Children And Youth Services Foundation

FINANCIAL STATEMENTS

30 JUNE 2010

Children and Youth Services Foundation

Table of Contents

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CAYMAN ISLANDS

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AUDITOR GENERAL'S REPORT

To the Board of Directors of the Children and Youth Services Foundation,

In accordance with section 60(1)(a)(ii) of the Public Management and Finance Law (2010 Revision) I have audited the accompanying financial statements of Children and Youth Services Foundation (the "Foundation"), which comprise the statements of financial position as of June 30, 2010 and the related statements of comprehensive income, changes in guarantor's equity and cash flows for the years then ended, and the notes to financial statements as set out on pages 5 - 15. The supplemental information presented on pages 16 & 17 have not been audited by me and therefore, I do not express an opinion thereon.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Auditor General's Report (continued)

Basis for Qualified Opinion

In common with many charitable organizations, the Foundation derives a substantial proportion of its income from donations, fund raising events and similar activities, the completeness of which is not susceptible to audit. Therefore we were not able to extend our audit of such income beyond the recorded amounts. Had we been able to extend our audit to the completeness of such income, we may have determined adjustments necessary to income.

In addition, the Foundation has a defined benefit pension plan. As discussed in Note 8, the defined benefit pension asset or liability is not known as at the date of approval of these financial statements as an actuarial valuation has not been completed for the year ending June 30, 2010 and no amount has been recorded in the Foundation's financial statements (2009: defined benefit asset $nil). The Foundation has also not provided adequate disclosures of the defined benefit pension plan in these financial statements.

Qualified Opinion

In my opinion, except for the effect of such adjustments, if any, which might have been determined to be necessary had we been able to satisfy ourselves as to the completeness of income or the recognition and disclosures of the defined benefit pension plan as described in the preceding paragraphs, the financial statements present fairly, in all material respects, the financial position of the Foundation as of June 30, 2010 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Other matters

The preparation of these financial statements did not comply with the requirements of the Public Management and Finance Law (2010 Revision) under the following sections:

Section 4: the financial statements are to be prepared in accordance with International Public Sector Accounting Standards. The Foundation presented the financial statements in accordance with International Financial Reporting Standards and were audited to those Standards. In our opinion, we do not beleive there would be a material difference in the presentation and accounting of the financial transactions of the Foundation.

Section 52: annual financial statements are to be prepared, submitted to the Auditor General for auditing, and included in an annual report that is required to be presented to the Legislative Assembly four months and two weeks after the end of the financial year. In this case, the financial statements of the Foundation were not prepared and submitted in the timeframe required to be in compliance with the Law.

Supplemental Information

The supplemental information presented on pages 16 and 17 have not been audited by us and, therefore, we do not express an opinion thereon.

Alastair Swarbrick, MA (Hons), CPFA
Auditor General

June 20, 2012
Cayman Islands

Children and Youth Services Foundation

Statements of Financial Position
(Expressed in Cayman Islands dollars)

As at June 30,	Notes:		2010		2009
Assets					
Non Current Assets					
Property, Plant and Equipment	5	$	34,660	$	38,215
Deposit on Lease			3,688		3,688
Total Non Current Assets			38,348		41,903
Current Assets					
Cash and Cash Equivalents	2(d)		575,472		361,355
Other Receivables	3		302,134		400,000
Total Current Assets			877,606		761,355
Total Assets			915,954		803,258
Liabilities and Guarantor's Equity					
Current Liabilities					
Accounts Payable			29,543		43,209
Deferred Revenue	6, 10		68,565		-
Total Current Liabilities			98,108		43,209
Guarantor's Equity					
Net Income For The Year			57,797		267,800
Opening Retained Surplus			760,049		492,249
Total Guarantor's Equity			817,846		760,049
Total Liabilities and Guarantor's Equity		$	915,954	$	803,258
Commitments	11				

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board on:

Garth Arch
Chairman of the Board of Directors

Christopher Watler
Treasurer to the Board of Directors

June 20, 2012
Date

June 20, 2012
Date

Children and Youth Services Foundation

Statements of Comprehensive Income
(Expressed in Cayman Islands dollars)

