



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2022**

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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 2022 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 (FBCH) 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 2022 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.

CAYS Foundation adopted a Trauma Informed approach to looking after young people in our care. As part of the CAYS 5-Year Strategic Plan, we stated that we will provide services “within safe, structured, nurturing and trauma informed residential settings”. Education and training provided by our expert partners has produced a shift in the approach of our caring adults and how we have supported residents whilst they resided with us, and beyond. The work we focus on seeks to build resilience to mitigate the long-term effects of the individual residents Adverse Childhood Experiences (ACEs).

Throughout the year the young people at CAYS 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 program, 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 at the different facilities. They continued to grow and harvest crops such as callaloo, hot pepper, bell pepper, seasoning pepper, cucumber, tomato, scallion, pumpkin, and sorrel. We recognized the importance of spiritual development for the young people, so we ensured that they had the opportunity to attend Church, if not in person, then online, at least twice per month. Church programs continued to be a huge supporter of CAYS Foundation. The residents attended weekly Art classes offered through the National Gallery Art Outreach program and also had the benefit of a visit to the Governor’s House, where they received some cooking lessons from the Head Chef.

As well as with social engagements, recreational outings and spiritual development, we recognized the importance of our young people reaching their academic goals. CAYS’ own Teachers supported young people who were out of education for a variety of reasons whether this be on a short term or longer-term basis. Where our young people attended mainstream education, we built and maintained strong relationships with our colleagues in the schools to ensure we were aware of and supported their educational needs like any good parent does.

The therapeutic care we provided and facilitated, and the work with partners in Education was complimented by providing 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, utilities, pet grooming, food service and retail industries. The sense of achievement and the self-esteem built through earning their own money and being part of a working team continued to be of great benefit to the young people.

We continued to develop our care planning with support from expert partners. Psychotherapy for Adolescents Reacting to Chronic Stress (SPARCS) and Dialectical Behaviour Therapy Group Training (DBT) continued to be a therapeutic option for us and we continued to put members of our team forward to training in this. 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 caring adults assisted in meeting their needs.

As well as working with individuals, we had regular Group Meetings at the different services. These were centered on self-awareness in making good choices, life skills and positive self-identity, processed their feelings, team building and processed weekly goals and challenges.

CAYS Foundation continued our journey towards becoming a trauma informed care service, moving on to TIC Level 3 training for all of our staff in 2022. In keeping with this developmental process, we have been 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. We have also looked at the environments themselves and how we can make them feel more comfortable and homely rather than institutionalized. We are aware that details like this can have a settling affect on the young people and send subconscious messages that they are loved and cared for.

To complement the approach in the Home and the developed practice, most of our young people attended 1-1 sessions with their respective counsellors. Key adults are often part of this therapeutic session, depending on its nature, which helped to build the relationship, improved communication between services and provided better overall support for the young person. In 2022, CAYS 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.

The ultimate goal during the year continued to be that CAYS Foundation supported 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. If this is not an option for the young person, or it is felt that they are at an age and stage where a level of independent living is more suitable, again, we sought to prepare them for this transition and continued to support it after the young person no longer resided with us. CAYS Family Support Counsellor continued to build relationships with the young person and their family from the moment they come into our care. For a period of up to 3 months (or longer if deemed necessary) after they successfully transitioned out of our care, the Family Support Counsellor continued to work with the family and the young person to maintain their relationships.

CAYS Foundation worked hard to provide other positive opportunities for engagement with the families of our young people. In 2022, there were 12 parenting 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, amongst others. These sessions

were open to all parents of past and present residents. The service built on the importance of family, community and positive memory making, through organized social events at the Homes. In 2022, a Valentine's Dance was hosted as well as a Family Fun Day and a Christmas Party.

Further opportunities for our young people to thrive were facilitated through engagement with same aged peers in the community at sports and social clubs. Softball, Basketball and other such sports clubs are amongst the most popular pass times our residents took part in. This, along with a group of residents who largely attended mainstream education provision, served to orientate the young people in their community and exposed them to life outside that of residential care. The Summer Program for 2022 complemented 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. Particular highlights were the Fashion Camp and the fitness program generously provided by a professional coach in the community. 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.

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.

Aftercare support and life skills to the parents, guardians and families as a whole, was provided up to six months after a resident was discharged 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.

