



**Sister Islands Affordable Housing
Development Corporation**



ANNUAL REPORT

For the Year Ended 31 December 2022

MINISTRY OF DISTRICT ADMINISTRATION & LANDS

Welcome



GENERAL NATURE OF ACTIVITIES

The Sister Islands Affordable Housing Development Corporation activities involve being an important factor in the economic development of the Cayman Islands by providing affordable homes to Caymanians in the Sister Islands.

Address: Avistar Building, West End | Telephone # 345-948-8177



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FOREWORD BY THE CHAIRMAN

The 2022 financial period was a quiet year for The SIAHDC as no contracts for houses for construction in the 2022 year were entered into, and no contracts for the year were approved; therefore, no construction was undertaken. This is mainly a result of the continued economic effects stemming from the COVID-19 pandemic.

The Board takes the lead on setting the values and strategic direction in delivering the highest standards of customer service while meeting the accountability and transparency requirements of the Cayman Islands Government.

Many factors beyond the control of The SIAHDC influence its deliverables, with the main one being the number of eligible individuals that approach the Corporation to purchase a house.

Cayman Brac's population of about 2000 has held steady with very little change over the past four (4) decades. This limits the potential for housing growth at The SIAHDC, although it has tried to maintain a steady delivery of two (2) to four (4) houses per year, and hope to be on target for the coming year.

Currently, Little Cayman's population has limited need with a population of about two hundred (200).

We as board members feel great satisfaction when a home has been completed and handed over to the new home owner. We feel we have positively influenced the standard of living for many Sister Islands residents through this programme where they are able to provide a clean and safe environment for their families to live and grow.



Dave Tatum

Chairperson & Director

STRATEGIC GOALS

- To become a well-structured, efficiently managed organization that is fair and prudent in its processing and selection of eligible applicants for the affordable homes offered by the Corporation.
- To identify the housing needs of Caymanians in the Sister Islands and to continue developing affordable homes to meet these needs and which will contribute to the economic development of the Sister Islands.

*“...to contribute
to the economic
development of
the Sister
Islands...”*



OBJECTIVES



Where necessary, to seek out additional funding for future development of affordable housing that have been identified as an imperative need in the economic development of the Sister Islands.



To continue a close working relationship with the local construction industry in the Sister Islands.



To develop new homes for the households in the Sister Islands community.



To ensure that the Sister Islands Affordable Housing Development Corporation is managed in an efficient and prudent manner.



*Acting Chief Officer making a presentation

VISION & VALUES

- The SIAHDC's vision is to be recognised as one of the best social housing development businesses in the Cayman Islands, providing high quality affordable built houses as great homes for Cayman Brac and Little Cayman communities.

INTEGRITY



SIAHDC as a Government Company will work to the highest ethical standards as it provides affordable housing service to the communities of Cayman Brac & Little Cayman.

DIVERSITY



SIAHDC will promote equality and fair treatment for all, treating its customers and stakeholders with decency and respect.

OPENNESS



SIAHDC will be open about its work and share information with all its stakeholders.

ACCOUNTABILITY



SIAHDC will be accountable to its stakeholders and will work with them to meaningfully influence our priorities.

CLARITY



SIAHDC will be consistently clear about its vision, values and strategy.

EXCELLENCE



SIAHDC will aspire to be the best in providing quality customer services and standards of performance.

ESTABLISHMENT & PRINCIPAL ACTIVITIES

The Sister Island Affordable Housing Development (“SIAHDC”) was incorporated as a non-profit company on 1 June 2006 and is a wholly-owned Government entity.



The main purpose of The SIAHDC is to promote affordable home ownership on Cayman Brac and Little Cayman. Two properties are currently owned in Cayman Brac: Watering Place and West End Communities. Four (4) homes have been built in Watering Place with space for thirteen (13) more homes to be built and twenty one (21) homes have been built in West End with space for twenty to forty more homes to be built.



The SIAHDC aims to provide quality concrete construction freehold homes which are owned outright by the successful applicants.

SIAHDC works closely with the Public Works Department and the Ministry of District Administration & Lands to ensure the aim is met.



The SIAHDC operates under the parameters of the Public Management Finance Act and Regulations (Revision 2020), and follows very closely the Ministry of District Administration & Lands, Procurement Policy, inclusive of ensuring value for money with the public tendering.

The financial statements are prepared in accordance with International Public Sector Accounting Standards.

See Appendix 1 for the audited financial statements for the year ended 31 December 2022.