For the years ended June 30,			2010		2009
Income	Note				
Grant income	4,10	$	2,100,000	$	2,400,000
Insurance proceeds	10		56,858		91,241
Other income	6		53,944		53,937
Total Income			2,210,802		2,545,178
Expenses					
Advertising			729		350
Aftercare			31,841		15,658
Bank charges			1,139		1,112
Cleaning expenses			5,362		4,823
Contracted services			10,442		21,432
Depreciation	5		11,985		7,445
Gas allowance			13,900		13,525
Health insurance			176,318		233,766
Liability insurance			5,706		13,830
Light and heat			34,460		50,125
Medical and hygiene expenses			4,643		9,663
Miscellaneous expenses			7,663		2,392
Office costs			12,579		16,444
Printing, postage and stationary			200		236
Professional fees			13,000		12,300
Rent			44,260		42,460
Repairs and maintenance	10		87,750		106,042
Staff pensions	8		175,859		176,277
Staff rewards/allowances			436		1,606
Student rewards/incentives			7,366		6,332
Subsistence			27,764		45,134
Teaching and training costs			15,033		26,365
Telephone costs			22,083		39,749
Travel and entertainment			300		339
Uniforms			1,646		(173)
Vehicle costs			24,438		27,012
Wages			1,401,677		1,389,591
Water			14,426		13,543
Total Expenses			2,153,005		2,277,378
Net Income		$	57,797	$	267,800

The accompanying notes form an integral part of these financial statements.

Children and Youth Services Foundation

Statements of Changes in Guarantor's Equity
Year ended June 30
(Expressed in Cayman Islands dollars)

		Guarantor's Equity
Balance at July 1, 2008	$	492,249
Net income for year		267,800
Balance at July 1, 2009		760,049
Net income for year		57,797
Balance at June 30, 2010	$	817,846

The accompanying notes form an integral part of these financial statements.

Children and Youth Services Foundation

Statements of Cash Flows
(Expressed in Cayman Islands dollars)

For the years ended June 30,		2010		2009
Operating Activities:				
Net Income for the Year	$	57,797	$	267,800
Adjustments:				
Depreciation of Fixed Assets		11,985		7,445
Operating Surplus Before Working Capital Changes		69,782		275,245
Changes in Working Capital:				
Increase in Deposit on Lease		-		(3,688)
Decrease (Increase) in Other Receivables		97,866		(59,167)
(Decrease) in Accounts Payable		(13,666)		(40,670)
Increase in Deferred Revenue		68,565		-
Net Cash Flow from Changes in Working Capital		152,765		(103,525)
Net Cash Flow from Operating Activities		222,547		171,720
Investment Activities:				
Purchase of Property, Plant and Equipment		(8,430)		(44,917)
Net Cash Flow from Investment Activities		(8,430)		(44,917)
Net Increase in Cash and Cash Equivalents		214,117		126,803
Cash and Cash Equivalents				
Begining of year		361,355		234,552
Ending of year	$	575,472	$	361,355

The accompanying notes form an integral part of these financial statements.

1. INCORPORATION AND ACTIVITY

The Children and Youth Services Foundation (the "Foundation") was incorporated on December 5, 2002. The Foundation's objectives are: to manage and operate the youth rehabilitation, youth at risk, care and reporting facilities owned by the Government of the Cayman Islands, and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at risk children. The Foundation operates in three physical locations, Bonaventure Boys Home, Frances Bodden Girls Home, and the Head (administration) office. These locations are divided into four operating program schemes, Bonaventure Boys Home, Frances Bodden Girls Home, the Head office, and the Education Team. The administrative functions are handled by CAYS Foundation.

The Foundation is a Government-owned entity, limited by guarantee and without share capital.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of preparation*

These financial statements are prepared in accordance with International Financial Reporting Standards under the historical cost convention, and are expressed in Cayman Islands Dollars ("CI$").

(b) *Income taxes*

The Foundation is not subject to taxes on income, withholding or capital gains taxes in the Cayman Islands and, accordingly, no provision has been made.

(c) *Financial instruments*

Financial instruments carried on the balance sheet include cash and cash equivalents, deposit on lease, other receivables, accounts payable and deferred revenue. Their carrying amounts approximate fair value due to their short-term nature.

(d) *Cash and cash equivalents*

For the purposes of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks, net of overdrafts.

(e) *Use of estimates*

The preparation of financial statements in conformity with International Financial Reporting Standards 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 could differ from those estimates.