Whilst CAYS continued to achieve our goals in 2022, we are entering into a period of transition and development of our services. The early seeds have been sewn as we continue on our journey to becoming a Trauma Informed service for our young people. Trauma Informed Care is widely recognized as the gold standard for residential childcare across the globe and so it is important that Cayman's young people receive the benefit of this expertise. Paralleled with this process of developing staff to a high standard of knowledge and education, we will be looking to develop our facilities to match. We know that young people thrive more in smaller, more homely residences with ample support from caring adults to meet their physical, emotional and mental health needs. This is our aim for the coming months and years.

Bonaventure Boys' Home – Operational Point of View

For a number of months, edging into years, CAYS Foundation and the Department of Children And Family Services (DCFS), has noticed a downwards trend in the number of referrals for young men to the Bonaventure Boys' Home facility, from the courts, on a Youth Rehabilitation Order. It could be suggested that this is due to several factors including community-based interventions led by DCFS and sentencing policy from the Courts. Nevertheless, it has ultimately meant that the Boys' Home has been operating at low numbers of residents until the point where it has become empty.

As part of our purchase agreement with the Government, and to meet the needs of the youth on the Island, the service that Bonaventure Boys' Home provides, must remain as an available resource to DCFS and the Courts at relatively short notice. This means maintaining the building and retaining a staff team. Often, there is little to no warning that a young man is to come into our care and so we must be in a position to respond. December 2022 presented this challenge when, after over a month of the service being empty, we had a young man come into our care five days before Christmas.

As opposed to the dwindling referrals of young men to Bonaventure, the number of referrals of young ladies on a Care and Protection basis has been steadily high. This has meant that the Frances Bodden Children's Home has been regularly oversubscribed. Often the young ladies who are referred have a range of complex needs and require a high degree of support which is difficult to provide on a large scale in one Home. In discussions with DCFS, and in consultation with the Ministry, CAYS has sought to use its facilities wisely, Bonaventure Boys' Home included, to meet the needs of our young people. Likewise, the staff team has been redeployed to create balanced teams looking after the young men and ladies on Care and Protection orders.

The ability to use CAYS Facilities to respond to the individual needs of the young people has been key to recent successes and progressions in care plans for the young people. With limited resources in the Cayman Islands for young people at risk, in our view, it seems sensible to allow flexibility based on the changing needs of the young people. DCFS and the Ministry are key partners in the decision making around the use of the facilities.

Performance Targets

FINANCIAL PERFORMANCE MEASURE	Ownership Agreement 2022 Budget \$ 000'S	2022 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	-	134
SURPLUS/DEFICIT FROM OUTPUTS	3,100	3,234
OTHER EXPENSES	(3,899)	(3,100)
NET SURPLUS DEFICIT	(799)	134
TOTAL ASSETS	1,219	2,171
TOTAL LIABILITIES	107	104
NET WORTH	1,112	2,066
CASH FLOWS FROM OPERATING ACTIVITIES	(712)	475
CASH FLOWS FROM INVESTING ACTIVITIES	(179)	(62)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
CHANGE IN CASH BALANCES	(342)	412

FINANCIAL PERFORMANCE RATIO	Ownership Agreement 2022 Budget %	2022 Actual %
CURRENT ASSETS: CURRENT LIABILITIES	5.6:1	15.3:1
TOTAL ASSETS: TOTAL LIABILITIES	11.4:1	20.8:1

Performance Targets

HUMAN CAPITAL MEASURES	Ownership Agreement 2022 Budget \$ 000'S	2022 Actual \$000'S
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	50	42
STAFF TURNOVER (%)		
SENIOR MANAGER	0%	4.76%
PROFESSIONAL AND TECHNICAL STAFF	0%	9.5%
ADMINISTRATIVE STAFF	0%	2.38%

PHYSICAL CAPITAL MEASURES	Ownership Agreement 2022 Budget \$ 000'S	2022 Actual \$000'S
VALUE OF TOTAL ASSETS	2,019	2,171
ASSET REPLACEMENTS: TOTAL ASSETS	0.53:1	1.88:1
BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	0.53:1	0.53:1
DEPRECIATION: CASH FLOW ON ASSET PURCHASES	0.49:1	0.99:1
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 2022

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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 2022.

