years commencing 1 January 2020 to 31 December 2021. During the two-year period, funds can be transferred between the financial years. Unused appropriations from the 2020 budget can be carried over to 2021 to increase budgeted amounts. The 2020-2021 appropriations will lapse at the end of the budget period ending 31 December 2021. Any surplus at the end of the budget period will be repayable to Government.

(n) Trade payables, other payables and accruals

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

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 31 December 2020, CAYS' cash balances were \$1,101,392 (31 December 2019: \$544,343). No restricted cash balances were held by CAYS at 31 December 2020 (31 December 2019: \$Nil)

Note 3: Trade receivables

At year end, all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for CAYS and review of specific debtors. Expected losses have been determined based on an analysis of CAYS losses in previous periods. The provision for doubtful debts is \$Nil for the year ended 31 December 2020 (31 December 2019: \$Nil).

	2020	2019
Debtors	\$ 270,440	\$ 524,810
Less: Provision for doubtful debts	-	-
	<u>\$ 270,440</u>	<u>\$ 524,810</u>
Debtor Aging		
	2020	2019
Current	-	-
1-30 Days	258,333	251,304
31-60 Days	444	258,972
61-90 Days	-	639
> 90 Days	11,663	13,895
Total	<u>\$ 270,440</u>	<u>\$ 524,810</u>

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 4: Property, plant and equipment

COST

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 January 2019	45,370	17,555	94,457	64,868	494,770	717,020
Additions	-	6,869	500	7,120	1,260	15,749
Disposals	-	(3,329)	-	-	-	(3,329)
Balance as at 31 December 2019	45,370	21,095	94,957	71,988	496,030	729,440

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 January 2020	45,370	21,095	94,957	71,988	496,030	729,440
Additions	31,940	7,801	7,901	13,985	33,439	95,066
Disposals	-	-	-	-	(1,700)	(1,700)
Balance as at 31 December 2020	77,310	28,896	102,858	85,973	527,769	822,806

ACCUMULATED DEPRECIATION

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 January 2019	34,747	14,854	77,317	30,284	93,008	250,210
Depreciation	6,710	2,760	7,032	15,384	20,337	52,223
Elimination on Disposal	-	(3,329)	-	-	-	(3,329)
Balance as at 31 December 2019	41,457	14,285	84,349	45,668	113,345	299,104

	Vehicles	Computers	Furniture	Equipment	Leasehold	Total
Balance as at 1 January 2020	41,457	14,285	84,349	45,668	113,345	299,104
Depreciation	7,882	4,639	5,105	15,343	20,467	53,436
Elimination on Disposal	-	-	-	-	(1,700)	(1,700)
Balance as at 31 December 2020	49,339	18,924	89,454	61,011	132,112	350,840

Net Book value 31 December 2019	\$ 3,913	\$ 6,810	\$ 10,608	\$ 26,320	\$ 382,685	\$ 430,336
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Net Book value 31 December 2020	\$ 27,971	\$ 9,972	\$ 13,404	\$ 24,962	\$ 395,657	\$ 471,966
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The gross amount of fully depreciated property, plant and equipment that are still in use is \$158,612 (2019: \$154,261). Of the additions in the year \$42,588 (2019: \$3,750) were from donations and had no cash flow impact.

Note 5: Employee entitlements

Employee entitlements outstanding as at 31 December 2020 were \$22,250 (2019: \$18,164), which consisted of an accrual for annual leave and time off in lieu (TOIL). As at 31 December 2020, the accrual for TOIL amounted to \$Nil (2019: \$11,487) and the accrual for vacation amounted to \$22,250 (2019: \$6,663.)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 6: Outputs to Cabinet

During the financial year ended 31 December 2020, outputs to cabinet of \$3,100,000 (31 December 2019: \$3,100,000) is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 7: Unearned revenue

In December 2020, CAYS receive a donation from R3 Cayman Foundation in the amount of \$10,000 in support of the Annual 2021 Trauma Training Program.

The Foundation recognised the donation as an asset (cash) and a liability (deferred revenue) on receipt of the cash. The unearned revenue as at 31 December 2020 is \$10,000 (31 December 2019: \$Nil).

