



CREATIVITY : HERITAGE : EDUCATION

ANNUAL REPORT

2019

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CHAIRMAN'S STATEMENT



The year saw the publication of the long-awaited National Culture and Heritage Policy and Strategic Plan. It also saw the Cayman National Cultural Foundation participate in Carifesta in Trinidad and Tobago, continuing our strong belief, since 1981, that exposure to the wider Caribbean cultural experience allows us to not only showcase all the things that make us uniquely Caymanian to our neighbours, but also to measure how far we have travelled on our mission “to stimulate, facilitate and preserve cultural and artistic expression generally, particularly the preservation and exploration of Caymanian performing, visual and literary arts”.

Such participation, of course, requires significant funding, and in writing this message we wish to confirm that we take very seriously the responsibility of ensuring the development of our culture as an essential component of social stability, whilst at the same time carefully assessing and delivering value for money to our generous sponsors and benefactors.

We are in the business of culture and remain on the cutting edge of local, regional and international developments in our business and have for more than 35 years initiated and produced vibrant and meaningful cultural programming enabling the exposure and development of Caymanian artists.

MARTYN CW BOULD, MBE

CHAIRMAN

ARTISTIC DIRECTOR'S STATEMENT



The arts and culture development and creativity-engendering model CNCF initiated in 1989 and currently follows has served the country well. While credit must be given to our sister cultural entities and the many individuals and organisations, including successive governments, for playing their part, it was the vision of CNCF, the loyalty of its board members, staff, volunteers and sponsors, and the practical and educational components of its programmes that have grounded the work of Cayman's artists. It is largely due to our work that many Caymanians have become sensitized to the possibilities of creative work, and to accepting the value of their heritage, arts and culture. It is because of our work - legitimising the creative contributions

of Caymanians from all walks of life that today their creative 'voice' reverberates with such clarity and assurance. Long before it was articulated and written down, CNCF understood its mission. We also understood the community, the context of our history. Moreover – and this was/is critical to our success – we recognised that what people want may not necessarily be what they *should want*. Accordingly, we offered programmes that sought to educate, entertain and display standards that reflected the Caymanian image and ethos while making people aware of the myriad reflected images in the wider world mirror.

HENRY D. MUTTOO, MBE

ARTISTIC DIRECTOR

SUMMARY OF ORGANISATION

Description

The Cayman National Cultural Foundation (the “Foundation”) is a non-profit organisation regulated by the government of the Cayman Islands. The Foundation was formed on 9 October 1984 in accordance with the Cayman National Cultural Foundation Law, 1984. The Cayman National Cultural Foundation Law 2013 was commenced on 9 August of that year. The work of the Foundation covers the full scope of artistic disciplines: Theatre, Dance, Music, Visual, Literary and Traditional Arts, and incorporates cultural preservation, the presentation of cultural festivals, artistic development, youth arts, and special projects. Moreover, CNCF manages two of Cayman’s most significant cultural properties. At the FJ Harquail Cultural Centre, theatrical events, exhibitions, conferences and cultural gatherings are produced year-round by the Foundation, as well as by others. The World Heritage Fund-recognized site, Mind’s Eye—the Visionary World of Gladwyn Bush, is the historic home of Cayman’s renowned intuitive artist, which the Foundation has been responsible for conserving since it took stewardship in 2009. The Foundation is funded primarily by an annual grant from the Cayman Islands Government Ministry of Culture.

Governance and Accountability

The Foundation:

- Is governed by a Cabinet-appointed Board, individuals who bring to the organisation their various skills, knowledge and expertise as arts practitioners, business professionals and educators. The Board makes policy, which is implemented by management and staff. The operations of the organisation are conducted in a transparent manner, and annual reports and audited financial statements are prepared and submitted to Government for tabling in the Legislative Assembly;
- Has well-developed mechanisms, in compliance with all Government requirements for demonstrating how its activities are, or will be, able to support its charitable aims;
- Conducts its work in an apolitical manner and works towards achieving the goals of cultural and arts development, which are set out in the Foundation’s Cultural Policy and in the National Culture and Heritage Policy;
- Exchanges information and engages in cooperative efforts with other government-funded cultural entities, and is a member of the International Federation of Arts Councils and Culture Agencies;
- Carries out its aims with regard to – and seeks to discover, understand and respond to the needs of – the community;
- Complies with all relevant legal and regulatory requirements and acts with due regard for the legal and human rights of all individuals, without regard to nationality, colour, creed, ethnicity, religious affiliation or disability.

Board of Directors (as of November 2019):

- Martyn Bould MBE, Chairman (since 1995)
- Morgan DaCosta, Deputy Chairman/Treasurer
- Chief Officer of the Ministry of Culture (or designate)
- JA Roy Bodden
- Jason Gilbert
- Michael Meghoo
- Lorna Reid
- Sharon Roulstone

Scope of Activities

The scope of *Cayman National Cultural Foundation* activities is as follows:

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

Mission Statement

To stimulate, facilitate and preserve cultural and artistic expression generally, particularly the preservation and exploration of Caymanian performing, visual and literary arts.

Guiding Principles

For more than 30 years, the non-profit Cayman National Cultural Foundation has carried out its mission through the extensive development of wide-ranging cultural development programmes. These programmes include stage productions, creative education for young people, free workshops and financial support of artists, festivals, publications, national recognition of artistic and cultural achievement and the preservation of Caymanian heritage, and the promotion of arts and culture for future generations. The Foundation aims to achieve and/or support priorities expressed in the Cayman National Cultural Foundation Law 2013, Vision 2008, the CNCF Cultural Policy 2003, the National Youth Policy and Plan 2011 and the National Culture and Heritage Policy and Plan (NCHPP).

