



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2021**

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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 2021 financial year the Children and Youth Services (CAYS) Foundation performed the following functions:

- Operated Bonaventure Boys' Home and Frances Bodden Children's 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 Social Development 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 Children's 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 Social Development. 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 2021 year were developed and are 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 residents' 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 behaviors 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 assist 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.

Bonaventure Boys' Home (BBH)

Bonaventure Boys' Home (BBH) operated a 24-hour residential facility for youth who were remanded or committed by the Courts for youth rehabilitative services. This was achieved through the Cayman Model of Treatment approach which covered therapeutic services, educational services (academic and vocational), and multi-agency and community partners and aftercare.

BBH used a Trauma Informed approach for treatment. The work we focused on built resilience to mitigate the long-term effects of the individual residents ACE's (Adverse Childhood Events).

For 2021 the BBH residents were involved in various structured recreational, community, therapeutic, educational and vocational activities such as: Art Outreach, Music Appreciation, Animal Therapy, Culinary Classes, paid work experience, Greenhouse/Growbox programme, Vocational work placement, Inspire Cayman Training Courses, various recreational and exercise outings off campus.

The residents and staff were engaged daily in the Greenhouse Project. They grew and harvested crops such as callaloo, hot pepper, bell pepper, seasoning pepper, cucumber, tomato, scallion, pumpkin, and sorrel. The residents attended church at the John Gray Memorial Church one or two Sundays each month. They were granted in-house, one day per week with cooking / culinary classes with the Head Chef from The Wharf Restaurant. The residents attended weekly Art classes offered through the National Gallery Art Outreach program. Bonaventure Boys' Home Residents also participated in Community Service projects by delivering soups through the John Gray United Church Food pantry.

The residents attend school at BBH led by the teachers at BBH. Residents thrived in the educational program at BBH which included, academics, vocational training and life skills. In 2021 we had several residents in vocational training such as: Inspire Cayman Training Course, Public Works Internship and mechanics work placement.

Daily Group Meetings focused on processing daily challenges in the group and individually, Core Issues, Communication, Life Skills and Conflict Resolution using the tools and curriculum from the Structured

Psychotherapy for Adolescents Reacting to Chronic Stress (SPARCS) and Dialectical Behaviour Therapy Group Training (DBT). All residents completed treatment tasks. The therapeutic program was set up to encourage residents to feel safe and to express their feelings and thoughts in a non-threatening therapeutic environment where staff assisted in meeting their treatment needs.

Topics for Group Meetings were centered on self-awareness in making good choices, relapse prevention, life skills and positive self-identity, process their feelings, team building and processing weekly goals and behaviors.

The individual residents worked on treatments tasks such as timelines, autobiography, genograms and collages as part of the individual counselling sessions in addition to Life Skills Training. In addition to treatment tasks and individual sessions, the advocates and residents completed Self Esteem, Sexual Relationships and Keep Safe workbooks.

CAYS Foundation adopted a Trauma Informed approach to treatment for residents in our care. This is further discussed as part of the CAYS 5-year Strategic Plan where we stated that we will provide services “within safe, structured, nurturing and trauma informed residential settings”. This approach and these trainings caused a shift in staff approach and how we managed residents whilst in care. The approach is now 100% therapeutic in approach.

Trauma Informed Care (TIC) staff training was implemented in CAYS Foundation since 2020, Phase 1 and 2 of the training were well received by all staff and a significant difference was noted in the level of care and services provided to our residents. Also, significant incidents of aggression and violence were reduced significantly at BBH.

In addition to the TIC training, Aspire Therapeutic Services also conducted weekly group therapy to the BBH residents with BBH staff in attendance to become co-facilitators. The group therapy at BBH in 2020 and 2021 was Structured Psychotherapy for Adolescents Reacting to Chronic Stress (SPARCS) where all BBH staff attended and became trained as co-facilitators.

All residents who were sentenced to BBH to complete the programme, had a 100% completion and graduation rate in 2021.

Through generous donations, a Recording Music Studio with the required equipment was built for the boys within the Home to utilize and record their own music.