GOVERNANCE

The SIAHDC operates with a set of By-Laws established in 2006. Its ten (10) member board is responsible for governance and overseeing the effective performance of the corporation. The SIAHDC is led by its Chairman, who is then supported by the Chief Officer or his Representative and the Chief Financial Officer or her Representative for the time being, for the Ministry with responsibility for District Administration & Lands, and also seven (7) other Directors appointed by the Chairman.

The Board meets regularly to consider key performance indicators affecting the health of the corporation and take corrective action as necessary, and held four meetings during the year. The majority of SIAHDC's board members are retired members of the Cayman Brac community. They are appointed with varying background inclusive of economics, accounting, banking, administration, architectural design, law, project management, and construction skills.

Board members are not compensated for their service in compliance with the By-Laws.

For this period the Board was comprised of the following directors:

➤ **Mr. Dave Tatum:** Chairperson & Director

➤ **Ms. Leila Elizabeth**

Hurlstone: Director

➤ **Mr. Garfield (Teddy)**

Ritch: Director

➤ **Ms Yvette Dilbert:**

Director

➤ **Mr. Robert Banks:**

Director

➤ **Mrs. Zanda McLean:**

Director

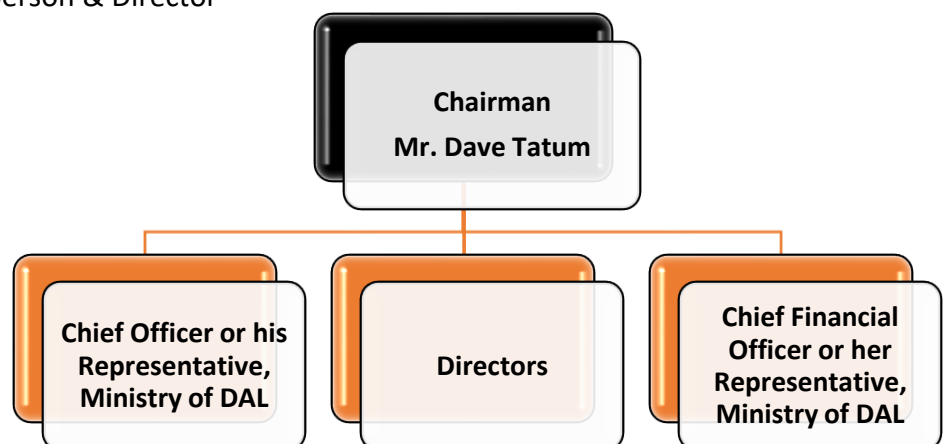
➤ **Chief Financial**

Officer or Designate

for the Ministry responsible for District Administration & Lands: Director (Ex-officio)

➤ **Chief Officer** or Designate for the Ministry responsible for District Administration & Lands: Director (Ex-officio)

➤ **District Commissioner:** Director (Ex-officio)





*Sister Islands Affordable Housing Development Board



**OUR TEAM HAS
DECADES OF
COMBINED
EXPERIENCE
AND COMES
FROM VARYING
BACKGROUNDS**



2022 HIGHLIGHTS & RISK MANAGEMENT

2022 Highlights

Summary of the major developments of The SIAHDC in the year to 31st December 2022 are outlined below:

- No major developments have occurred in 2022.

The SIAHDC was unable to meet the performance targets set out in the annual ownership agreement for financial year 2022, but will continue to meet the objectives for which it was expected in the coming year.

Risk Management

As an affordable housing provider, The SIAHDC considers all of its current activities to fall within its core business.

Key challenges facing The SIAHDC include those associated with limited population growth and relatively stagnant economic activity of Cayman Brac and Little Cayman. Tender Procurement Policy for Goods and Services, Cash Management Policy, Internal and External Audit compliances, and the employment of qualified professional support services contractors, all form part of the controls in place to ensure that current and emerging risks are managed.

Operational risks are reviewed regularly for all key areas of the business.

Key strategic goals for managing risk are as follows:

- Ensure that SIAHDC's Board Members have regular training on risk management and that there is a culture of constructive and open challenge within the boardroom.
- SIAHDC shall promote practices across the Corporation that establish an appropriate risk management within the day to day activities and culture of the Board.
- Ensure Hazard Management Plan/Disaster Plans are adhered to.

FINANCIAL PERFORMANCE AND ANALYSIS & LOOKING FORWARD

The Corporation was audited by the Office of the Auditor General and received an Unqualified Opinion (clean opinion).