Management Qualifications

- **Artistic Director – Henry Muttoo:** University College of the Cayman Islands: Doctor of Arts (Hon.); Master of Arts, Manchester University (Rose Bruford College) UK.; Three-year full-time professional Diploma in Theatre (Dip.TD); Croydon College of Design and Technology; Advanced Theatre Practices, University of the West Indies, Trinidad & Tobago
- **Managing Director – Marcia Muttoo:** MFA Arts Management, Brooklyn College, City University of New York; Certificate in Human Resource Practice; Shirlaws Business Coaching for Business Leaders.

Main Customers

On a broad scale, the Foundation customers encompass all of the people of the Cayman Islands, as well as those who are in the Islands for long or short stays. More specifically, the Foundation identifies its customers as:

- The Cayman Islands Government
- Adult Caymanians and residents with creative potential in the arts;
- Caymanian and resident youth with creative potential in the arts;
- Caymanians, residents and visitors in general;
- The international arts community;
- The international community as a whole.



Cayfest Red Sky at Night Festival – Caymanian Village

Highlights of Achievements

Programmes, Projects and Activities

CNCF operates on the principles that:

- A strong culture is predicated on a strong cultural heritage, which is critical to the development of a strong national identity;
- The arts are a natural and essential part of living, and should be an integrated part of the individual's and community's education;
- Artists are interpreters of individual and collective realities of society and their artistic expression is critical to societal development;
- Government, as caretakers of the people's interests, shares responsibility for promoting and supporting the arts and culture.

Therefore, CNCF's programming initiatives:

- Encourage active participation by Caymanians and residents in the several disciplines of the arts;
- Identify Caymanians with creative potential in the arts and assist in nurturing their talent;
- Expose Caymanians, residents and visitors to the valuable experience of viewing cultural manifestations of quality;
- Develop an awareness of the Caymanian heritage and the potential of the creative arts, therefore improving the quality of life for Caymanians and residents and fostering among Caymanians a sense of national identity, unity and pride.

The Foundation's programmes, projects and activities centre on:

- Protecting, conserving, maintaining, developing and showcasing the four separate facilities and 10 acres that make up the F J Harquail Cultural Centre (FJHCC) and Mind's Eye—the Visionary World of Gladwyn K. Bush (ME). Due to their specificity of purpose—over and above their distinct architecture (tangible cultural heritage)—the facilities are designated for the preservation and celebration of intangible cultural heritage (time-honored customs), culture and the arts, and fall within the Foundation's legal ambit;



Rear view of Miss Lassie's House at Mind's Eye—the Visionary World of Gladwyn K. Bush

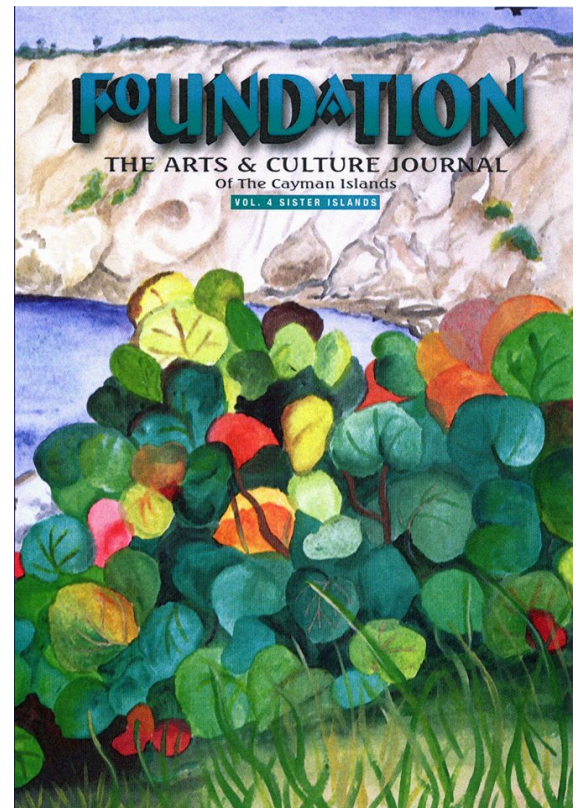
- By necessity, delimiting foot traffic through ME is to small groups at a time to protect the structural integrity and to maintain climate control within the late artist's home, which is over 135 years old and constructed with traditional materials that are no longer readily available. The restrictions are also necessary in order to protect the murals that the late artist hand painted directly on the walls, ceilings and floors of the heritage site that was originally built as a private dwelling;

- Ensuring climate controlled, secure storage and biannual exhibitions of works from the national collection of the late Gladwyn K. Bush (storage at FJHCC and Mind's Eye, exhibitions at FJHCC, Mind's Eye and other spaces);



Section of Gladwyn Bush's mural of the life of Christ at Mind's Eye—The Visionary World of Gladwyn K. Bush

- Publishing books of poetry, plays, and short stories that document and popularize the cultural traditions of the Cayman Islands and works of merit by Caymanian authors on the topics of history, culture and the arts;
- Researching and publishing literary journals on the arts and culture of the Cayman Islands that include articles, photographs and illustrations, interviews and poetry, some of which are written in the Caymanian dialect;
- Offering weekday access by the public to the Foundation's research library at FJHCC of more than 2,000 titles of books, journals, video and audio recordings, prints, photographs, drama scripts and other literature on or about art / culture;
- Conducting and presenting lectures by distinguished artists, many of them internationally recognised.