Frances Bodden Children’s Home (FBCH)

The Frances Bodden Children’s Home (FBCH) provided care and protection for young people who were deemed to be at risk by the Department of Children and Family Services. FBCH is made up of a boys’ dormitory and a girls’ home, with the potential to care for twelve (12) girls and eight (8) boys, respectively. CAYS Foundation is on a journey towards becoming a trauma informed care service, beginning with training, and educating our staff team, whilst at the same time, considering our physical environment and how we apply our staffing resources to support a sense of safety, the opportunity to build therapeutic relationships, and the chance to promote coping skills for our young people.

The ultimate goal of FBCH is to support the young people to re-engage with their family and return home, assuming this is assessed to be in their best interest. This process can take anything from a few weeks to years and is dependent on the engagement in focused work from the family and the young person themselves.

In 2021, FBCH continued to work in partnership with other care professionals to provide the best package of support for our young people. We liaised closely with and facilitated appointments with Mental Health Services, Aspire, Multi-Agency Safeguarding Hub (MASH), The Wellness Centre, and the National Drug Counselling Service. More novel and innovative services were also engaged, like Therapeutic Horsemanship.

The therapeutic care we provided and facilitated, also sought to provide opportunities for our young people to have experience of the working world, develop a work ethic and be a contributing member of society. Our young people took up both paid and unpaid employment opportunities in a variety of sectors like the motor industry, utilities, pet grooming, food service and retail. The sense of achievement and the self-esteem built through earning their own money and being part of a working team continues to be of great benefit to the young people. On average throughout 2021, FBCH had five (5) young people maintain employment each month which, when considering the number of residents, their age, and the fact that Covid continued to affect the work force, is a high average.

Further opportunities for our young people to thrive are facilitated through engagement with same aged peers in the community at sports and social clubs. Softball, Basketball and Taya Lounge Youth Club are among the most popular pastimes our residents partake in. This, along with a group of residents who largely attend mainstream education provision, serves to orientate the young people in their community and expose them to life outside that of residential care. The Summer Program for 2021 complimented this year-round approach to engaging them in pro-social developmental activities, with a packed itinerary including a variety of summer camps, cultural trips, and excursions. Young people reaching the end of their school career were supported to attend their formal events, making sure that they were properly attired and ready to make positive memories with their peers. The young people's faith and spiritual development was supported in 2021 through regular church attendance. Even in the face of the difficulties presented by Covid, we were able to engage in virtual services at least twice per month.

In 2021 there were 12 sessions delivered and topics covered included, connecting trauma with behavioral difficulties, understanding parenting styles, stress and anger management for parents, positive discipline, rewards, and consequences, among others. The service builds on the importance of family, community and positive memory making through organizing social events at the home. In 2021, a Valentine's Dance was hosted as well as a Family Fun Day and a Christmas Party.

Ten (10) residents from FBCH made a successful transition from the home either back to their family home, to independent living (post 18 years old), or to a Foster-home placement in 2021.

Group work extends beyond the parents and is a feature of the program at FBCH. From the culture of having a "Circle Up" to communicate group expectations and address issues, to the more formal daily group work sessions which were facilitated by the staff team and the Senior Counsellors. Topics such as being a teenager, as well as the prescribed topics, issues that were pertinent to the group in general were often discussed in group sessions with close to 300 group sessions facilitated in each house in 2021.

Specialist Training for Staff

In Phase 1 in 2020, staff learned about trauma and trauma symptomatology; trauma and delinquency; trauma's impact on development; the underlying needs behind behaviors; safety planning; therapeutic care, and vicarious trauma.

During Phase 2 in 2021, staff gained recognition of societies, domestic and interpersonal violence on children during developmental age. They also learnt ways to organize a child's history and current functioning to understand their needs and support strengths. They also learnt about the principles from neurodevelopment, developmental psychology, traumatology, sociology, and attachment theories.