Profit for the Year

The Corporation's expenses were the same as its revenue, reflecting a break-even performance for the year-ended December 31, 2022. This compared to a profit of \$22 thousand in 2021 which arose from a property revaluation adjustment in that year. The out-turn for the current year was approximately \$80 thousand better than the budgeted deficit of \$80 thousand, primarily due to the minimal operating cost which was incurred as no buildings were constructed during the year.

Operating cost of approximately \$45 thousand relate to the general administrative functioning of the Corporation was offset by revenue from outputs purchased by Cabinet of an equal amount.

Revenue

SIAHDC's sources of revenue are earned from the sale of housing units it produces; delivery of outputs to the Cayman Islands Government and interest income from fixed deposits held at Cayman National Bank.

Revenue for fiscal year 2022 was primarily comprised of Outputs purchased from Cabinet. However, revenue from housing sales is anticipated to materialize within the foreseeable future given the planned construction of affordable houses in ensuing years.

Expenditure

The SIAHDC largest expenditure was audit fees (\$25K), accounting, professional fees (\$8K) and rent (\$6K), all of which were budgeted and expected expenses.

Looking Forward

Looking forward into the short to medium-term, the corporation is relaunching its affordable housing programme in accordance with the Strategic Policy Statement 2022-24: Broad Outcome #3 - Providing solutions to improve the well-being of our people so they can achieve their full potential.

The Corporation plans to build 4 affordable houses by the end of 2023, 8 houses in 2024 and 4 houses in 2025.

The Ministry will assist the SIAHDC with the procurement processes to ensure best value for money is achieved on material and labour and facilitate the Corporation meeting its goals.

APPENDIX 1

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 31 December 2022

ANNUAL FINANCIAL STATEMENTS



Sister Islands Affordable
Housing Development Corporation

2022

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Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Sister Islands Affordable Housing Development Corporation (SIAHDC) in accordance with the provisions of the Public Management and Finance Act (2020 Revision) and International Public Sector Accounting Standards.

The Board of Directors accepts 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 the Board of Directors and Acting Chief Financial Officer, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorized by law, and properly record the financial transactions of the Sister Islands Affordable Housing Development Corporation.

As the Board of Directors and Acting Chief Financial Officer, we are responsible for the preparation of the Sister Islands Affordable Housing Development Corporation's financial statements and for the judgments made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net worth 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 Sister Islands Affordable Housing Development Corporation for the year ended 31 December 2022;
- b) fairly reflect the financial position as at 31 December 2022 and financial performance for the year ended 31 December 2022; and
- c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants.

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

Mr. Dave Tatum
Chairman, on behalf of the Board of Directors
Date: 24 April 2023

Mr. Gary Robinson
Acting Chief Financial Officer
Date: 24 April 2023

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Sister Islands Affordable Housing Development Corporation

Opinion

I have audited the financial statements of the Sister Islands Affordable Housing Development Corporation (the "Corporation"), which comprise the statement of financial position as at 31 December 2022 and the statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2022, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 25.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2022 and its financial performance and its cash flows for the year ended 31 December 2022 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to note 10 of the financial statements, which states that the Corporation did not build or sell any houses in 2022 even though its primary objective is to promote affordable home ownership for the Caymanian public in the Sister Islands. My opinion is not modified in respect of this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

AUDITOR GENERAL'S REPORT (continued)

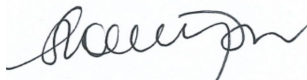
Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance 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

24 April 2023
Cayman Islands

Sister Islands Affordable Housing Development Corporation

Statement of Financial Position

As at 31 December 2022

(Expressed in CI\$'000)

	Notes	FY 2022 (Actual)	FY 2021 (Actual)
Assets:			
Current Assets:			
Cash and Cash Equivalents	3	497	589
Short Term Investments	3	256	256
Accounts Receivable and Prepayments	4	72	28
Security Deposits	5	1	1
Total Current Assets		826	874
Non - Current Assets:			
Property and Equipment	6	510	510
Total Assets		1,336	1,385
Liabilities:			
Current Liabilities:			
Audit Fee Payable		-	48
Trade Payables & Accruals		3	3
Total Current Liabilities:		3	51
Total Net Assets		1,333	1,333
Equity			
Accumulated Deficit			
At the beginning of the year	14	(971)	(993)
Profit for the year	14	-	22
At the end of the year		(971)	(971)
Revaluation Reserve	6	51	51
Capital Contribution		2,253	2,253
Total Owner's Net Worth		1,333	1,333