FOUNDATION Arts & Culture Journal Vol 4

- Producing performing arts events (theatre, music, dance, storytelling, film) which:
 - Are locally created, or culturally relevant, and / or educational.
 - Have sound technical structure and production potential and are in keeping with the conventions of performing arts, as determined by the Artistic Director;



Rundown 2019 by Henry Muttoo at The FJ Harquail Cultural Centre



Down Side Up by Frank S. McField at The FJ Harquail Cultural Centre

- Revitalising the art of storytelling, which was the main community entertainment and means of transferring cultural mores before the advent of radio and television;
- Hosting/sharing the Caymanian arts and cultural experience at local and international arts and culture events, as well as conferences/seminars;



Gimistory, The Cayman Islands International Storytelling Festival 2019



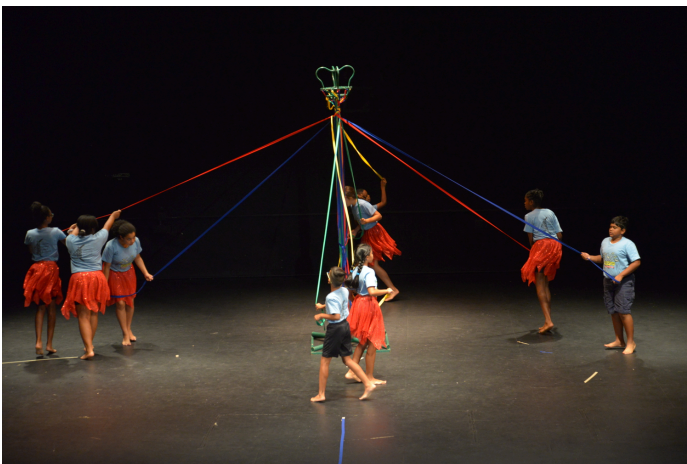
The Cayman Islands represented at the Caribbean Festival of the Arts, CARIFESTA XIV

- Recording, propagating and promoting traditional, time-honoured and/or folk music of the Cayman Islands, the performance of which had declined in contemporary society;
- Researching, teaching, performing and recording the folk songs of the country, and recreating the stories they tell for public consumption;
- Offering CNCF Grants for the Arts to encourage the development of ideas, and to facilitate opportunities for artists to explore, practice, share, learn and benefit from their work;
- Researching, writing, rehearsing, producing and presenting content which promulgates and celebrates Caymanian customs, characters, language, expressions, gesture, and societal norms and distinguishing features;



The Cayman Islands Folk Singers

- Conducting training programmes for performing artists and youth in techniques of stage acting, vocal music and dance, including an annual Summer Arts Camp for students aged 6 to 16 focusing on 6 distinct Performing and Heritage Arts;
- Providing tours of the FJ Harquail for schools;
- Offering semi-annual work experience placements for high school students;
- Connecting past Young at Arts students and other young creatives with further education and professional opportunities



Students in CNCF's Summer Arts Camp learn the Maypole



Youth 2 Youth Teens show off the "Silver Thatch Fashion Collection", designed by CNCF's Education Officer, at Taste of Cayman, courtesy of CNCF

Risk Management

Key strategic risk	Impacts	Actions to mitigate risk	Financial value of risk
The extent of foreign media influences and a new / imported cultural paradigm into the Cayman Islands.	Threats presented to long-held traditions and national identity.	Deliver programming to educate community (public and private sector) as to cultural heritage preservation and its importance to both cultural development and national identity in an increasingly globalised society.	Incalculable
Key compliance risk	Impacts	Actions to mitigate risk	Financial value of risk
Failure to comply with new government accounting standards for government-controlled organizations.	Government and sponsors could lose confidence in CNCF's ability to meet mandate and as a result reduce funding to CNCF - reduction in revenue.	Financial statements and supporting documentation submitted within Statutory deadlines. Careful attention paid to existing / new policies, procedures, and laws. Seek CIG guidance, direction, assistance and training.	> \$500,000
Key operational risk	Impacts	Actions to mitigate risk	Financial value of risk
Natural Disasters	Loss or damage to the FJ Harquail Theatre Buildings, Contents, Computers and Technical Equipment and/or to <i>Mind's Eye</i> (Gladwyn Bush Cultural Heritage Site, South Sound) Buildings and Contents.	• Emergency Management Plan in place. • Annual fire safety inspections. • Sufficient fire extinguishers that are regularly serviced. • Annual hurricane preparedness exercises. • Removal and safe storage of portable equipment/contents when a hurricane is imminent. • Ongoing internal and external building maintenance.	\$7,000,000
Key financial risk	Impacts	Actions to mitigate risk	Financial value of risk
Economic downturn, CIG budget deficits.	Cuts in funding resulting in insufficient resources to effectively achieve mission.	Continue to educate community (public and private sector) as to the return on investment of cultural tourism and cultural industry, and the inherent value of arts and culture to both national identity and economic stability.	>\$500,000
Key reputational risk	Impacts	Actions to mitigate risk	Financial value of risk
Lack of funding for appropriate staffing levels, despite the labour intensive nature of CNCF's work.	Staff members responsible for multiple roles; Staff burnout; Performance standards could be compromised.	Robust volunteer programme; on-going situational reports to Board.	>\$500,000

Financial Audits

CNCF received unqualified financial audits each year from 2009 to 2015.

Following CNCF's 2014 Audit, the Auditor General recommended that monies owed as reimbursement for insurance premiums be reclassified as an equity injection. He stated, in part:

Observation: A sizeable payable balance of CI\$418,319 has accumulated in the financial records of the Foundation in respect of insurance costs due to the Cayman Islands Government's Risk Management Unit. It is unlikely that the Foundation will be able to pay this amount without an equity injection from the Cayman Islands Government. It is our understanding that the Foundation is pursuing resolution with the Government as to the amounts to be paid and amounts which are to be converted into equity.