2. SIGNIFICANT ACCOUNTING POLICIES (*continued*)

(f) *Income and expense recognition, and deferred revenue*

The Foundation records unrestricted donations as revenue when it is received during the year. Restricted donations such as grant income are recorded on the basis determined in the contracts established between the parties involved. The Foundation records restricted donation revenue when the related expenses have been incurred. The portion of restricted donation revenue related to future periods has been recorded as deferred revenue in the statements of financial position.

Income from Insurance proceeds is recognised as revenue when the related expenses have been incurred. Any balance related to future periods is not recognised as revenue, and is deferred and recorded as deferred revenue in the statements of financial postion.

(g) *Property, plant and equipment*

Fixed assets are recorded at cost. Depreciation, which is based on the cost of the asset, is computed using the straight-line method over their estimated useful lives, as follows:

Office equipment	4 years
Computer equipment	3 years
Motor vehicles	4 years
Furniture	4 years
Leasehold Improvements	3 years

3. OTHER RECEIVABLES

Other receivables as of June 30, 2010 includes $300,000 (2009: $400,000) which represents amounts owing from the Government for grants.

4. GRANT INCOME

Grant income consists of monetary cedings from the Cayman Islands Government.

5. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Computer Equipment	Motor Vehicles	Furniture	Leasehold Improvements	Total
Cost:						
At July 1, 2009	$ 8,722	$ 26,152	$ 46,952	$ 33,975	$ 15,926	$ 131,727
Additions in the year	-	8,430	-	-	-	8,430
Disposals in the year	-	-	-	-	-	-
As at June 30, 2010	**8,722**	**34,582**	**46,952**	**33,975**	**15,926**	**140,157**
Depreciation:						
At July 1, 2009	8,722	18,905	41,119	21,116	3,650	93,512
Charge for the year	-	2,685	1,750	3,568	3,982	11,985
Disposals in the year	-	-	-	-	-	-
As at June 30, 2010	**8,722**	**21,590**	**42,869**	**24,684**	**7,632**	**105,497**
Net book value at June 30, 2010	**$ -**	**$ 12,992**	**$ 4,083**	**$ 9,291**	**$ 8,294**	**$ 34,660**
Net book value at June 30, 2009	$ -	$ 7,247	$ 5,833	$ 12,859	$ 12,276	$ 38,215

6. OTHER INCOME

Other income for the years ended June 30, 2010 and 2009 consists of the following:

	2010	2009
Donations	$ **18,036**	$ 11,492
Pro-bono audit fees (BDO)	**13,000**	12,300
Family reunification program	**8,325**	13,848
Summer Camp Donation	**6,614**	849
Reading Program Donation	**2,700**	-
Academic Awards Donation	**2,075**	5,713
CAYS Magazine	**1,142**	-
Funds for Crops Greenhouse	**1,092**	-
Resident Holiday Gifts	**960**	-
Family fun day	-	4,847
Vehicle Insurance Proceeds	-	4,888
Total Other Income	$ 53,944	$ 53,937

A donation in the amout of $49,953 was made in support of the Family reunification program for the period from May 1, 2010 though April 30, 2011 (2009: $13,848). The amount above was allocated to 2010 and the remainder of $41,628 was recorded as deferred revenue (2009: $nil) on the Statement of Financial Position.

7. EMPLOYEES

The average number of persons employed by the Foundation during the year was 34 (2009:35)

8. PENSION PLAN

The Foundation participates in multi-employer defined contribution pension plans as prescribed by the Public Service Pensions Law (2004 Revision) and Regulations. Contributions are calculated as a percentage of salary based on a graduated scale up to the prescribed maximum of 12% with an additional 1% of salary charged for Public Service Pensions liabilty, a defined-benefit plan. The total pension costs recognized for the year ended June 30, 2010 was $175,859 (2009: $176,277).

The Foundation also participates in a defined benefit pension plan. The defined benefit asset or liability as at June 30,2010 is not known as at the date of approval of these financial statements as an actuarial valuation has not been completed for the year then ended (2009: defined benefit asset $ unknown) and no amount has been recorded in the Foundation's financial statements.

9. FINANCIAL RISK MANAGEMENT

During the year, the Foundation entered into transactions which gave rise to the following financial assets and liabilities: cash and cash equivalents, deposit on lease, other receivables, and accounts payable.