The accompanying notes on pages 9 to 25 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Statement of Financial Performance
For the Year Ended 31 December 2022
(Expressed in CI\$'000)

	Description	Notes	FY 2022 (Actual)	FY 2021 (Actual)
Revenue				
	Outputs to Cabinet	8	43	45
	Interest and Other Income	9	2	1
	Housing Sales	10	-	-
	Revaluation Gain	6	-	22
Total Revenues			45	68
Cost of Goods Sold:				
	Subcontractor Expenses		-	-
	Cost of Land	6,10	-	-
	Other Construction Costs		-	-
Gross Profit			45	68
Expenses				
	Rent Expense	11	6	6
	Audit Fees	7	25	25
	Accounting and Professional Fees		8	8
	Janitorial Services		2	2
	Utilities & Other Expenses	12	4	5
Total Expenses			45	46
Profit/(Deficit)			-	22

The accompanying notes on pages 9 to 25 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Statement of Cash Flows
For the Year Ended 31 December 2022
(Expressed in CI\$'000)

Description	Notes	FY 2022 (Actual)	FY 2021 (Actual)
Cash Flow from Operating Activities			
Profit/(Deficit) for Year		-	22
Adjustment for Revaluation Reserve	6	-	(22)
Increase in Accounts Receivable and Prepayments		(44)	(28)
Decrease in Trade and Audit Fee Payables & Accruals		(48)	(15)
Net Cash Used in Operating Activities		(92)	(43)
Reconciliation of Movement in Cash to Cash at End of Year			
Net Cash Movement During Year		(92)	(43)
Cash and Cash Equivalents at Beginning of Year		589	632
Cash and Cash Equivalents at the end of the Year		497	589

The accompanying notes on pages 9 to 25 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation

Statement of Changes in Net Worth

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

	Accumulated (Deficit)	Revaluation Reserve	Contributed Capital	Total
Balance at December 31st, 2020	(993)	-	2,253	1,260
Profit For the Year	22	-	-	22
Revaluation of Land	-	51	-	51
Balance at December 31st, 2021	(971)	51	2,253	1,333

	Accumulated (Deficit)	Revaluation Reserve	Contributed Capital	Total
Balance at December 31st, 2021	(971)	51	2,253	1,333
Profit For the Year	-	-	-	-
Revaluation of Land	-	-	-	-
Balance at December 31st, 2022	(971)	51	2,253	1,333

The accompanying notes on pages 9 to 25 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

1. Establishment and principal activities

The Sister Islands Affordable Housing Development Corporation (SIAHDC) was incorporated as a non-profit company on June 1st 2006 and is a wholly-owned Government entity.

The main purpose of the SIAHDC is to promote affordable home ownership on Cayman Brac and Little Cayman. Two properties are currently owned on Cayman Brac: Watering Place and West End with spaces for 13 homes and 20-40 homes respectively.

The SIAHDC constructs quality concrete construction freehold homes which are sold outright to the successful applicants. SIAHDC works closely with the Public Works Department and the Ministry of District Administration and Lands.

The main office is located at the Avistar Building III, Unit# 48, West End, Cayman Brac and the mailing address is P.O. Box 141, Cayman Brac KY2-2101.

2. Significant accounting policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board ("IPSASB").

(b) Basis of preparation

The financial statements have been prepared on the basis of historic cost modified for the revaluation of assets and the accounting policies have been consistently applied to all the years presented.

The financial statements are prepared on the going concern basis and are presented in Cayman Islands Dollars (CI) which is the functional currency.

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

Certain new accounting standards have been published that are not mandatory for the December 31st 2022 reporting period and have not been early adopted by the SIAHDC. The SIAHDC's assessment of the impact of these new standards is set out below.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

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, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.

It is anticipated that IPSAS 41 will not have a significant impact on the SIAHDC's financial statements. This will be assessed more fully in the next financial year.

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 a significant impact on the SIAHDC's financial statements. This will be assessed more fully in the next financial year.

IPSAS 43, Leases was issued in January 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. Inter alia, IPSAS 43 requires lessees to measure and account for the right-of-use asset and the lease liability; exemptions apply to short-term leases what will continue to be accounted for in the same manner that operating leases are accounted for under IPSAS 13. It is anticipated that IPSAS 43 will not have a significant impact on the SIAHDC's financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations was issued in May 2022 and shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 provides guidance on how to account for non-current assets when they are made available for sale on commercial terms; no such guidance existed prior to IPSAS 44. It is anticipated that IPSAS 44 will not have a significant impact on the SIAHDC's financial statements, but this will be assessed more fully closer to the effective date of adoption.