Risks: A risk arises that the Foundation's liabilities are not fairly stated as the large accumulated payable balance is unlikely to represent amounts to be paid by the Foundation. As a result, the Foundation's financial statements may not reflect the substance of the liability.

Recommendation: The Foundation continues to pursue the Cayman Islands Government to resolve the amounts that will be paid to the risk management unit and the amount that will be converted into equity and establishes a suitable mechanism going forward to ensure insurance expenses do not accumulate again.

CNCF received a qualified audit opinion in 2015/16 and 2016/17 on the basis that:

The Foundation was named as a defendant, among others, in a personal injury claim where a judgement was awarded during the year ended 30 June 2016. The judgment was awarded in the plaintiff of \$5,946,889 with a further sum and liability for legal costs still to be determined. We understand that the awarded amount has been partially paid by the Cayman Islands Government and no determination has been made with respect to whether reimbursement of the claim costs will be sought from the Foundation, or if the payment will be considered an additional contribution to the Foundation, as the Foundation is financially dependent on the Cayman Islands Government. We are unable to obtain sufficient, appropriate audit evidence relating to the amount of the damages applicable to the Foundation. Consequently, we are unable to determine whether any adjustments, if any, were necessary to make to the financial statements.

CNCF received an unqualified audit opinion in 2018.

APPENDIX

2019 Audited Financial Statements

CAYMAN NATIONAL CULTURAL FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019

CONTENTS

Page

Statement of Responsibility for Financial Statements

1

Auditor General's Report

2 – 3

Statement of Financial Position

4

Statement of Financial Performance

5

Statement of Changes in Equity

6

Statement of Cash Flows

7

Notes to the financial statements

8 – 18



CREATIVITY : HERITAGE : EDUCATION

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Cayman National Cultural Foundation in accordance with the provisions of the Public Management and Finance Law (2018 Revision).

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Law (2018 Revision).

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

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

The financial statements fairly present the financial position, financial performance and cash flows of the Cayman National Cultural Foundation for the financial YEAR ENDED 31 DECEMBER 2019.

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

- (a) completely and reliably reflect the financial transactions of Cayman National Cultural Foundation for the YEAR ENDED **31 DECEMBER 2019**
- (b) fairly reflect the financial position as at **31 DECEMBER 2019** and performance for the YEAR ENDED **31 DECEMBER 2019**;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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

Marcia Muttoo
Managing Director

22 April 2020

Martyn Bould
Chairman

22 April 2020

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Cayman National Cultural Foundation

Opinion

I have audited the financial statements of the Cayman National Cultural Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in equity and statement of cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 6 to 16.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 31 December 2019, and its financial performance and its cash flows for the year ended 31 December 2019 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with the 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

Auditor's 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 auditor's 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

AUDITOR GENERAL'S REPORT (continued)

aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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 my 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 my auditor's 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 my auditor's 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 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 Law (2018 Revision)* and section 16(2) of the *Cayman National Cultural Foundation Law, 2013*. 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

22 April 2020
Cayman Islands

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

2018 Actual (CI\$)		Note	2019 Actual (CI\$)	2019 Original Budget (CI\$)	2019 Final Budget (CI\$)	Variance (Original Budget vs Actual) (CI\$)
	Current Assets					
126,960	Cash and cash equivalents	2,11	92,438	46,495	146,495	(45,943)
182,968	Trade and other receivables	3,11	175,465	182,989	182,989	7,524
12,221	Other financial assets		12,211	3,431	3,431	(8,780)
322,149	Total Current Assets		280,114	232,915	332,915	(47,199)
	Non-Current Assets					
7,515,548	Property and equipment	4	7,462,981	3,855,636	3,855,636	(3,607,345)
804,662	Other Non-Current Assets	4	804,662	300,255	300,255	(504,407)
8,320,210	Total Non-Current Assets		8,267,643	4,155,891	4,155,891	(4,111,752)
8,642,359	Total Assets		8,547,757	4,388,806	4,488,806	(4,158,951)
	Current Liabilities					
218,532	Trade payables	5,11	241,416	102,196	102,196	(139,220)
19,970	Other payables and accruals	5,11	134,516	9,000	9,000	(125,516)
238,502	Total Current Liabilities		375,932	111,196	111,196	(264,736)
	Non-Current Liabilities					
102,492	Advanced donations	6	73,143	118,684	118,684	45,541
102,492	Total Non-Current Liabilities		73,143	118,684	118,684	45,541
340,994	Total Liabilities		449,075	229,880	229,880	(219,195)
8,301,365	Net assets		8,098,682	4,158,926	4,258,926	(3,939,756)
	Equity					
922,134	General fund	14	719,451	771,621	871,621	52,170
3,359,558	Contributed capital	14	3,359,558	3,387,305	3,387,305	27,747
4,019,673	Property Revaluation		4,019,673	-	-	(4,019,673)
8,301,365	Total Equity		8,098,682	4,158,926	4,258,926	(3,939,756)

The accounting policies and notes on pages 8 – 18 form an integral part of these financial statements.

Approved on behalf of the Board of Directors on 22nd April 2020


Managing Director


Chairman

**CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

2018 Actual (CI\$)		Note	2019 Actual (CI\$)	2019 Original Budget (CI\$)	2019 Final Budget (CI\$)	Variance (Original Budget vs Actual) (CI\$)
Revenue						
660,000	Sale of Outputs to Cabinet	7	760,000	660,000	760,000	(100,000)
134,211	Other revenue	7	110,544	260,538	260,538	149,994
80,838	Theatre rental	7	81,725	60,000	60,000	(21,725)
875,049	Total Revenue		952,269	980,538	1,080,538	28,269
Expenses						
427,312	Personnel costs	8	438,747	467,706	467,706	28,959
449,144	Operating and administrative expenses	9,11	578,080	540,028	540,028	(38,052)
88,413	Depreciation	4	138,125	87,286	87,286	(50,839)
964,869	Total Expenses		1,154,952	1,095,020	1,095,020	(59,932)
(89,820)	Deficit for the year		(202,683)	(114,482)	(14,482)	88,201

The accounting policies and notes on pages 8 – 18 form an integral part of these financial statements.