For Phase 3 of training, it will focus on the clinical implication and impact on brain development, internal self, and cognitive development, as well as trauma symptomology. Specifically, the training will cover:

- The concept of Neuroscience and trauma in a clinical sense
- Attachment and impact of attachment rupture
- Difficulties in attachment and how young people in care struggle to feel safe and secure with their parents
- Intersubjectivity and how young people in care find it hard to give and take in relationship
- Affect regulation
- Brain organization
- Use dependent neurodevelopment
- Memory and the brain
- Stress continuum

In 2021, the team was trained in group work delivery by OnCourse Cayman Ltd., who provided materials to cover a number of topics, including, group motivation, future goals, having fun in positive ways, self-respect, life skills, team building activities, dangers of what we share on social media, cyberbullying/bullying, difference between love and sex, what it's like being a teenager and, pressures and expectations of being a teenager.

Staff training and coaching is consistently on the importance of teamwork, consistency, therapeutic communication and the Trauma Focused model of care. Therapeutic Communication, Advocacy and leadership continues to be highlighted this year. Sessions were constantly on the importance of teamwork, consistency, therapeutic communication and the Trauma Focused Model of Care.

Therapeutic Communication, Advocacy and leadership were highlighted in the year.

For the 2021 budget year, the BBH staff attended 77 staff Trainings and FBCH attended 34. In addition to the aforementioned, Trauma Informed training, consultation and Structured Psychotherapy for Adolescents Responding to Chronic Stress (SAPRCS) Training, CPR and First Aid Training, Leadership Training through the Chamber of Commerce, Food Hygiene Training, Disaster Preparedness and Management Training, Team Building Workshops, Shelter Management Trainings, CSMARRT (Crisis and Risk Reduction Training), Darkness to Light (Sexual Abuse Awareness training).

Family Support Programme

The Family Support Counsellor role is to ensure that families are engaged in activities that help them to develop a healthy, stable supportive home environment that allowed children a smooth and safe

reintegration to family homes. They worked in partnerships with the Department of Children and Family Services (DCFS), Social Workers, Aspire, and the Family Resource Center (FRC) and advocates for clients/parents as needed with DCFS and the Needs Assessment Unit (NAU) and other agencies for needed resources. They ensured that parents attended and participated in Case Conferences, Care Planning/review meetings as required, engaged in individual parent coaching with our external partners.

The Family Support Counsellor, along with the Case Manager, facilitated monthly parent education sessions, covering a number of different topics aimed at upskilling and educating parents in understanding and dealing with the challenges they have been having with their son or daughter. The Covid affected world made these sessions a challenge, but the team was able to adapt and continue to provide sessions virtually.

Aftercare support and life skills to the parents, guardians and families as a whole, was provided up to six months after discharge and they worked directly with youth and families in reintegration, to assist with budgeting, home organization, and other skills necessary for improved safety and management. This position also ensured that youths were involved in Life Skills activities to prepare them for independent living.

An evaluation of the Family Support Programme was carried out by a quarterly questionnaire and monthly parent education meetings evaluation forms. In August 2021, information gathered from feedbacks from the programme evaluation questionnaire and monthly parent education sessions, stated that 60% of families had benefited from therapeutic home visits on weekends which created an improvement of strong family bonds and healthier relationships with parents and child.

Performance Targets

FINANCIAL PERFORMANCE MEASURE	2021 Budget \$ 000'S	2021 Actual \$000'S
REVENUE FROM CABINET	3,100	3,100
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-
REVENUE FROM OTHERS PERSONS OR ORGANISATIONS	-	175
SURPLUS/DEFICIT FROM OUTPUTS	(20)	148
OTHER EXPENSES	-	-
NET SURPLUS DEFICIT	(20)	148
TOTAL ASSETS	1,430	2,015
TOTAL LIABILITIES	88	76
NET WORTH	1,342	1,939
CASH FLOWS FROM OPERATING ACTIVITIES	39	(121)
CASH FLOWS FROM INVESTING ACTIVITIES	-	(63)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CHANGE IN CASH BALANCES	39	(184)