Note 8: Personnel costs

	2020	2019
Salaries, wages and allowances	\$ 1,925,848	\$ 2,087,200
Health Care	294,316	307,343
Defined pension contribution	231,263	242,418
Total	\$ 2,451,427	\$ 2,636,961

Note 9: Other expenses

	2020	2019
Professional Services	\$ 72,729	\$ 49,932
Maintenance	51,694	39,224
Operational	25,999	25,130
Resident expenses	16,206	12,579
Total	\$ 166,628	\$ 126,865

Note 10: Supplies and consumables

	2020	2019
Utilities	\$ 99,617	\$ 108,147
Resident supplies	98,018	83,613
Resident programs	51,756	30,764
Operational supplies	4,694	7,473
Total	\$ 254,085	\$ 229,997

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 11: Reconciliation of surplus/(deficit) to net cash flows from/(used in) operating activities

	2020	2019
Surplus / (deficit) for the period	\$ 288,677	\$ 138,722
Non-cash movements:		
Pension interest income	(1,000)	(1,000)
Donation in kind income	(68,950)	(21,013)
Donation in kind expense	26,362	17,263
Depreciation expense	53,436	52,223
Decrease/(increase) in trade receivables	254,370	(266,460)
Decrease in other receivables	-	2,314
Decrease in prepayments	1,633	72
Decrease in trade payables	(6,167)	(1,002)
Increase/(decrease) in other payables	47,080	(18,384)
Increase/(decrease) in unearned revenue	10,000	(22,917)
Increase/(decrease) in employee entitlements	4,086	(7,284)
Net cash flows from/(used in) operating activities	\$ 609,527	\$ (127,466)

Note 12: Contingent liabilities and assets

As at 31 December 2020, there were no contingent liabilities or assets (31 December 2019: \$Nil).

Note 13: Commitments

As at 31 December 2020, CAYS had no capital, non-cancellable lease or other financial commitments (31 December 2019: \$Nil).

Note 14: Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs)

Pursuant to the Public Authorities Act, section 39(3), A public authority shall pay dividends in accordance with the formulae established by the Minister of Finance. On 1 January 2019, the policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs) had an effective date and applied to dividends payable in respect of the 2019 fiscal year and each fiscal year thereafter. The policy was approved by Cabinet on 8 January 2019. Per section 19(a) of the policy, CAYS is exempted from paying an annual dividend as the operations of CAYS is not self-sustainable (i.e. CAYS is reliant on core government subsidies, capital injections and charitable donations to fund its operating activities). In accordance with the Public Authorities Act, CAYS sent communication to the Accountant General seeking approval for the exemption from paying annual dividends on 18 January 2021. The Accountant General responded on the same date confirming that no dividend was required for 2020. He also advised that a standing dividend exemption is approved hereby for future years unless CAYS Foundation finances change substantially at which CAYS should re-apply at that time. Cabinet granted approval pursuant to section 39(2) of the Public Authorities Act 2020, to exempt Statutory Authorities and Government Owned Companies from paying-over to Core Government surplus cash reserves for a period of more than ninety days as at 31 December 2020.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 15: Related party and key management personnel disclosures

CAYS is owned directly by the Government of the Cayman Islands. CAYS is economically dependent on the Ministry of Community Affairs for the purchase of its services in accordance with the purchase agreement with the Government. For the year ended 31 December 2020, CAYS billed \$3,100,000 (2019: \$3,100,000). Of the billed amount, \$258,333 was receivable at year end (2019: \$516,667).

Because of the Government's 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 free of charge. As indicated in the approved 2020 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 2020 fiscal year.

Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS. During the 2020 fiscal year, CAYS had not filled the role for a General Manager, considered the only key management personnel, after January 2020. The total remuneration for the 2020 year paid to the former General Manager included a pro-rated salary, health insurance contribution and a pro-rated mileage allowance for a total of \$5,521 (2019: \$128,228).

Board of Directors

No stipend is paid to any of the members of the board of directors (2020 \$Nil). Garth Arch, Managing Director of Arch and Godfrey has in the past provided project management services in relation to the expansion of the Frances Bodden Children's Home free of charge.

Note 16: Provision for pensions payable and severance payable

CAYS 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. Pension contributions are paid for all eligible employees on their pensionable emoluments.