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

Attributable to Cayman Islands Government

	Contributed Capital (CI\$) (note 14)	Property Revaluation (note 4)	General Fund (note 14)	Total (CI\$)	2019 Original Budget (CI\$)	Final Budget (CI\$)	Variance (Original Budget vs Actual)
Balance at 31 December 2017	3,337,305	-	1,011,954	4,349,259	4,391,217	4,391,217	41,958
Property Revaluation (note 4)	-	-	-	4,019,673	-	-	(4,019,673)
		4,019,673					
Equity Investment from Cabinet	22,253	-	-	22,253	-	-	(22,253)
Deficit for the period	-	-	(89,820)	(89,820)	(117,809)	(117,809)	(27,989)
Balance at 31 December 2018	3,359,558	4,019,673	922,134	8,301,365	4,273,408	4,273,408	(4,027,957)
Deficit for the year	-	-	(202,683)	(202,683)	(114,482)	(14,482)	88,201
Balance at 31 December 2019	3,359,558	4,019,673	719,451	8,098,682	4,158,926	4,258,926	3,939,756

The accounting policies and notes on pages 8 – 18 form part of these financial statements.

CAYMAN NATIONAL CULTURAL FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

2018		Note	Actual 2019	Original	Final	Variance
(CI\$)			(CI\$)	Budget	Budget	(Original
				(CI\$)	(CI\$)	Budget vs
						Actual)
CASH FLOW FROM OPERATING ACTIVITIES						
<i>Receipts</i>						
642,566	Sale of outputs to Cabinet		767,503	660,000	760,000	(107,503)
134,211	Other revenue		110,544	260,538	260,538	149,994
80,838	Theatre rental		81,725	60,000	60,000	(21,725)
<i>Payments</i>						
(427,312)	Personnel costs		(438,747)	(467,706)	(467,706)	(28,959)
(399,263)	Operating and administrative expenses		(440,640)	(540,028)	(540,028)	(99,388)
31,040	Net cash flows generated by operating activities		80,385	(27,196)	72,804	(107,581)
CASH FLOW FROM INVESTING ACTIVITIES						
(50,351)	Purchase of property, plant and equipment	4	(85,558)	-	-	85,558
(50,351)	Net cash flows used in investing activities		(85,558)	-	-	85,558
CASH FLOW FROM FINANCING ACTIVITIES						
22,533	Contributed Capital: CIG Equity Injection		-	-	-	-
(24,524)	Net receipt of advance donations		(29,349)	-	-	29,349
(2,271)	Net cash flows used in financing activities		(29,349)	-	-	29,349
(21,582)	Net decrease in cash and cash equivalents		(34,522)	(27,196)	72,804	7,326
148,542	Cash and cash equivalents at beginning of period		126,960	73,691	73,691	(53,269)
126,960	Cash and cash equivalents at end of period		92,438	46,495	146,495	(45,943)

The accounting policies and notes on pages 8 – 18 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Description

The Cayman National Cultural Foundation (the “Foundation”) is a statutory authority regulated by the government of the Cayman Islands. The Foundation was formed on 9 October 1984 in accordance with the Cayman National Cultural Foundation Law, 1984. The Foundation is funded primarily by an annual grant from the Cayman Islands Government through the Ministry Health, Environment, Culture and Housing (“the Ministry”).

Scope of Activities

The scope of *Cayman National Cultural Foundation* activities is as follows:

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

Location and Address

Cayman National Cultural Foundation
FJ Harquail Cultural Centre
17 Harquail Drive
PO Box 30201
Grand Cayman KY1-1201 CAYMAN ISLANDS

Number of Employees

The Foundation employs 6 Full-time and 2 Part-time personnel (2 Full-time posts were vacant in current year).

Mission Statement

To stimulate, facilitate and preserve cultural and artistic expression generally, particularly the preservation and exploration of Caymanian performing, visual and literary arts.

Note 1: Significant accounting policies

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (“IPSAS”) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board using the accrual basis of accounting. The financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented in these financial statements.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2019 and not early adopted.

Certain new accounting standards have been published that are not mandatory for the 31 December 2019 reporting period and have not been early adopted by the Foundation. The Foundation’s assessments of the impact of these new standards are set out below.

NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION (Continued)
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing 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 the Foundation's financial statements. This will be assessed more fully 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 2022. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured. It is anticipated that IPSAS 42 will not have an impact on the Foundation's financial statements, but this will be assessed more fully closer to the effective date of adoption.

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis.

(b) Budget amounts

The original budget amounts for the financial period are as presented in the 2019 Ownership Agreement and approved by Cabinet.

(c) Judgments and estimates

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period and in any future periods that are affected by those revisions. Depreciation and the calculation of the estimated useful lives of Property, Plant and Equipment is considered to be a key judgement made by management in the preparation of the financial statements.

(d) Reporting period

The reporting period is for the 12 months commencing 1 January 2019 and ending 31 December 2019.

(e) Revenue from exchange transactions

Revenue is generally recognised when earned by the Foundation. The revenue recognised is the fair value of the consideration received for the sale of goods and services. Revenue from exchange transactions includes theatre rentals and ticket sales presented within other revenue in the statement of financial performance.