The Foundation's activities expose it to a variety of risks including credit risk, interest rate risk and liquidity risk. The Foundation actively monitors and seeks to manage these risks by employing various strategies. In addition, it is a policy of the Foundation to transact the majority of its contractual commitment activity with counterparties that the Foundation considers to be well established.

(a) *Credit risk*

The Foundation takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Impairment provisions are provided for losses that have been incurred by the balance sheet date, if any. The Foundation's main credit risk concentration is spread between cash and cash equivalents and other receivables. The credit risk of the Foundation's assets is not considered significant since all deposits are placed with a highly reputable institution in the Cayman Islands and other receivables are owed from the Cayman Islands Government.

9. FINANCIAL RISK MANAGEMENT *(continued)*

(a) *Credit risk (continued)*

The tables below summarize the credit quality and aging of the Foundation's financial assets:

		High Grade		Standard Grade		Past due and Impaired
As at June 2010						
Cash and Cash Equivalents	$	575,472	$	-	$	-
Other Receivables		-		302,134		-
Deposit on Lease		-		3,688		-
Total	$	**575,472**	$	**305,822**	$	-
As at June 2009						
Cash and Cash Equivalents	$	361,355	$	-	$	-
Other Receivables		-		400,000		-
Deposit on Lease		-		3,688		-
Total	$	**361,355**	$	**403,688**	$	-

		Less than 1 month		1-3 months		Impaired
As at June 2010						
Cash and Cash Equivalents	$	575,472	$	-	$	-
Other Receivables		302,134		-		-
Deposit on Lease		-		3,688		-
Total	$	**877,606**	$	**3,688**	$	-
As at June 2009						
Cash and Cash Equivalents	$	361,355	$	-	$	-
Other Receivables		400,000		-		-
Deposit on Lease		-		3,688		-
Total	$	**761,355**	$	**3,688**	$	-

(b) *Interest rate risk*

A significant portion of the Foundation's financial assets are interest bearing. As a result the Foundation 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.

9. FINANCIAL RISK MANAGEMENT *(continued)*

(b) *Interest rate risk (continued)*

The Foundation's interest-bearing financial assets expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The table below summarizes the Foundation's exposure to interest rate risks:

		Less than 1 month		1-3 months		Total
As at June 30, 2010						
Assets						
Cash and Cash Equivalents	$	575,472	$	-	$	575,472
As at June 30, 2009						
Assets						
Cash and Cash Equivalents	$	361,355	$	-	$	361,355

(c) *Liquidity risk*

Liquidity risk, also referred to as funding risk, is the risk that the Foundation will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liqduidity risk may result from an inability to sell a financial asset quickly at, or close to its fair value. Prudent liquididty risk management implies maintaining sufficient cash and cash equivalents, and the availability of any illiquid assets.

10. RELATED PARTY TRANSACTIONS

The Foundation is owned directly by the Government of the Cayman Islands (the "Government"). The Government provides the majority of the grant income received by the Foundation. For the year ended June 30, 2010 the Government granted $2,100,000 (2009: $2,400,000).

The Ministry of Health & Human Services (the"Ministry") provides the buildings for the Bonaventure Boys Home and the Frances Bodden Girls Home at no cost to the Foundation.

During the year ended June 30, 2010 the Foundation received insurance proceeds of $88,504 (2009: $91,241), of which $26,937 was deferred until 2011. The funds were to restore the buildings and fittings of the Frances Bodden Girls Home to the condition that they were in before a fire caused damage to them during the year ended June 30, 2009. The Foundation supervised the restoration of the buildings and fittings, and received the money from the insurance company. This was therefore recorded as insurance proceeds, and the associated restoration expenses are recorded within contracted services, and repairs and maintenance expense in the statements of comprehensive income.

10. RELATED PARTY TRANSACTIONS *(continued)*

Key employees are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly. The Foundation has one key employee, the CEO. For the year ended June 30, 2010, transactions with the key employee consisted of $80,248 in wages (2009: $82,734), $10,432 for staff pension (2009: $10,755), $5,900 for health insurance (2009: $7,992) and $1,500 for gas allowances (2009: $1,500).

11. COMMITMENTS

On September 1, 2008, the Foundation entered into a new three (3) year lease agreement. The annual lease payments are $44,260. Minimum lease payments over the remaining term of the lease are as follows:

June 30, 2011	$ 44,260
June 30, 2012	$ 7,377

12. SUBSEQUENT EVENTS

As of September 1, 2011, the lease agreement between the Foundation and British American Insurance Company Limited regarding the Foundation's head office tenancy in the Dotcom Centre was scheduled to terminate. The parties agreed to move forward with the lease on a month-to-month basis under the same terms.