(c) Use of estimates

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of income and expense during the year. 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 could differ from these estimates.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(c) Use of estimates (continued)

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

(d) Changes in Accounting Policies

When presentation or classification of items in the financial statements is amended or accounting policies are changed, comparative figures are restated to ensure consistency with the current period unless it is impracticable to do so. There was no change to the accounting policies during the year ended December 31st, 2022.

(e) Budget amounts

The 2022/23 original budget was presented in the 2022/2023 Annual Budget Statement and approved by Parliament. There were no amendments to the original budget.

Explanations of material differences between original budget and actual amounts are provided as required by IPSAS 24 in Note 14.

(f) Reporting Period

The reporting period is the year ended December 31. There was no change in the reporting period from the prior year.

(g) Foreign currency translation

Financial assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statement date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Financial gains and losses arising on translation are included in the statement of financial performance.

(h) Cash and cash equivalents

Cash and cash equivalents include cash in bank accounts and fixed asset deposits with an original maturity of three months or less.

(i) Accounts receivable

Accounts receivable are recognized initially at fair value and are subsequently reviewed for impairment. Where there is objective evidence that a debt will not be collected by the SIAHDC according to the agreed terms, a provision for bad debts is established.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(j) Property and equipment

Fixtures and Equipment

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

Asset Type	Estimated Useful Life
Fixtures and Equipment	3 Years
Land	No depreciation is charged on land

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amounts. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

Construction in Progress

Construction in Progress represents housing construction projects which are not yet completed at the period end date. No depreciation is charged on work in progress assets which are not available for use. There was no construction in progress at December 31st 2022 (2021:\$Nil).

Land

Land was acquired from the Cayman Islands Government at no cost and recorded as a non- exchange transaction at the fair value at the date of acquisition. SIAHDC has elected to re-measure the land using the revaluation model every 3-5 years in accordance with IPSAS 17 Property, plant and equipment. If the carrying amount of the land increases as a result of a revaluation the increase is directly credited to the revaluation surplus. However, the increase shall be recognized in surplus or deficit to the extent that it reverses a revaluation decrease of the land previously recognized in surplus or deficit. If the carrying amount decreases as a result of a revaluation, the decrease is recognized in surplus or deficit. The decrease is debited directly to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in relation to land.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(j) Property and equipment (continued)

Upon the sale of a house, construction in progress and land are transferred to inventory at current carrying value and the corresponding revenue and cost of sales recognized in the statement of financial performance.

(k) Revenue recognition

The SIAHDC derives its revenue through the outputs from Cabinet and housing sales. Revenue is recognized at the fair value of consideration received or receivable.

(i) Housing Sales

Revenues from housing sales are revenue from exchange contracts. Revenue is recognized when significant risk and rewards of ownership have been transferred to the purchaser, revenue can be reliably measured, it is probable that the economic benefits will flow to the entity and the cost incurred in respect of each transaction can be reliably measured. The land is distributed at nil cost and no revenue is recognized.

(ii) Outputs from Cabinet

Revenue received from the Cabinet are recognized as revenue from exchange service contracts. Revenue is recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits or service potential will flow to the entity, the stage of completion of the transaction at the reporting date can be measured reliably. SIAHDC recognizes Revenue from Cabinet equal to its net general and administration expenses if it does not produce any outputs or does not produce sufficient outputs in a given year.

(l) Expenses

Expenses are recognized when incurred on the accrual basis of accounting. In addition, an expense is recognized for the consumption of the estimated fair value of contributed goods and services received and when an estimate can realistically be made.

(m) Operating lease

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized as expenses on a straight-line basis over the lease term.

(n) Financial Instruments

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

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(n) Financial Instruments (continued)

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments under conditions that are potentially favorable or an equity instrument of another enterprise. Financial assets are comprised of cash and cash equivalents, short-term investments, accounts receivable and interest receivable.

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 unfavorable. Financial liabilities are comprised of trade payables and accruals and audit fee payable.

i- Recognition

The SIAHDC recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument.

ii- 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 historical cost, which is considered to approximate fair value due to the short-term or immediate nature of these instruments.