(f) Revenue from non-exchange transactions - government grants

Revenue from non-exchange transactions is generally recognised when the event occurs, and the resulting asset's recognition criteria are met. Revenue from non-exchange transactions includes donations and government grants.

(g) Expenses

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

Note 1: Significant Accounting Policies (continued)

(i) Property and equipment

Property and equipment is stated at historical cost less accumulated depreciation. Items of property and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the statement of financial performance in the period in which the asset is acquired. Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property and equipment (other than land and heritage assets); less any estimated residual value, over its estimated useful life.

<u>Asset Type</u>	<u>Estimated Useful life</u>
Building	50 years
Land improvements	3-10 years
Furniture and other equipment	7 years
Motor Vehicles	5 years
Property Improvements	5-10 years

Heritage assets

IPSAS 17 *Property, Plant and Equipment* provides optional recognition of heritage assets. The Foundation has disclosed its Heritage Assets. Works of art are considered to be heritage assets. Assets are described as heritage assets because of their cultural, environmental, natural, scientific, technological or artistic significance. Heritage Assets include historical buildings, and monuments, conservation areas, and nature reserves, works of art and artefacts.

Disposals

Gains and losses on disposals of property and equipment are determined by comparing the sale proceeds with the carrying amount of the asset. Gains and losses on disposals during the period are included in the statement of financial performance.

(j) Impairment of assets

The Foundation considers all assets held to be non-cash generating assets, as the primary objective of holding the assets is not to generate a commercial return, but rather to fulfil the Foundation's objectives. The Foundation assesses whether there is any indication that non-cash generating assets may be impaired at each reporting date. If any such indication exists, the Foundation shall make a formal estimate of the recoverable service amount of the asset.

Impairment losses are recognised in the statement of financial performance.

(k) Employee benefits

Employee entitlements to salaries and wages, annual leave and other similar benefits are recognised in the statement of financial performance when they are earned by employees. Employee entitlements to be settled within one year following the period end are reported as current liabilities at the amount expected to be paid. Pension contributions for employees of the Foundation are paid to the Silver Thatch Pension Fund (the "Fund"). The Fund is a defined contribution fund. Employees have a mandatory contribution of 5% of their salary, which is matched by the Foundation.

(l) Financial instruments

The Foundation is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, other financial assets, trade and other receivables, trade payables, other payables and accruals and advance donations, all of which are recognised in the statement of financial position.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Note 1: Significant accounting policies (continued)

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, exchange financial instruments under conditions that are potentially favourable. Financial assets comprise of cash and cash equivalents, trade and other receivables and other financial assets. A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial liabilities comprise of trade payables, other payables and accruals and advanced donations.

Recognition

The Foundation recognises financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognised in the statements of financial performance.

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

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. Subsequent to initial recognition all financial assets are recorded at fair value, which is considered to approximate historic cost due to the short-term or immediate nature of these instruments.

Financial liabilities are subsequently measured at amortised cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount (i.e. the effective interest method).

De-recognition

A financial asset is de-recognised when the Foundation realises the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognised when it is extinguished, that is when the obligation is discharged, cancelled, or expires.

(m) Contingent Liabilities and Assets

Contingent liabilities are not recognised but are disclosed in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognised but are disclosed in the financial statements when an inflow of economic benefits is probable.

(n) Foreign Currency

Foreign currency transactions are recorded in Cayman Islands dollars using the exchange rate in effect at the date of the transaction. Foreign currency gains or losses resulting from settlement of such transactions are recognised in the statement of financial performance.

At the end of the reporting period the following exchange rates are used to translate foreign currency balances:-

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and
- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand; bank accounts in the name of Cayman National Cultural Foundation maintained at First Caribbean International Bank; and short term deposits invested with the Cayman Islands Government Treasury. As at 31 December 2019 Cayman National Cultural Foundation unrestricted cash balances were as presented below. No restricted cash balances were held by the Cayman National Cultural Foundation at 31 December 2019 (2018: none).

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Original Budget vs Actual)
86,139	CI\$ Operational Current Account	77,519	11,173	111,173	(66,346)
26,526	US\$ Operational Current Account	521	21,112	21,112	20,591
14,295	Fixed Deposits	14,398	14,210	14,210	(188)
126,960	TOTAL	92,438	46,495	146,495	(45,943)

Note 3: Trade and other receivables

At year-end all overdue receivables have been assessed and appropriate provisions calculated based on expected losses for the Foundation and review of specific debtors. Expected losses have been determined based on an analysis of the Foundation losses in previous periods. Bad debt expense recorded in the current financial year is CI\$360 (2018: \$2,724). Included in the trade and other receivable balance is Sale of Outputs to Cabinet balance of CI\$165,000 (2018: CI\$165,000).

NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

Note 4: Property, plant and equipment

Cost

	<i>Land (CI\$)</i>	<i>Buildings (CI\$)</i>	<i>Furniture & Fittings (CI\$)</i>	<i>Motor Vehicles (CI\$)</i>	<i>Heritage Assets (CI\$)</i>	<i>Property Improvements</i>	<i>Total</i>
Balance as at 1 January 2018	963,151	3,766,929	300,884	23,611	302,822	-	5,357,397
Transfer to Heritage Assets	-	(612,000)	-	-	612,000	-	-
Revaluation	2,266,849	1,018,122	-	-	-	-	3,284,971
Additions	-	-	22,435	-	-	27,916	50,351
Balance as at 31 December 2018	3,230,000	4,173,051	323,319	23,611	914,822	27,916	8,692,719