Children and Youth Services Foundation

Schedule of Expenses by Cost Centre (Unaudited)
(Expressed in Cayman Islands dollars)

For the year ended June 30, 2010

	Bonaventure	Frances Bodden	Head Office	Education Team	Total
Expenses:					
Advertising	$ -	$ -	$ 729	$ -	$ 729
Aftercare	-	-	31,841	-	31,841
Bank charges	-	-	1,139	-	1,139
Cleaning expenses	1,466	332	3,564	-	5,362
Contracted services	-	3,324	7,118	-	10,442
Depreciation	3,883	-	8,102	-	11,985
Gas allowance	4,500	4,000	3,900	1,500	13,900
Health insurance	69,816	58,070	17,700	30,732	176,318
Liability insurance	-	-	5,706	-	5,706
Light and heat	18,532	15,928	-	-	34,460
Medical and hygiene expenses	557	1,868	2,218	-	4,643
Miscellaneous expenses	2,856	2,671	2,136	-	7,663
Office costs	3,845	2,877	5,857	-	12,579
Printing, postage and stationary	-	-	200	-	200
Professional fees	-	-	13,000	-	13,000
Rent	-	-	44,260	-	44,260
Repairs and maintenance	6,361	67,273	14,116	-	87,750
Staff pensions	72,264	50,769	25,481	27,345	175,859
Staff rewards/allowances	436	-	-	-	436
Students rewards/incentive	2,018	2,665	2,683	-	7,366
Subsistence	10,233	17,375	156	-	27,764
Teaching and training costs	4,545	1,007	7,389	2,092	15,033
Telephone costs	5,614	7,283	7,212	1,974	22,083
Travel and entertainment	-	-	300	-	300
Uniforms	-	-	1,646	-	1,646
Vehicle costs	12,384	12,054	-	-	24,438
Wages	508,345	493,343	189,715	210,274	1,401,677
Water	8,590	5,836	-	-	14,426
Total Expenses	$ 736,245	$ 746,675	$ 396,168	$ 273,917	$ 2,153,005

Children and Youth Services Foundation

Schedule of Expenses by Cost Centre (Unaudited)
(Expressed in Cayman Islands dollars)

For the year ended June 30, 2009

	Bonaventure	Frances Bodden	Head Office	Education Team	Total
Expenses:					
Advertising	$ -	$ -	$ 350	$ -	$ 350
Aftercare	-	-	15,658	-	15,658
Bank charges	-	-	1,112	-	1,112
Cleaning expenses	1,125	936	2,762	-	4,823
Contracted services	-	-	21,432	-	21,432
Depreciation	1,345	743	5,357	-	7,445
Gas allowance	4,500	3,000	4,525	1,500	13,525
Health insurance	89,910	87,912	23,976	31,968	233,766
Liability insurance	-	-	13,830	-	13,830
Light and heat	30,010	20,115	-	-	50,125
Medical and hygiene expenses	1,251	2,384	6,028	-	9,663
Miscellaneous expenses	685	2,207	(500)	-	2,392
Office costs	4,041	3,691	8,712	-	16,444
Printing, postage and stationary	-	-	236	-	236
Professional fees	-	-	12,300	-	12,300
Rent	-	-	42,460	-	42,460
Repairs and maintenance	5,554	87,856	12,632	-	106,042
Staff pensions	70,268	39,126	45,261	21,622	176,277
Staff rewards/allowances	1,315	291	-	-	1,606
Students rewards/incentive	1,392	1,326	3,614	-	6,332
Subsistence	20,762	24,156	216	-	45,134
Teaching and training costs	3,644	2,911	12,423	7,387	26,365
Telephone costs	11,736	13,032	11,714	3,267	39,749
Travel and entertainment	-	-	339	-	339
Uniforms	13	-	(186)	-	(173)
Vehicle costs	12,906	14,106	-	-	27,012
Wages	531,464	380,912	170,666	306,549	1,389,591
Water	7,293	6,250	-	-	13,543
Total Expenses	**$ 799,214**	**$ 690,954**	**$ 414,917**	**$ 372,293**	**$ 2,277,378**