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

iii- Derecognition

A financial asset is derecognized when the SIAHDC realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(o) Provisions and Contingencies

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(o) Provisions and Contingencies (continued)

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 not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Cash and cash equivalents and short-term investments

The Corporation maintains bank accounts at Cayman National Bank. As at 31 December 2022 the following balances were held:

Description	December 31 2022	December 31 2021	Change
Operating Account	36	129	(93)
Fixed Deposit	461	460	1
Total Cash & Cash Equivalents	497	589	(92)

No restricted cash balances were held by the SIAHDC as at December 31st 2022.

The short-term investments of \$256,000 (2021: \$256,000) are fixed deposits with an original maturity of more than three months. SIAHDC holds the short-term investments with Cayman National Bank.

4. Accounts Receivable and Prepayments

As at December 31st 2022 for accounts receivable and prepayments following balances were held:

	December 31 2022	December 31 2021	Change
Accounts Receivables			
- Cabinet Output Funding	68	28	40
Prepayments			
-Audit Fees	4	-	4
Total Accounts Receivable and Prepayments	72	28	44

5. Security Deposits

The SIAHDC entered into a rent agreement with the University College of the Cayman Islands - UCCI (Brac Campus) for accommodations (See Notes 11 & 13) in 2010. A rent deposit of \$500 was paid over to the Landlord, an amount which is refundable upon vacating the premises or the agreement coming to an end. Similarly, a deposit was paid over to Cayman Brac Power and Light of \$500 as required in their standard contract for the supply of electricity. Security deposits remained unchanged at \$1,000.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

6. Property and Equipment

Cost	Furniture & Fittings CI\$'000	Land CI\$'000	Construction in Progress CI\$'000	Total CI\$'000
Balance as at 1 January 2021	2	437	-	439
Revaluation of Land	-	73	-	73
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2021	2	510	-	512
Additions	-	-	-	-
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2022	2	510	-	512

Accumulated Depreciation	Furniture & Fittings CI\$'000	Land CI\$'000	Construction in Progress CI\$'000	NBV CI\$'000
Balance as at 1 January 2021	2	-	-	2
Depreciation	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 December 2021	2	-	-	2
Depreciation	-	-	-	-
Disposals	-	-	-	-
Balance as at 31 December 2022	2	-	-	2

	Furniture & Fittings CI\$'000	Land CI\$'000	Construction in Progress CI\$'000	NBV CI\$'000
Net Book Value as at 31 December 2021	-	510	-	510
Net Book Value as at 31 December 2022	-	510	-	510

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

6. Property and Equipment (continued)

The following properties are currently owned by SIAHDC. The properties were revalued by an independent valuator on 26 November 2021 in accordance with the Code of Measuring Practice issued by the Royal Institution of Chartered Surveyors. The valuation was performed for the financial year ended December 31st 2021. The effective date of the valuation was January 1st 2021.

Block/Parcel	Sq. Ft	Acre	As at 31 December 2020 CI\$'000	As at 31 December 2021 CI\$'000	Revaluation Surplus/ (Deficit) CI\$'000
96E 277REM1	439,956	10.1	157,000	230,000	73,000
96E 284	38,176	0.8764	-	-	-
96E 540	37,126	0.8523	-	-	-
106E 48	4,356	0.1	4,500	4,800	300
106E 49REM1	1,742	0.04	-	-	-
106E 175	10,018	0.23	18,250	18,300	50
106E 194	11,364	0.26	22,500	22,500	-
106E 196	13,636	0.3032	26,500	26,500	-
106E 197	11,818	0.2697	23,500	23,500	-
106E 198	11,818	0.2734	24,000	24,000	-
106E 199	41,068	0.9428	-	-	-
106E 201	10,682	0.244	21,500	21,500	-
106E 205	32,234	0.74	-	-	-
106E 206	10,014	0.2297	20,000	20,000	-
106E 207	10,014	0.2297	20,000	20,000	-
106E 208	10,014	0.2295	20,000	20,000	-
106E 209	9,773	0.2256	19,500	19,500	-
106E 210	9,773	0.2247	19,500	19,500	-
106E 211	9,773	0.2241	19,500	19,500	-
106E 212	10,277	0.2331	20,500	20,500	-
			436,750	510,100	73,350

Block 96E 284, 96E540 and 106E 205 are designated for public use and cannot be sold or developed. Due to the restricted use, the parcels are valued at zero. Parcel 106E 49REM1 provides a 16 feet Vehicular Right of Way to block 106E Parcels 48 and Parcel 106E 199 is a roadway linking Connor Drive, Brown Road and Leroy Tibbetts Drive and due to restricted uses the parcels are valued at zero. \$22,100 of the revaluation gain is recorded in the statement of financial performance as a reversal of a previously recognized revaluation deficit. The remaining \$51,250 was recorded as a revaluation reserve in equity.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

7. Audit Fees

This audit fee expenses of CI\$25,000 (2021: \$25,000), represents the audit fees due to the Office of the Auditor General for SIAHDC's 2022 audit. As of December 31st 2022, the audit fee payable to the Office of the Auditor General was NIL (2021: \$48,235).