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 2022;
- (b) fairly reflect the financial position as at 31 December 2022 and performance for the year ended 31 December 2022; 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.

A blue ink signature of Garth Arch, consisting of a stylized 'G' followed by a horizontal line.

Garth Arch
Chairman

Date: April 29, 2023

A blue ink signature of Keith Boyle, featuring a stylized 'K' and 'B'.

Keith Boyle
General manager

Date: April 29, 2023

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, 2022 and the statement of financial performance, statement of changes in net worth and cash flow statement for the year then ended, 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, 2022, and its financial performance, and its cash flows for the year then ended 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.



Patrick Smith, CPA, CFE
Acting Auditor General

29 April 2023
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022
Expressed in Cayman Island Dollars

		2022	2021	Approved Budget	Budget Variance (Actual vs Approved)
	<i>Note</i>				
Current Assets					
Cash and cash equivalents	2, 19	1,329,133	916,726	341,726	987,407
Trade receivables	3, 19	262,796	516,666	258,333	4,463
Prepayments	19	6,861	9,125	2,643	4,218
Total Current Assets		1,598,790	1,442,517	602,702	996,088
Non-Current Assets					
Pension surplus	16, 19	58,000	62,000	51,000	7,000
Property, plant and equipment	4, 19	514,077	510,342	564,965	(50,888)
Total Non-Current Assets		572,077	572,342	615,965	(43,888)
Total assets		2,170,867	2,014,859	1,218,667	952,200
Current Liabilities					
Trade payables	19	20,307	25,791	13,238	7,069
Other payables and accruals	19	66,598	37,300	71,404	(4,806)
Unearned revenue	7, 19	-	-	-	-
Employee entitlements	5, 19	17,420	13,179	22,250	(4,830)
Total Current Liabilities		104,325	76,270	106,892	(2,567)
Total Liabilities		104,325	76,270	106,892	(2,567)
Net Assets		2,066,542	1,938,589	1,111,775	954,767
NET WORTH					
Contributed capital		466,667	466,667	466,667	-
Accumulated surpluses	19	1,599,875	1,471,922	645,108	954,767
Total Net Worth		2,066,542	1,938,589	1,111,775	954,767

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 2022
Expressed in Cayman Island Dollars

		2022	2021	Approved Budget	Budget Variance (Actual vs Approved)
	<i>Note</i>				
Operating Revenue					
Outputs to Cabinet	6	3,100,000	3,100,000	3,100,000	-
Donations	19	133,940	174,547	-	133,940
Total Revenue		3,233,940	3,274,547	3,100,000	133,940
Operating Expenses					
Personnel costs	8, 19	2,615,157	2,611,587	3,282,983	(667,826)
Other expenses	9, 19	153,263	149,607	215,845	(62,582)
Supplies and consumables	10, 19	269,466	309,792	312,338	(42,872)
Depreciation	4, 19	62,101	55,521	88,017	(25,916)
Total operating expenses		3,099,987	3,126,507	3,899,183	(799,196)
Surplus/(Deficit) for the year		133,953	148,040	(799,183)	933,136

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 2022
Expressed in Cayman Island Dollars

	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 year 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
	Accumulated Surplus	Contributed Capital	Total Net Worth	Approved Budget	Budget Variance (Actual vs Approved)
Balance at 01 January 2022 brought forward	1,471,922	466,667	1,938,589	1,342,470	596,119
Remeasurement of net defined benefit asset	(6,000)	-	(6,000)	-	(6,000)
Surplus/(deficit) for the year 2022	133,953	-	133,953	(799,182)	933,135
Net revenue and expenses for the year	127,953	-	127,953	(799,182)	927,135
Balance at 31 December 2022	1,599,875	466,667	2,066,542	543,288	1,523,254

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 2022
Expressed in Cayman Island Dollars