FINANCIAL PERFORMANCE RATIO	2021 Budget %	2021 Actual %
CURRENT ASSETS: CURRENT LIABILITIES	12:1	19:1
TOTAL ASSETS: TOTAL LIABILITIES	16:1	26:1

HUMAN CAPITAL MEASURES	2021 Budget \$ 000'S	2021 Actual \$000'S
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	49	45
STAFF TURNOVER (%)		
SENIOR MANAGER	0%	0%
PROFESSIONAL AND TECHNICAL STAFF	0%	0%
ADMINISTRATIVE STAFF	0%	0%

PHYSICAL CAPITAL MEASURES	2021 Budget \$ 000'S	2021 Actual \$000'S
VALUE OF TOTAL ASSETS	1,430	2,015
ASSET REPLACEMENTS: TOTAL ASSETS	0.51:1	0.05:1
BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	0.42:1	0.57:1
DEPRECIATION: CASH FLOW ON ASSET PURCHASES	-	0.88:1
CHANGES TO ASSET MANAGEMENT POLICIES	-	-



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

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Children and Youth Services

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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 2021.

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 2021;
- (b) fairly reflect the financial position as at 31 December 2021 and performance for the year ended 31 December 2021; 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

Lisa Burke
Treasurer

Date: 30 April 2022

Date: 30 April 2022

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, 2021 and the statement of financial performance, statement of changes in net worth and cash flow statement for the year ended 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 28.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and its financial performance, and its cash flows for the year ended 31 December 2021 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.

AUDITOR GENERAL'S REPORT (continued)

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.

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 2022
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

		2021	2020	Approved Budget	Budget Variance (Actual vs Approved)
	Note				
Current Assets					
Cash and cash equivalents	2, 19	916,726	1,101,392	853,225	63,501
Trade receivables	3, 19	516,666	270,440	234,456	282,210
Prepayments	19	9,125	2,643	4,348	4,777
Total Current Assets		1,442,517	1,374,475	1,092,029	350,488
Non-Current Assets					
Pension Surplus	16, 19	62,000	49,000	32,000	30,000
Property, plant and equipment	4, 19	510,342	471,966	306,043	204,299
Total Non-Current Assets		572,342	520,966	338,043	234,299
Total assets		2,014,859	1,895,441	1,430,072	584,787
Current Liabilities					
Trade payables	19	25,791	13,238	20,407	5,384
Other payables and accruals	19	37,300	71,404	42,708	(5,408)
Unearned revenue	7	-	10,000	-	-
Employee entitlements	5, 19	13,179	22,250	24,488	(11,309)
Total Current Liabilities		76,270	116,892	87,603	(11,333)
Total Liabilities		76,270	116,892	87,603	(11,333)
Net Assets		1,938,589	1,778,549	1,342,469	596,120
NET WORTH					
Contributed Capital		466,667	466,667	466,667	-
Accumulated Surplus	19	1,471,922	1,311,882	875,803	596,119
Total Net Worth		1,938,589	1,778,549	1,342,470	596,119

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 2021

		2021	2020	Approved Budget	Budget Variance (Actual vs Approved)
	Note				
Operating Revenue					
Outputs to Cabinet	6	3,100,000	3,100,000	3,100,000	-
Donations	19	174,547	114,253	-	174,547
Total Revenue		3,274,547	3,214,253	3,100,000	174,547
Operating Expenses					
Personnel costs	8, 19	2,611,587	2,451,427	2,709,277	\$ (97,690)
Other expenses	9, 19	149,607	166,628	-	\$ 149,607
Supplies and consumables	10, 19	309,792	254,085	351,586	\$ (41,794)
Depreciation	4, 19	55,521	53,436	59,089	\$ (3,568)
Total operating expenses		3,126,507	2,925,576	3,119,952	6,555
Surplus/(Deficit) for the year		148,040	288,677	(19,952)	167,992