Pension contributions for eligible employees of CAYS are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board (PSPB) and is operated as a multi-employer Fund, except that surpluses or deficits related to the CAYS' Plan are not available to offset or be set off against other plan participants' deficits or surpluses. Prior to April 14, 1999, the scheme underlying the Fund was a defined benefit scheme. With effect from April 14, 1999, the Fund has both a defined benefit and a defined contribution element. Participants joining after April 14, 1999 become members of the defined contribution element.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 16: Provision for pensions payable and severance payable (continued)

Defined contribution plan

For employees enrolled in the defined contribution plan, the Company contributes 12% (plus 0.4% for the Public Service Liability) of the employees' salary or wage each year. For the year ended December 31, 2020 the amount of \$231,263 (2019: \$242,418) was contributed by CAYS and included in the Statement of Financial Performance.

Defined benefit plan

Employees who served with CAYS prior to January 1, 2000 are enrolled in the defined benefit plan. The defined benefit plan is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

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 CAYS by the Public Service Pensions Board (PSPB) and are recognised as an expense in the period incurred. CAYS 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 CAYS by the PSPB. CAYS 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.

The defined benefit portion of the Fund was valued by an Actuary engaged by the PSPB with most recent valuation performed as of 31 December 2020. The defined contribution part of the Fund is not subject to the actuarial valuations due to the nature of the benefits provided therein. The valuation is performed in accordance with IPSAS 39.

All members of the defined benefit scheme are deferred, and no employer contributions are expected in the coming year.

The table below outlines where CAYS post-employment amounts and activity are included in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 16: Provision for pensions payable and severance payable (continued)

Table	(\$000's)	2020	2019
	P&L Charge/(credit)	(1)	(1)
	Changes in net worth	(3)	(5)
A.	Fair Value of Plan Assets at end of year	37	29
B.	Fair Value of Plan Assets	(86)	(67)
C.	Net liability/ (asset) at the year end	(49)	(38)
D.	Defined Benefit Cost	(4)	(6)
	Composite discount rate at year-end far all plans	2.6%	3.5%
A.	Change in Defined Benefit Obligation	2020	2019
	Defined Benefit Obligation at end of prior year	29	21
	Interest Expense	1	1
	Cash Flow (Benefit Payments)	-	-
	Cash Flow (Participant Contributions)	-	-
	Remeasurements (Effect of changes in Demographic Assumptions)	-	-
	Remeasurements (Effect of changes in Financial Assumptions)	7	7
	Remeasurements (Effect of Experience Adjustments)	-	-
	Defined Benefit Obligation at end of the year	37	29
B.	Change in Fair Value of Plan Assets	2020	2019
	Fair Value of Plan Assets at Beginning of Year	67	53
	Interest Income	2	2
	Employer Contributions	-	-
	Participant Contributions	-	-
	Adjust of prior years' cash flows allocations	7	-
	Remeasurements (Return on plan assets)	10	12
	Fair Value of Plan Assets at the end of the year	86	67
C.	Amounts Recognized in the Statement of Financial Position	2020	2019
	Defined Benefit Obligation	37	29
	Fair Value of Plan Assets	(86)	(67)
	Net (Asset) at the end of the yera	(49)	(38)
D.	Components of Defined Benefit Cost	2020	2019
1	Service Cost	-	-
2	Net Interest Cost	(1)	(1)
3	Remeasurements of Other Long Term Benefits	-	-
4	Defined Benefit Cost Included in Surplus (deficit)	(3)	(1)
5	Remeasurements in changes in net worth	(4)	(5)
	Total defined benefit gain	(4)	(6)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 16: Provision for pensions payable and severance payable (continued)

	2020	2019
	\$'000	\$'000
Statement of financial position:		
Defined benefit obligation at end of period	37	29
Fair value of plan assets at end of period	(86)	(67)
Asset in the statement of financial position	(49)	(38)
 Statement of Financial Performance income included in deficit for the period:		
Defined pension benefits – service cost, interest expense and interest income	1	1
 Statement of Changes in Net Worth gains/(losses):		
Defined pension benefits – re-measurements on returns and assumptions	3	5

The principal actuarial assumptions at the date of valuation:

	2020	2019
	%	%
1. Discount Rate	2.60	3.50
2. Rate of price inflation	2.00	2.00
3. Rate of pension increase	2.00	2.00
4. Post-employment mortality table – 2020 : RP-2014 scaled back to 2006 using MP-2014 then generationally projected from 2006 using Scale MP-2020. (2019 : RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected from 2006 using Scale MP-2019).		