8. Outputs to Cabinet

The SIAHDC provides general management and administration of affordable housing for the Cayman Islands Government. These services are based on terms outlined in the Annual Purchase Agreement. There were no houses built in the year December 31st 2022. Therefore, the revenue for the year was derived through outputs from the cabinet, which covers the general administration of SIAHDC, and interest income

9. Interest and Other Income

The SIAHDC receives interest on fixed deposit accounts held at Cayman National Bank. For the year ended December 31st 2022, SIAHDC earned a total of \$1,798 (2021: \$220) from fixed deposits.

10. Housing Sales

The SIAHDC earns income by selling the houses it produces. During the 2022 fiscal year, there were zero houses sold (2021: zero houses sold). Houses are sold based on the cost to construct. As at December 31st 2022, there were no units under construction (2021: zero units under construction).

The SIAHDC last completed and sold houses in 2018. Since then the Ministry has been liaising with the Lands & Survey Department to transfer land designated for the road to Crown in order to allow for paving of the road, installation of the electricity poles and division of 8 house lots at the West End site. The Ministry plans to complete this process in 2023 and continue to deliver on the SIAHDC's mandates to build affordable homes for the Sister Islands residents.

11. Lease Rental

On June 1st 2021, SIAHDC entered into a lease agreement with the University College of the Cayman Islands (UCCI-Brac Campus). The current lease tenure ended on 31 May 2022. SIAHDC continue to occupy the office space on similar terms to this lease.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

12. Utilities and Other Expenses

The following amounts were charged to the utilities account for the fiscal year:

	December 31 2022	December 31 2021
Electricity	2	4
Telephone	1	1
Other Expenses	1	-
Total	4	5

13. Related Party Transactions

SIAHDC is a wholly government company from which it derives a major source of revenue through the process of Output Funding. SIAHDC management personnel transact with other government departments and entities on a regular basis.

The SIAHDC also periodically engages the services of other departments of the Cayman Islands Government. Such services are provided at prevailing market prices on an arm's length basis. Services provided to SIAHDC by other Cayman Islands Government departments during 2022, are as follows;

Description	2022	2021
Audit Fee	\$25,000	\$25,000
Lease Rental	\$6,000	\$6,000

SIADHC received services-in-kind in the form of office and project management services and procurement assistance services by the Cayman Islands Government. These services are designated as non-exchange transactions under IPSAS 23 - Revenue from Non-Exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. No expenses have been recorded for services-in-kind for the year ended December 31, 2022.

The Board of Directors volunteer their services and are not compensated. During the year ended to December 31 2022, the Board of Directors have made formal declarations of their interest as required by the Public Management and Finance Act (2020 Revision).

14. Reconciliation and Comparison of Budget to Actual

The 2022 financial statements were prepared on a basis consistent with the 2022 Budget. The budget covers the fiscal period from January 1st 2022 to December 31st 2022. The original budget was approved by Parliament. There were no supplementary changes to the budget for the SIAHDC during the 2022 financial year.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2022
(Expressed in CI\$'000)

14. Reconciliation and Comparison of Budget to Actual (continued)

Statement of financial position actual against budget

Financial Statement Captions	Approved Budget Captions	FS Actual CI\$000	FS Approved Budget CI\$000	Budget vs Actual Variance CI\$000
Cash and Cash Equivalents	Cash and Cash Equivalents	497		
Short Term Investments	Short Term Investments	256	870	117
Accounts Receivable	Other Receivables	68	1	(67)
Security Deposits	Other Receivables	1	-	(1)
Prepayments	Other Receivables	4	-	(4)
Total Current Assets		826	871	45
Furniture & Equipment	Plant Property & Equipment	-	-	-
Property Equipment	Plant Property & Equipment	510	377	(133)
Total Assets		1,336	1,248	(88)
Audit Fee Payable	Trade Payables	-	24	24
Trade Payables & Accruals	Trade Payables	3	-	(3)
Total Liabilities		3	24	21
Total Net Assets		1,333	1,224	(109)
At the beginning of the year		(971)	-	971
Profit/(Deficit) for the year		-	(1,029)	(1,029)
At the end of the year		(971)	(1,029)	(58)
Revaluation Reserve		51	-	(51)
Capital Contribution		2,253	2,253	-
Total Owner's Net Worth		1,333	1,224	(109)