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 2021**

	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 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	1,311,882	466,667	1,778,549	1,362,422	416,127
	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2021 brought forward	1,311,882	466,667	1,778,549	1,362,422	416,127
Remeasurement of net defined benefit asset	12,000	-	12,000	-	12,000
Surplus/(deficit) for the period 2021	148,040	-	148,040	(19,952)	167,992
Net revenue and expenses for the year	160,040	-	160,040	(19,952)	179,992
Balance at 31 December 2021	1,471,922	466,667	1,938,589	1,342,470	596,119

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 2021

		2021	2020	Approved Budget	Budget Variance (Actual vs Approved)
	Note				
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
Outputs to Cabinet		2,853,774	3,354,370	3,100,000	(246,226)
Other receipts		134,039	55,303	-	134,039
<i>Payments</i>					
Personnel costs		(2,621,658)	(2,448,341)	(2,709,277)	87,619
Suppliers		(487,432)	(351,805)	(351,586)	(135,846)
Net cash flows used in operating activities	11	(121,277)	609,527	39,137	(160,414)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of property, plant and equipment		(63,389)	(52,478)	-	(63,389)
Net cash flows used in investing activities		(63,389)	(52,478)	-	(63,389)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed Capital		-	-	-	-
Net cash flows from financing activities		-	-	-	-
Net (decrease)/increase in cash and cash equivalents		(184,666)	557,049	39,137	(223,803)
Cash and cash equivalents at beginning of the year		1,101,392	544,343	814,089	287,303
Cash and cash equivalents at end of year		916,726	1,101,392	853,226	63,500

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

During the year, property, plant and equipment of \$30,946 (2020: \$42,588) were obtained from donations but had no cash flow impact.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 years 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 2021 have not been early adopted by CAYS

Certain new accounting standards have been published that are not mandatory for the 31 December 2021 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 (CAYS)
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Note 1: Significant Accounting Policies (continued)

(b) Judgments and Estimates

The preparation of the financial statements in accordance with International Public Sector Accounting Standards 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 initial 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 (CAYS)
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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.

Asset Type

Estimated Useful life

- Leasehold Improvement
- Computer Equipment
- Office equipment and furniture
- Motor vehicles

4 years/ Lease agreement period of 25 years
3 years
4 years
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 (CAYS)
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FOR THE YEAR ENDED 31 DECEMBER 2021**

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 (CAYS)
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FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 1: Significant Accounting Policies (continued)

(m) Budget amounts

The original budget amounts for the financial year are as presented in the 2020-2021 Ownership Agreement. 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 Ownership Agreement 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 however, all appropriations were used within the respective years. The 2020-2021 appropriations will lapse at the end of the budget period ending 31 December 2021. Refer to note 14 for further disclosures on repayment of surplus cash reserves.

(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 2021, CAYS' cash balances were \$916,726 (31 December 2020: \$1,101,392). No restricted cash balances were held by CAYS as at 31 December 2021 (31 December 2020: \$Nil)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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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 2021 (31 December 2020: \$Nil).

	2021	2020
Debtors	516,666	270,440
Less: Provision for doubtful debts	-	-
	516,666	270,440

Debtor Aging

	2021	2020
Current	258,333	-
1-30 Days	-	258,333
31-60 Days	258,333	-
61-90 Days	-	444
> 90 Days	-	11,663
Total		
	516,666	270,440

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 4: Property, plant and equipment
COST

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvements	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

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvements	Total
Balance as at 1 January 2021	77,310	28,896	102,858	85,973	527,769	822,806
Additions	-	3,602	9,286	59,145	22,302	94,335
Disposals	-	(2,066)	(8,690)	(3,004)	(2,845)	(16,605)
Balance as at 31 December 2021	77,310	30,432	103,454	142,114	547,226	900,536

ACCUMULATED DEPRECIATION

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

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvements	Total
Balance as at 1 January 2021	49,339	18,924	89,454	61,011	132,112	350,840
Impairment loss	-	-	438	-	-	438
Depreciation	7,985	5,242	6,980	14,091	21,223	55,521
Eliminate on Disposal	-	(2,066)	(8,690)	(3,004)	(2,845)	(16,605)
Balance as at 31 December 2021	57,324	22,100	88,182	72,098	150,490	390,194

Net Book value 31 December 2020	27,971	9,972	13,404	24,962	395,657	471,966
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Net Book value 31 December 2021	19,986	8,332	15,272	70,016	396,736	510,342
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Note 5: Employee entitlements

Employee entitlements outstanding as at 31 December 2021 were \$13,179 (2020: \$22,250), which consisted of an accrual for annual leave and time off in lieu (TOIL). As at 31 December 2021, the accrual for TOIL amounted to \$1,853 (2020: \$ Nil) and the accrual for vacation amounted to \$11,326 (2020: \$22,250).