	<i>Land</i>	<i>Buildings</i>	<i>Furniture</i>	<i>Motor Vehicles</i>	<i>Other assets</i>	<i>Property Improvements</i>	<i>Total</i>
Balance as at 1 January 2019	3,230,000	4,173,051	323,319	23,611	914,822	27,916	8,692,719
Additions	-	-	13,276	-	-	72,282	85,558
Balance as at 31 December 2019	3,230,000	4,173,051	336,595	23,611	914,822	100,198	8,778,277

Accumulated Depreciation

	<i>Land</i>	<i>Buildings</i>	<i>Furniture & Fittings</i>	<i>Motor Vehicles</i>	<i>Heritage Assets</i>	<i>Property Improvements</i>	<i>Total</i>
Balance as at 1 January 2018	-	776,664	218,523	23,611	-	-	1,018,798
Transfer to Heritage Assets	-	(110,160)	-	-	110,160	-	-
Depreciation Expense 2018	-	68,198	20,215	-	-	-	88,413
Revaluation	-	(734,702)	-	-	-	-	(734,702)
Balance as at 31 December 2018	-	-	238,738	23,611	110,160	-	372,509

Balance as at 1 January 2019	-	-	238,738	23,611	110,160	-	372,509
Transfer to Heritage Assets	-	-	-	-	-	-	-
Depreciation Expense 2019	-	112,079	21,591	-	-	4,455	138,125
Balance as at 31 December 2019	-	112,079	260,329	23,611	110,160	4,455	510,634

Net Book value 31 December 2018	3,230,000	4,173,051	84,581	-	804,662	27,916	8,320,210
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Net Book value 31 December 2019	3,230,000	4,060,972	76,266	-	804,662	95,743	8,267,643
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NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)

Note 4: Property, plant and equipment (continued)

Property Revaluation

There was no revaluation in the 2019 financial year. The Foundation's properties, which include the Buildings and Land of the FJ Harquail Cultural Centre and Mind's Eye—the Visionary World of Gladwyn K. Bush, were revalued in May 2018 for the year ended 30 June 2016. The fair value of \$7,403,051 was included in the EPS accounts as at 30 June 2016 at CIG request. The resulting revaluation gain of \$4,019,673 was reported in the Income Statement as other comprehensive income and the Statement of Financial Position in the prior year.

CI\$0 (2018: CI\$22,253) towards property improvements that was funded by a grant from the Ministry of Health, Environment, Culture and Housing, was included in Property and Equipment: Property Improvements.

Note 5: Trade payables, other payables and accruals

Actual Prior Year		Actual Current Year	Original Budget	Final Budget	Variance (Original Budget vs Actual)
218,532	Other government agencies	241,416	102,196	102,196	(139,220)
115	Payroll Deductions	1,847	-	-	(1,847)
19,855	Other payables	132,669	9,000	9,000	(123,669)
238,502	Total trade payables other payables and accruals	375,932	111,196	111,196	(264,736)

Amounts payable to other government agencies relates primarily to annual property insurance premiums that are due to be paid to the Government Risk Management Unit. As at 31 December 2019 the amount payable for property insurance totals CI\$238,778 (31 December 2018: \$184,996). CI\$51,085 was received as Supplementary Funding for the Community-Based Services Initiative in the Implementation of the Cayman Islands Disability Policy 2014 – 2033.

Note 6: Advanced Donations

During the year ended 30 June 2009, the Foundation began collecting donations to restore the house of the late Gladwyn K. Bush ("Miss Lassie"), who was a famous Caymanian artist. The Long-term Liability Account: Save Miss Lassie's House, records funding from CIG as advance donations in regard to the conservation and development of the property, of which CI\$75 in donations was received for the year ended 31 December 2019, (2018: \$0). During the year expenditures of \$29,349 (31 December 2018: \$24,525) were incurred in the maintenance and upkeep of this property.

Note 7: Revenue

Actual Prior Year	Revenue type	Actual Current Year	Original Budget	Final Budget	Variance (Original Budget vs Actual)
660,000	Outputs to Cabinet	760,000	660,000	760,000	(100,000)
96,401	Other	83,154	90,000	90,000	6,846
32,523	Donations	26,011	170,538	170,538	144,527
80,838	Theatre Rental	81,725	60,000	60,000	(21,725)
5,287	General sales (misc.)	1,379	-	-	(1,379)
875,049	Total sales of goods and services	952,269	980,538	1,080,538	28,269

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Note 7: Revenue (continued)

Outputs to Cabinet comprises goods delivered to and services performed on behalf of the Cayman Islands Government.

Donations made to the Foundation were as follows:

Source	Purpose	Actual Current Year	Actual Prior Year
Island Heritage	Core expenses	10,000	
Kaaboo	Core expenses	3,311	
Indian HC	Core expenses	2,216	
UCCI	Cultural Exchange Festivals – CARIFESTA Tour	2,396	
100 Women Who Care	Core expenses	1,000	
Water Authority	Theatrical Production Sponsorship	1,000	
Donations < \$1,000 each	Cultural Exchange Festivals – Cayfest and CARIFESTA	4,088	
CNB	Theatrical Production Sponsorship	1,000	1,000
CUC	Theatrical Production Sponsorship	1,000	1,000
Springstreet Communications	Core expenses		804
KRyS Global	Core expenses		4,002
Butterfield	Theatrical Production Sponsorship		8,200
Maples & Calder	General		3,681
Ministry of Culture	Theatrical Production Sponsorship		13,028
Estera	Core expenses		263
Individuals	Theatre Productions		434
Anonymous Donor	Gimistory		111
Total donations		26,011	32,523

Note 8: Personnel costs

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Original Budget vs Actual)
360,628	Salaries, wages and allowances	375,381	400,241	400,241	24,860
49,090	Health care	44,445	47,575	47,575	3,130
17,594	Pension	18,921	19,890	19,890	969
427,312	Total Personnel Costs	438,747	467,706	467,706	28,959