	2022	2021	Approved Budget	Budget Variance (Actual vs Approved)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES				
<i>Receipts</i>				
Outputs to Cabinet	3,353,870	2,853,774	3,100,000	253,871
Other receipts	130,540	134,039	-	130,540
<i>Payments</i>				
Personnel costs	(2,612,916)	(2,621,658)	(3,283,983)	671,067
Suppliers	(396,651)	(487,432)	(528,183)	131,531
Net cash flows from/(used in) operating activities (see Note 11)	474,843	(121,277)	(712,166)	1,187,009
CASH FLOWS USED IN INVESTING ACTIVITIES				
Purchase of property, plant and equipment	(62,436)	(63,389)	(179,100)	116,664
Net cash flows used in investing activities	(62,436)	(63,389)	(179,100)	116,664
Net increase/(decrease) in cash and cash equivalents	412,407	(184,666)	(891,266)	1,303,673
Cash and cash equivalents at beginning of year	916,726	1,101,392	1,232,992	(316,266)
Cash and cash equivalents at end of year	1,329,133	916,726	341,726	987,407

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

During the year, property, plant and equipment of \$3,400 (2021: \$30,946) were obtained from donations but had no cash flow impact.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Description and principal activities

Children and Youth Services Foundation ("CAYS"/the "Foundation") is a non-profit Cayman Islands Government ("Government") owned entity as defined by section 2 of the *Public Management and Finance Act (2020 Revision)* and it is domiciled in the Cayman Islands. It is established as a local company limited by guarantee with Cayman Islands Government as Guarantor. CAYS' objectives are to manage and operate the youth rehabilitation, youth-at-risk, care and reporting facilities owned by the Government and to prepare and provide programmes of rehabilitation, education and social development skills for delinquent and at-risk children.

Note 1: Significant Accounting Policies

In conformity with the *Public Management & Finance Act (2020 Revision)*, these financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars which is the functional currency and are prepared on the accrual basis of accounting, unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis. These financial statements have been prepared on a going concern basis.

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2022 have not been early adopted by CAYS

Certain new accounting standards have been published that are not mandatory for the 31 December 2022 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 end of the financial year 2023.

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 recognized 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 end of the financial year 2023.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

(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 FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

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 | 4 years/ Lease agreement period of 25 years |
| • Computer Equipment | 3 years |
| • Office equipment and furniture | 4 years |
| • Motor vehicles | 4 years |

Disposals

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

(i) Employee Benefits

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

(j) Financial Instruments

CAYS is party to financial instruments as part of its normal operations. When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as an expense in the Statement of Financial Performance.

Classification

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

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of trade payables, other payables and accruals and employee entitlements.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 1: Significant Accounting Policies (continued)

Recognition

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

Measurement

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

Financial liabilities are subsequently measured at amortized cost, being the amount at which the liability was initially recognised less any payment plus any accrued interest of the difference between that initial amount and the maturity amount.

De-recognition

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

(k) Contingent Liabilities and Assets (including guarantees)

Contingent liabilities and assets are reported at the point the contingency becomes evident. Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are disclosed if it is probable that the benefits will be realized.

(l) Foreign Currency

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

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

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

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

Note 1: Significant Accounting Policies (continued)

(m) Budget amounts

The original budget amounts for the financial year are as presented in the 2022 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 cover a budget period of two financial years. The 2022-2023 Ownership agreement covers the two financial years commencing 1 January 2022 to 31 December 2023. During the two-year period, funds can be transferred between the financial years. Unused appropriations from the 2022 budget can be carried over to 2023 to increase budgeted amounts. The 2022-2023 appropriations will lapse at the end of the budget period ending 31 December 2023. Any surplus at the end of the budget period will be repayable to Government.

(n) Trade payables, other payables and accruals

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

Note 2: Cash and cash equivalents

Cash and cash equivalents include cash on hand and bank accounts in the name of CAYS maintained at Cayman National Bank. As at 31 December 2022, CAYS' cash balances were \$1,329,133 (31 December 2021: \$916,726). No restricted cash balances were held by CAYS at 31 December 2022 (31 December 2021: \$Nil).

Note 3: Trade receivables

At year end, all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on estimated losses for CAYS and review of specific debtors. Estimated 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 2022 (31 December 2021: \$Nil).