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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FOR THE YEAR ENDED 31 DECEMBER 2021

Note 6: Outputs to Cabinet

During the financial year ended 31 December 2021, output to Cabinet of \$3,100,000 (31 December 2020: \$3,100,000) is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Note 7: Unearned revenue

The unearned revenue as at 31 December 2021 is \$Nil (31 December 2020: \$10,000). The donation of the \$10,000 received from R3 Cayman Foundation in December 2020 was recognised as donated revenue throughout the 2021 financial year.

Note 8: Personnel costs

	2021	2020
Salaries, wages and allowances	2,041,677	1,925,848
Health Care	324,259	294,316
Pension	245,651	231,263
Total	2,611,587	2,451,427

Note 9: Other expenses

	2021	2020
Professional Services	58,861	72,729
Maintenance	52,432	51,694
Operational	27,400	25,999
Resident expenses	10,914	16,206
Total	149,607	166,628

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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Note 10: Supplies and consumables

	2021	2020
Utilities	104,483	99,617
Resident supplies	150,618	98,018
Resident programs	47,595	51,756
Operational supplies	7,096	4,694
Total	309,792	254,085

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

	2021	2020
Surplus / (deficit) for the period	148,040	288,677
Non-cash movements:		
Pension interest income	(1,000)	(1,000)
Donation in kind income	(63,246)	(68,950)
Donation in kind expense	32,738	26,362
Depreciation expense	55,521	53,436
(Increase)/decrease in trade receivables	(246,226)	254,370
Decrease in prepayments	(6,482)	1,633
Decrease in trade payables	12,553	(6,167)
Decrease in other payables	(34,104)	47,080
(Decrease)/increase in unearned revenue	(10,000)	10,000
Decrease in employee entitlements	(9,071)	4,086
Net cash flows used in operating activities	(121,277)	609,527

Note 12: Contingent liabilities and assets

During the year ended December 31, 2021, an incident occurred at one of the homes operated by CAYS which is currently under investigation. As the outcome of this investigation cannot be determined at this time, and the amount of any possible action or the resources required to defend any possible action cannot be reliably estimated, no provision has been accrued in the financial statements.

Note 13: Commitments

As at 31 December 2021, CAYS had no capital, non-cancellable lease or other financial commitments (31 December 2020: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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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 time CAYS should re-apply. Cabinet granted approval to exempt Statutory Authorities and Government Companies from paying-over to Core Government, surplus cash reserves as at 31 December 2021, pursuant to section 39(2) of the Public Authorities Act 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 2021, CAYS billed \$3,100,000 (2020: \$3,100,000). Of the billed amount, \$516,666 was receivable at year end (2020: \$258,333).

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 2020-2021 Plan & Estimates 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 2021 and 2020 fiscal years.

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 2021 fiscal year, CAYS had not filled the role for a General Manager, considered the only key management personnel, after January 2021. The total remuneration for the 2021 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 \$Nil (2020: \$5,521).

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.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
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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 plan.