Other Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. The sensitivity of the defined benefit obligation at 31 December 2020 and 31 December 2019 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2020			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 5.4%	Increase by 8.1%
Inflation rate	0.25%	Increase by 5.4%	Decrease by 2.7%
Mortality*	10%	Decrease by 2.7%	Increase by 5.4%

Impact on defined benefit obligation 2019			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 6.9%	Increase by 6.9%
Inflation rate	0.25%	Increase by 3.4%	Decrease by 3.4%
Mortality*	10%	Decrease by 3.4%	No change

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2020

Note 16: Provision for pensions payable and severance payable (continued)

* The assumed life expectancy of a person retiring today at age 57 per the 2020 report is 28.45 (2019: 28.66).

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension obligation recognised within the statement of financial position.

The significant plan assets are comprised of:

	2020	2019
Global Equities	82%	79%
Debt securities	18%	20%
Cash	<u>0%</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

Through its defined benefit pension plan CAYS is exposed to several risks, the most significant of which are detailed below:

Asset Volatility

The defined benefit obligation is calculated using a discount rate set with reference to corporate bond yields; if plan assets underperform this yield, this will increase the defined benefit pension obligation. The plan holds a significant proportion of equities, which are expected to outperform corporate bonds in the long-term while providing volatility and risk in the short-term.

The plan is managed on behalf of CAYS by the PSPB with the aim of long-term growth through diversification and within the constraints of the Law. The long-term bias towards equities is in place to achieve these long-term growth goals.

Changes in bond yields

A decrease in corporate bond yields will increase the defined benefit obligation, although this will be partially offset by an increase in the fair value of the plans' bond holdings.

Inflation Risk

CAYS pension obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect the plan against extreme inflation). The majority of the plan's assets are either unaffected by (fixed interest bonds) or loosely correlated with (equities) inflation, meaning that an increase in inflation will also increase the defined pension benefit obligation.

Life Expectancy

The majority of the plans' obligations are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the defined benefit obligation.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 17: Financial instrument risks

CAYS is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, trade receivables, other receivables, trade payables, other payables and accruals and employee entitlements. 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 the Government (2020: \$258,333 2019: \$516,667). 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 therefore, this risk is 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 obligations when they fall due. CAYS' main liquidity risk relates to its current liabilities (2020: \$116,892 2019: \$61,893) which are due within 90 days of the year-end date. CAYS maintains sufficient cash balances to meet these financial obligations.

Note 18: Leases of the Homes

During 2015 and 2016 the Frances Boddan Girls Home was expanded, which is owned by the Ministry Community Affairs and leased to CAYS, together with Bonaventure Boys' Home and Phoenix House, free of charge for a period of 25 years. 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 31 DECEMBER 2020**

Note 19: Reconciliation and comparison of the approved budget versus actual budget

19a) Reconciliation of actual versus budget

There are differences between the financial statements and the budgeted financial statements as presented to the Ministry of Community Affairs in the caption used. Such differences identified have been reconciled in the following tables:

Statement of Financial Position:

Financial Statement (FS) Caption	Approved Budget Caption	FS Actual	Approved Budget	Actual vs Budget Variance
Cash and cash equivalents	Cash and cash equivalents	1,101,392	814,088	287,304
Trade receivables	Trade receivables	270,440	234,456	35,984
Prepayments	Prepayments	2,643	4,348	(1,705)
Pension Surplus	Pension Plan Surplus	49,000	32,000	17,000
Property, plant and equipment	Property, plant and equipment	471,966	365,132	106,834
Trade payables	Trade payables	13,238	20,407	(7,169)
Other payables and accruals	Other payables and accruals	71,404	42,708	28,696
Unearned revenue	Unearned revenue	10,000	-	10,000
Employee entitlements	Employee entitlements	22,250	24,488	(2,238)
Accumulated surpluses	Accumulated surpluses/(deficits)	1,311,882	895,755	416,127

Statement of Financial Performance:

Financial Statement (FS) Caption	Approved Budget Caption	FS Actual	Approved Budget	Actual vs Budget Variance
Donations	Donations	114,253	-	114,253
Personnel Cost	Personnel Cost	2,451,427	2,709,277	(257,850)
Other Expenses	Supplies and consumables	166,628	-	(166,628)
Supplies and consumables	Supplies and consumables	254,085	351,586	97,501
Depreciation	Depreciation & Amortisation	53,436	59,089	5,653

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 19: Reconciliation and comparison of the approved budget versus actual budget (continued)

19b) Comparison of the approved budget versus actual

Statement of Financial Position

Cash and Cash Equivalents

As at the end of the financial year, cash and cash equivalents were over budget by \$287,304. This is primarily due to surplus of \$288,677 achieved for the financial year which was not budgeted. Contributing to the surplus is the actual donations received which were unbudgeted, as well as savings in the various expense categories as shown in the table above.

Trade receivables

Trade receivables are over budget by \$35,984. The budget anticipated a receivable for \$234,456 but the actual government receivable based on monthly billing of the annual appropriations were \$258,337 which is a variance of \$23,881. In addition to this, there was an actual receivable at year end of \$12,107 from CINICO which was not budgeted to be a receivable.

Prepayments

Prepayments were under budget by \$1,705 as the majority of the annual and quarterly prepaid expenses were fully expensed by year end in comparison to the prepayments expected at the time of budget preparation.

Pension Surplus

The Defined Benefit Pension is more than budgeted due to the actuarial valuation provided by the Public Service Pension Board/Mercer. The increased value recognized in the Statement of Financial Position in comparison to the approved budget is an indication that the defined benefit pension value increases year over year as seen in previous years.

Property Plant and Equipment

Property Plant and Equipment is over budget by \$106,834 as the assets obtained/acquired throughout the year were not anticipated in the budget at the time of approval. Throughout the year, two vehicles of \$32K each were donated, leasehold improvements of \$33K was recognised and equipment of \$14K was obtained.

Trade Payables

Trade payables were under budget by \$7,169 as vendors have been paid in a more efficient manner. Additionally, the budget anticipated that the value of trade payables would remain in line with payables of prior years.

Other Payables and Accruals

Other payables and accruals are over budget by \$28,696 as December 2020 pension was pending to be paid at year end. December's pension payable was not anticipated in the budget at the time of the budget approval. The December 2020 pension was settled in January 2021.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 19: Reconciliation and comparison of the approved budget versus actual budget (continued)

Unearned revenue

Unearned revenue was over budget by \$10,000 as CAYS received in advance a donation from R3 Cayman Foundation to accommodate the Annual 2021 Trauma Training. The donation was not anticipated in the budget at the time of the budget approval as the nature of donations do not result in amounts budgeted.

Employee Entitlements

Employee Entitlements were under budget by \$2,238 as the accrual for annual leave and TOIL were less than budgeted for. In previous years, accumulated TOIL was quite excessive and as such, management has been closely monitoring TOIL to reduce the TOIL hours as much as possible. Additionally, due to the compliance with COVID19 social distancing protocol, management ensured TOIL hours were utilised to accommodate social distancing within the Homes.

Accumulated surpluses

The increase in accumulated surplus is due to the operating surplus at the end of the 2020 financial year along with the increased movement of the defined benefit pension plan.

Statement of Financial Performance

Donations

Donations were \$114,253 higher than budget due to donations received from various donors. There was no budget in place for donations as donations are not guaranteed and are generally one-off items, which do not repeat from year to year, leaving little correlation from one year to the next.

Personnel Costs

Personnel costs was under-budget by \$256,850 as the role for the general manager had not been filled and a few staff members resigned and/or terminated. Due to reduced staffing, pension and health insurance expenses also decreased.

Other Expenses and Supplies and Consumables

The accumulated differences for both Other Expenses and Supplies and Consumables are over-budget by \$69,127. This is due to increased expenditures in Building maintenance for repainting of both Homes and servicing of AC Units, increased staff & vocational training took place, purchase of satellite phones and legal fees increased. These specific expenses incurred were not anticipated at the time of the budget approval.

Depreciation

Depreciation was under budget by \$5,653. Although CAYS acquired/obtained additional assets throughout the year, depreciation for majority of the additional assets obtained commenced towards the end of the year.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2020**

Note 20: Events occurring after reporting date

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