	2022	2021
Debtors	262,796	516,666
Less: Provision for doubtful debts	-	-
	<u>262,796</u>	<u>516,666</u>
Debtor Aging		
	2022	2021
Current	805	258,333
1-30 Days	258,333	-
31-60 Days	804	258,333
61-90 Days	1,078	-
> 90 Days	1,776	-
Total	<u>262,796</u>	<u>516,666</u>

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 4: Property, plant, and equipment

COST

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	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

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	Total
Balance as at 1 January 2022	77,310	30,432	103,454	142,114	547,226	900,536
Additions	-	900	-	29,598	35,338	65,836
Disposals	-	-	-	-	-	-
Balance as at 31 December 2022	77,310	31,332	103,454	171,712	582,564	966,372

ACCUMULATED DEPRECIATION

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	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
Elimination 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

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	Total
Balance as at 1 January 2022	57,324	22,100	88,182	72,098	150,490	390,194
Depreciation	7,985	5,916	5,804	19,354	23,042	62,101
Elimination on Disposal	-	-	-	-	-	-
Balance as at 31 December 2022	65,309	28,016	93,986	91,452	173,532	452,295

Net Book value 31 December 2021	19,986	8,332	15,272	70,016	396,736	510,342
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Net Book value 31 December 2022	12,001	3,316	9,468	80,260	409,032	514,077
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The gross amount of fully depreciated property, plant and equipment that are still in use is \$259,852 (2021: \$233,500). Of the additions in the year \$3,400 (2021: \$30,946) were from donations and had no cash flow impact.

Note 5: Employee entitlements

Employee entitlements outstanding as at 31 December 2022 were \$17,420 (2021: \$13,179), which consisted of an accrual for annual leave and time off in lieu (TOIL). As at 31 December 2022, the accrual for TOIL amounted to \$12,897 (2021: \$1,853) and the accrual for vacation amounted to \$4,523 (2021: \$11,326).

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

Note 6: Outputs to Cabinet

During the financial year ended 31 December 2022, outputs to cabinet of \$3,100,000 (31 December 2021: \$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 2022 is \$Nil (31 December 2020: \$ Nil).

Note 8: Personnel costs

	2022	2021
Salaries, wages and allowances	2,000,656	2,041,677
Health Care	381,800	324,259
Defined pension contribution	232,701	245,651
Total	2,615,157	2,611,587

Note 9: Other expenses

	2022	2021
Professional Services	28,000	58,861
Maintenance	57,511	52,432
Operational	53,101	27,400
Resident expenses	14,651	10,914
Total	153,263	149,607

Note 10: Supplies and consumables

	2022	2021
Utilities	114,583	104,483
Resident supplies	87,895	95,596
Resident programs	11,684	2,539
Operational supplies	55,304	107,174
Total	269,466	309,792

Certain comparative figures have been reclassified to conform to the current year presentation.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	2022	2021
Surplus / (deficit) for the period	133,953	148,040
Non-cash movements:		
Pension interest income	(2,000)	(1,000)
Donation in kind income	(35,007)	(63,246)
Donation in kind expense	31,607	32,738
Depreciation expense	62,101	55,521
Decrease/(increase) in trade receivables	253,871	(246,226)
Decrease/(increase) in prepayments	2,263	(6,482)
(Decrease) /Increase in trade payables	(5,484)	12,553
Increase/(decrease) in other payables	29,298	(34,104)
Increase/(decrease) in unearned revenue	-	(10,000)
Increase/(decrease) in employee entitlements	4,241	(9,071)
Net cash flows from/(used in) operating activities	474,843	(121,277)

Note 12: Contingent liabilities and assets

During the year ended December 31, 2021, an incident occurred at one of the Homes operated by CAYS Foundation. The investigation has since been closed and the outcome did not result in any provisions or contingent liabilities, or assets being recorded as at December 31, 2022.

Note 13: Commitments

As at 31 December 2022, CAYS had no capital, non-cancellable lease or other financial commitments (31 December 2021: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

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. The policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs) was issued in 2018 with an effective date of 1 January 2019 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 was thereby approved for future years unless CAYS Foundation finances change substantially at which time CAYS should re-apply. Cabinet granted approval pursuant to section 39(2) of the Public Authorities Act 2020, to exempt Statutory Authorities and Government Owned Companies from paying-over to Core Government surplus cash reserves for a period of more than ninety days as at December 31st.

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 Investment, Innovation and Social Development (the 'Ministry') for the purchase of its services in accordance with the purchase agreement with the Government. For the year ended 31 December 2022, CAYS billed \$3,100,000 (2021: \$3,100,000). Of the billed amount, \$258,333 was receivable at year end (2021: \$516,666).