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, 2021 the amount of \$245,651 (2020: \$231,263) 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 2021. 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 (CAYS)
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Note 16: Provision for pensions payable and severance payable (continued)

Table	(\$000's)	2021	2020
	P&L Charge/(credit)	(1)	(1)
	Changes in net worth	(12)	(3)
A.	Defined Benefit Obligation at end of year	35	37
B.	Fair Value of Plan Assets	(97)	(86)
C.	Net liability/(asset) at the year end	(62)	(49)
D.	Components of Defined Benefit Cost	(13)	(4)
	Composite discount rate at year-end for all plans	2.9%	2.6%
A.	Change in Defined Benefit Obligation	2021	2020
	Defined Benefit Obligation at end of prior year	37	29
	Interest Expense	1	1
	Cash Flow (Benefit Payments)	-	-
	Cash Flow (Participant Contributions)	-	-
	Remeasurements (Effect of changes in Demographic Assumptions)	1	-
	Remeasurements (Effect of changes in Financial Assumptions)	(3)	7
	Remeasurements (Effect of Experience Adjustments)	(1)	-
	Defined Benefit Obligation at end of the year	35	37
B.	Change in Fair Value of Plan Assets	2021	2020
	Fair Value of Plan Assets at Beginning of Year	86	67
	Interest Income	2	2
	Employer Contributions	-	-
	Participant Contributions	-	-
	Benefit Payments from Plan	-	-
	Other Significant events (adjustment to prior years' cash flow allocation)	-	7
	Remeasurements (Return on plan assets)	9	10
	Fair Value of Plan Assets at the end of the year	97	86
C.	Amounts Recognised in the Statement of Financial Position	2021	2020
	Defined Benefit Obligation	35	37
	Fair Value of Plan Assets	(97)	(86)
	Net liability/(asset) at the year end	(62)	(49)
D.	Components of Defined Benefit Cost	2021	2020
1	Service Cost	-	-
2	Net Interest Cost	(1)	(1)
3	Remeasurements of Other Long Term Benefits	-	-
4	Administrative Expenses and Taxes	-	-
5	Included in surplus/(deficit)	(1)	(1)
6	Remeasurements in changes in net worth	(12)	(3)
	Defined Benefit Gain	(13)	(4)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

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

	December 31, 2021 \$'000	December 31, 2020 \$'000
Statement of Financial Position:		
Defined benefit obligation at end of period	35	37
Fair value of plan assets at end of period	(97)	(86)
Asset in the statement of financial position	(62)	(49)

Statement of Financial Performance included in surplus/(deficit) for the period:

Defined pension benefits - service cost, interest expense and interest income	1	1
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Statement of Changes in Net Worth gains/(losses):

Defined pension benefits – re-measurements on returns and assumptions	12	3
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The principal actuarial assumptions at the date of valuation:

	2021 %	2020 %
1. Discount Rate	2.90	2.60
2. Rate of price inflation	2.00	2.00
3. Rate of pension increase	2.00	2.00
4. Post-employment mortality table – 2021: RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected using Scale MP-2021. (2020: RP-2014 scaled back to 2006 using Scale MP-2014 then generationally projected using Scale MP-2020.)		

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 2021 and 31 December 2020 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2021			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 5.7%	Increase by 5.7%
Inflation rate	0.25%	Increase by 2.9%	Decrease by 2.9%
Mortality*	10%	Decrease by 2.9%	Increase by 2.9%

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%

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
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FOR THE YEAR ENDED 31 DECEMBER 2021**

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

*The assumed life expectancy of a person retiring today at age 57 per the 2021 report is 28.61 (2020: 28.45).

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:

	2021	2020
Global Equity Securities	82%	82%
Debt Securities	17%	18%
Cash and Receivables	1%	0%
	<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 (CAYS)
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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, 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 (2021: \$516,666 2020: \$258,333). 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 (2021: \$76,270 2020: \$116,892) 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 Bodden Girls Home was expanded, which is owned by the Ministry of 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. The costs of the expansion is included in leasehold improvements referenced in note 4.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 19: Comparison of the approved budget versus actual figures

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	916,726	853,225	63,501
Trade receivables	Trade receivables	516,666	234,456	282,210
Prepayments	Prepayments	9,125	4,348	4,777
Pension Surplus	Pension Plan Surplus	62,000	32,000	30,000
Property, plant and equipment	Property, plant and equipment	510,342	306,043	204,299
Trade payables	Trade payables	25,791	20,407	5,384
Other payables and accruals	Other payables and accruals	37,300	42,708	(5,408)
Employee entitlements	Employee entitlements	13,179	24,488	(11,309)
Accumulated Surplus	Accumulated surpluses/(deficits)	1,471,922	875,803	596,119