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Note 9: Operating and administrative expenses

Actual Prior Year	Description	Actual Current Year	Original Budget	Final Budget	Variance (Budget vs Actual)
142,344	Cultural Development Expense	265,164	221,000	221,000	(44,164)
50,922	Maintenance/Repairs Property, Automobile, Computers, Insurance	95,077	71,175	71,175	(23,902)
63,641	Utilities and Communications	82,040	55,000	55,000	(27,040)
127,067	General Administration (Fees, Permits, Audit, Advertising, Travel & Subs))	86,175	132,853	132,853	46,678
2,724	Bad Debt Expense	360	-	-	(360)
62,446	Theatre Production Expense	49,264	60,000	60,000	10,736
449,144	Total Operating and administrative expenses	578,080	540,028	540,028	(38,052)

Note 10: Going concern

As explained in Note 15, the coronavirus outbreak has caused significant disruption in both global and local economies. However, on the basis of management assessment and forecasts, management believes the risk that the Foundation would not be able to meet its obligations as they become due is low and that the Foundation will continue as a going concern for the foreseeable future. The Foundation is dependent on the continued financial support of the Cayman Islands Government in order to continue as a going concern and there is no indication that the Cayman Islands Government will withdraw funding of the Foundation.

Note 11: Explanation of major variances against original budget

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

Statement of financial performance

Cabinet and the Legislative Assembly approved supplementary funding of \$100,000 in accordance with Section 12 of the Public Management & Finance Law (2018 Revision) for CI participation in regional arts festival–CARIFESTA (\$0 in 2018); Theatre Rental Income exceeded expectations by \$21,725.

Other revenue – Donations

Although the Foundation surpassed projections for some revenue streams, it has not been able to meet donated income targets, due to the competitive non-profit market.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Note 11: Explanation of major variances against budget (continued)

Statement of financial performance (continued)

Operating Expenses

Due to aging and impaired air conditioning systems at the FJ Harquail Cultural Centre, this resulted in mechanical repairs and electricity consumption exceeding projections by \$27,000 over the course of the year.

A property revaluation, which was mandated by Government after the 2019 Budget had been submitted, necessitated recalculation of depreciation, which increased to \$138,125 from the original budgeted amount of \$87,286 (2018:\$88,413).

Statement of financial position

Cash and cash equivalents and Advance donations

A commitment given by Cabinet in 2009 to provide annual funding for the preservation of the Mind's Eye property has not resulted in reliable funding. No CIG funding was received specifically for the property in either 2018 or 2019, however the Foundation has continued to engage in routine maintenance and improvements that can be accomplished within the core budget.

Trade payables and Other payables and accruals

The Foundation depends primarily on Government funding and has not been in a position to reimburse to Government premiums paid on its behalf for property insurance. In 2015, the Ministry of Finance & Economic Development approved the transfer of \$409,277 in insurance liability to contributed capital. In the subsequent financial year, Risk Management resumed billing the Foundation. This payable to the Government of the Cayman Islands increased during the period ended 31 December 2019 to \$238,978.

Note 12: Related party and key management personnel disclosures

Related party disclosure

The Foundation derives a major source of its revenue from government. The Foundation and its key management personnel transact with other government entities on a regular basis. These transactions were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Key management personnel

Description	Actual Current Year	Actual Prior Year
Salaries & other short-term employee benefits	210,623	180,515
Christmas Gifts	6,580	5,061
Other amounts paid	5,000	5,000
Total	222,203	190,576
Number of key management personnel	2	2

Permanent staff received an increase as a result of the Portfolio of Civil Service's reassessment of Salary Scales, retroactive from 1 June 2019. (2018: 5% Cost of Living Adjustment). An amount of CI\$5,000 was paid to a key member of management as compensation for services rendered. The member of management wrote the script for one of the theatrical productions completed. Non-executive board members receive no fees or remuneration.

At 31 December 2019 (31 December 2018: none) no loans are due from key management personnel.

**NOTES TO THE FINANCIAL STATEMENTS OF CAYMAN NATIONAL CULTURAL FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2019
(Expressed in Cayman Islands Dollars)**

Note 13: Financial instruments risks

The Foundation is exposed to a variety of financial risks including credit risk, liquidity risk and exchange rate risk. The Foundation's risk management policies are designed to identify and manage these risks.

Credit risk

In the normal course of its business the Foundation is subject to credit risk from debtors other than the Cabinet. The Foundation does not have significant concentrations of credit risk for its other financial instruments. In addition, cash and cash equivalents are held with a reputable financial institution in the Cayman Islands. The Foundation considers the financial institution to be financially secure and well managed.

Currency and interest rate risk

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

Liquidity risk

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

All of the Foundation's financial liabilities, except for amounts due to the Cayman Islands Government will be settled in less than six months from the date of these financial statements.

Note 14: Capital management

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

Note 15: Subsequent Events

On 30 April 2019, Cabinet approval was granted from fiscal year 2020 onwards for carnivals and festivals in the Cayman Islands to be managed by the Foundation under the auspices of the Ministry of Culture. This will include the transfer of Purchase Agreements with Batabano from the Ministry of Tourism and Department of Tourism, to the Foundation. Cabinet also approved the transfer of the Pirates Week Office, with two staff members, from Tourism Attraction Board to the Foundation.

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. The global efforts to contain the spread of the coronavirus began to cause significant disruption in the global and local economies from January 2020 to date. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. Therefore, while the Foundation expects this matter to negatively impact its operating results, the related financial impact and duration cannot be reasonably estimated at this time.