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 Cayman Islands Government free of charge. As indicated in the approved 2022 Ownership Agreement, 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 goods and services it has received from Government related parties for the 2022 and 2021 fiscal years and have not been recorded.

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 2022 fiscal year, CAYS had not filled the role for a General Manager, considered the only key management personnel, after January 2020.

Board of Directors

No stipend is paid to any of the members of the board of directors (2021 \$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 FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 parts as explained below. Each employee is enrolled in either of the Plan's parts. 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 deficit 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 parts. Participants that joined after April 14, 1999, become members of the defined contribution element.

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, 2022 the amount of \$232,701 (2021: \$245,651) 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 PSPB and are recognised as 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 CAYS through 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 2022. 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 current year or are expected in future years.

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Table	(\$000's)	2022	2021
	P&L Charge/(credit)	(2)	(1)
	Changes in net worth	(6)	(12)
A.	Defined Benefit Obligation at end of year	22	35
B.	Fair Value of Plan Assets	(80)	(97)
C.	Net liability/ (asset) at the year end	(58)	(62)
D.	Components of Defined Benefit Cost	(8)	(13)
	Composite discount rate at year-end for all plans	5.4%	2.9%
A.	Change in Defined Benefit Obligation	2022	2021
	Defined Benefit Obligation at end of prior year	35	37
	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)	(16)	(3)
	Remeasurements (Effect of Experience Adjustments)	2	(1)
	Defined Benefit Obligation at end of the year	22	35
B.	Change in Fair Value of Plan Assets	2022	2021
	Fair Value of Plan Assets at Beginning of Year	97	86
	Interest Income	3	2
	Employer Contributions	-	-
	Participant Contributions	-	-
	Adjust of prior years' cash flows allocations	-	-
	Remeasurements (Return on plan assets)	(20)	9
	Fair Value of Plan Assets at the end of the year	80	97
C.	Amounts Recognized in the Statement of Financial Position	2022	2021
	Defined Benefit Obligation	22	35
	Fair Value of Plan Assets	(80)	(97)
	Net liability (Asset) at the end of the year	(58)	(62)
D.	Components of Defined Benefit Cost	2022	2021
1	Service Cost	-	-
2	Net Interest Cost	(2)	(1)
3	Remeasurements of Other Long Term Benefits	-	-
4	Defined Benefit Cost Included in Surplus (deficit)	(2)	(1)
5	Remeasurements in changes in net worth	6	(12)
	Total defined benefit gain	4	(13)

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

	2022	2021
	\$'000	\$'000
Statement of financial position:		
Defined benefit obligation at end of period	22	35
Fair value of plan assets at end of period	(80)	(97)
Asset in the statement of financial position	(58)	(62)
Statement of Financial Performance income included in deficit for the period:		
Defined pension benefits – service cost, interest expense and interest income	2	1
Statement of Changes in Net Worth gains/(losses):		
Defined pension benefits – re-measurements on returns and assumptions	(6)	12

The principal actuarial assumptions at the date of valuation:

	2022	2021
	%	%
1. Discount Rate	5.40	2.90
2. Rate of price inflation	2.00	2.00
3. Rate of pension increase	2.00	2.00
4. Post-employment mortality table – 2022 : RP-2014 scaled back to 2006 using MP-2014 then generationally projected from 2006 using Scale MP-2021. (2021 : 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 2022 and 31 December 2021 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2022			
	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 5.4%	Decrease by 5.4%
Mortality*	10%	Decrease by 5.4%	Increase by 5.4%

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%

* The assumed life expectancy of a person retiring today at age 57 per the 2022 report is 28.69 (2021: 28.61).

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2022

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

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:

	2022	2021
Global Equity Securities	81%	82%
Debt securities	18%	17%
Cash and Receivables	<u>1%</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

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

Asset Volatility

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

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

Changes in bond yields

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

Inflation Risk

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

Life Expectancy

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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 (2022: \$258,333 2021: \$516,666). 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 (2022: \$104,325 2021: \$76,270) 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 Government 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.