Statement of Financial Performance:

Financial Statement (FS) Caption	Approved Budget Caption	FS Actual	Approved Budget	Actual vs Budget Variance
Donations	Donations	174,547	-	174,547
Personnel Cost	Personnel Cost	2,611,587	2,709,277	(97,690)
Other Expenses	Supplies and consumables	149,607	-	149,607
Supplies and consumables	Supplies and consumables	309,792	351,586	(41,794)
Depreciation	Depreciation & Amortisation	55,521	59,089	(3,568)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 19: 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 \$63,501. This is primarily due to surplus of \$148,040 achieved for the financial year which was not budgeted. Contributing to the surplus are 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 \$282,210. The budget anticipated a receivable for \$234,456 representing one month of CIG billing. However, the actual government receivable of \$516,666 was based on two outstanding monthly billings of the annual appropriations.

Prepayments

Prepayments were over budget by \$4,777. At year - end, we received an invoice for future services to be carried out in the following financial year. At the time of the budget preparation, an increase in prepayments was not anticipated.

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 on year as seen in previous years.

Property Plant and Equipment

Property Plant and Equipment is over budget by \$204,299. Throughout the year, leasehold improvements of \$22,302 was recognised and furniture and equipment of \$9,286 and \$59,145 respectively were obtained. The assets obtained/acquired throughout the year were not anticipated in the budget at the time of approval. At the time the budget was prepared, no additional assets were anticipated to be purchased for the two-year period (2020 and 2021); therefore, the budgeted accumulated depreciation would have reduced the anticipated value of the assets year on year.

Trade Payables

Trade payables were over budget by \$5,384. At year-end, Rubis and CAYS' Consultant December bills of \$1,005 and \$4,000 respectively were pending to be paid and were settled in January 2022. Additionally, the budget anticipated that the value of trade payables would remain in line with payables of prior years.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 19: Comparison of the approved budget versus actual budget (continued)

Other Payables and Accruals

Other payables and accruals are under budget by \$5,408. The accrued audit fees and audit assistance fees were recorded at a lesser amount than the budget anticipated.

Employee Entitlements

Employee Entitlements were under budget by \$11,309 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 ongoing compliance with COVID19 social distancing protocol, management ensured TOIL hours were utilised to accommodate social distancing within the Homes.

Accumulated surpluses

The accumulated surplus as at December 31st, was \$1,471,922 being in excess of budget by \$ 596,119. The year-on-year increase in accumulated surplus is due to the operating surplus at the end of the 2021 financial year and prior years along with the increased movement of the defined benefit pension plan.

Statement of Financial Performance

Donations

Donations were \$174,547 higher than budget (none were budgeted) 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 \$97,690 as the role for the general manager had not been filled and a few staff members resigned towards the end of the year.

Other Expenses

Other Expenses appear to be over-budget by \$149,607, however, the cost for other expenses were amalgamated with supplies and consumables expenses at the time the budget was being prepared. Other Expenses consist of professional services, building and vehicle maintenance and liability insurance.

Supplies and Consumables

Supplies and Consumables appear to be under-budget by \$41,794; however, the total budget for both Other Expenses and Supplies and Consumables was \$351,586 and therefore, the net over-budget for both expenses are \$107,814. The budget did not anticipate increased expenditures for COVID-19 supplies such as food, cleaning supplies, household supplies and lateral flow tests. The increase in COVID-19 supplies was a result of the Frances Bodden Children's Home being in quarantine for approximately two months.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES (CAYS)
FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2021**

Note 19: Comparison of the approved budget versus actual budget (continued)

Depreciation

Depreciation was under budget by \$3,568. Although CAYS acquired/obtained additional assets throughout the year, depreciation for majority of the additional assets obtained commenced towards the end of the year.

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. These financial statements were authorized for issue on 30 April 2022.