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

19a) Reconciliation of actual versus budget

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

Statement of Financial Position:

Financial Statement (FS) Caption	Approved Budget Caption	FS Actual	Approved Budget	Actual vs Budget Variance
Cash and cash equivalents	Cash and cash equivalents	1,329,133	341,726	987,407
Trade receivables	Trade receivables	262,796	258,333	4,463
Prepayments	Prepayments	6,861	2,643	4,218
Pension Surplus	Pension Plan Surplus	58,000	51,000	7,000
Property, plant and equipment	Property, plant and equipment	514,077	564,965	(50,888)
Trade payables	Trade payables	20,307	13,238	7,069
Other payables and accruals	Other payables and accruals	66,598	71,404	(4,806)
Unearned revenue	Unearned revenue	-	-	-
Employee entitlements	Employee entitlements	17,420	22,250	(4,830)
Accumulated surpluses	Accumulated surpluses/(deficits)	1,599,875	645,108	954,767

Statement of Financial Performance:

Financial Statement (FS) Caption	Approved Budget Caption	FS Actual	Approved Budget	Actual vs Budget Variance
Donations	Donations	133,940	-	133,940
Personnel Cost	Personnel Cost	2,615,157	3,282,983	(667,826)
Other Expenses	Other Expenses	153,263	215,845	(62,582)
Supplies and consumables	Supplies and consumables	269,466	312,338	(42,872)
Depreciation	Depreciation & Amortisation	62,101	88,017	(25,916)

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 \$987,407. This is primarily due to surplus achieved for the financial year 2022 and 2021 of \$133,953 and \$148,040 respectively which was not budgeted. Contributing to the surplus is the actual donations received which were unbudgeted of \$133,940, as well as savings in the various expense categories including salaries. Savings were made in salaries due to various positions not filled during the year. Cash is also higher than budget due to trade receivables being received earlier than prior year, an additional \$258,333 was received at the year end.

Prepayments

Prepayments were over budget by \$4,218 as there were additional 2023 invoices paid in December 2022.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Pension Surplus

The surplus has increased due to a decrease in the defined benefit pension obligation as a result of remeasurements during the year which arose due to difference in the actual vs budgeted assumptions.

Property Plant and Equipment

Property Plant and Equipment is under budget by \$50,888 as the amount budgeted to purchase new fixed assets was not fully used. Additions were under budget by \$116,664, this was due to a change of plans in the organisation as CAYS wanted to fill the general manager role before making additional PPE purchases as the general manager would be the person who will oversee the purchase of new PPE.

Trade Payables

Trade payables were over budget by \$7,069 as there were increased costs in December than budgeted for. Additionally trade payables are higher due to timing differences in payments therefore making cash held at the year end also higher.

Other Payables and Accruals

Other payables and accruals are under budget by \$4,806 as costs of certain expense items were less than expected.

Employee Entitlements

Employee Entitlements were under budget by \$4,830 as the accrual for annual leave and TOIL were less than budgeted for. In previous years, accumulated TOIL was quite excessive and as such, management has been closely monitoring TOIL to reduce the TOIL hours as much as possible. Additionally, due to the compliance with COVID19 social distancing protocol, management ensured TOIL hours were utilised to accommodate social distancing within the Homes.

Accumulated surpluses

The increase in accumulated surplus is due to the operating surplus at the end of the 2022 and 2021 financial year.

Statement of Financial Performance

Donations

Donations were budgeted at zero as donations are not guaranteed and are generally one-off items, which do not repeat from year to year, leaving little correlation from one year to the next.

Personnel Costs

Personnel costs were under budget by \$667,826 as the role for the General Manager and 3 other positions had not been filled and a few staff members resigned (which included 2 Managerial positions) and/or terminated. Due to reduced staffing, pension and health insurance expenses also decreased. There was a head count of 45 employees at the end of 2021 and 42 employees at the end of 2022.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2022**

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

Other Expenses and Supplies and Consumables

The accumulated differences for both Other Expenses and Supplies and Consumables are under budget by \$105,454. This is due to decreased expenditures in the Bonaventure Boys' Home as this home was mostly vacant in 2022.

Depreciation

Depreciation was under budget by \$25,916. CAYS did not purchase as many assets as budgeted for in 2022, therefore depreciation expense is under budgeted. PPE additions were under budgeted by \$116,664.

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 as at April 29, 2023, which is the date at while the financial statements were approved for issuance.