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

14. Reconciliation and Comparison of Budget to Actual (continued)

Statement of financial performance actual against budget

Financial Statement Captions	Approved Budget Captions	FS Actual CI\$000	FS Approved Budget CI\$000	Budget vs Actual Variance CI\$000
Revenue:				
Outputs to Cabinet	Revenue	43	75	32
Interest and Other Income	Revenue	2	-	(2)
Housing Sales	Revenue	-	421	421
Total Revenue		45	496	451
Cost of Goods Sold: (COGS)				
Subcontractor Expenses	COGS	-	-	-
Cost of Land	COGS	-	-	-
Other Construction Costs	COGS	-	-	-
Total COGS		-	-	-
Rent Expense	Operating Expense	6	-	(6)
Audit Fees	Operating Expense	25	-	(25)
Accounting and Professional Fees	Operating Expense	8	-	(8)
Janitorial Services	Operating Expense	2	-	(2)
Utilities & Other Expenses	Operating Expense	4	576	572
Total Operating Expenses		45	576	531
Surplus/(Deficit)		-	(80)	(80)

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

14. Reconciliation and Comparison of Budget to Actual (continued)

Statement of cash flows actual against budget

Description	FS Actual CI\$000	FS Approved Budget CI\$000	Budget vs Actual Variance CI\$000
Cash Flow from Operating Activities			
Profit/(Deficit) for Year	-	(80)	(80)
Increase in Accounts Receivable	(40)	-	40
Increase in Prepayments	(29)	-	29
Decrease in Accrued Expense	(23)	-	23
Increase in Other Current Assets	-	60	60
Net Cash Used in Operating Activities	(92)	(20)	72
Cash Flow from/(Used in) Investing Activities			
Increase Short Term Investments	-	-	-
Net Cash Used in Investing Activities	-	-	-
Reconciliation of Movement in Cash to Cash at End of Year			
Net Cash Movement During Year	(92)	(20)	72
Cash and Cash Equivalents at Beginning of Year	589	890	301
Cash and Cash Equivalents at the end of the Year	497	870	373

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

14. Reconciliation and Comparison of Budget to Actual (continued)

Statement of cash flows actual against budget (continued)

The statement of cash flows is presented in the budget using the direct method whereas in the financial statements it is presented using the indirect method and is therefore not directly comparable.

Explanation of major budget variance

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

Statement of Financial Position

Cash and cash equivalents, short-term investments and prepayments

SIAHDC expected to construct 3 houses in 2022; however, due to delays no construction took place. Accordingly, Cabinet has not been billed for any construction related expenses during FY2022. Cabinet has been billed only for operating expenses incurred during the year. Additionally, an unplanned prepayment of \$28K to the OAG was made in 2022.

Accounts Receivable

Accounts receivable represents the balance due from Cabinet for Output Revenue. SIAHDC expected to receive all Output Revenue from Cabinet prior to year-end hence the \$67K budget variance.

Property and equipment

The \$133K budget variance is partially due to the revaluation gain/loss in the prior year as well as no houses being sold during the year.

Equity

Due to non-construction and sale of houses during the fiscal year, the budget deficit from housing sales was not realized. This, as well as the revaluation gain in the prior year, are the main reason for the 109K favorable budget variance.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

14. Reconciliation and Comparison of Budget to Actual (continued)

Statement of financial performance

Total Revenues

Total revenues were \$451K lower than budgeted as no houses were sold during the year. The budget anticipated the sale of houses amounting to \$421K during the financial year.

Total Expenses

The budget accounted only for Utilities & Other Expenses for fiscal year 2022 in the amount of \$576K; however, as no construction took place during the year, the expenses incurred for this category were negligible.

15. Financial Instruments Risk

The SIAHDC is exposed to a variety of financial risks including credit risk, exchange rate risk and liquidity risk. The Entity's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2021 Revision).

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the SIAHDC. Financial assets which potentially expose the SIAHDC to credit risk comprise cash and cash equivalents and receivables from exchange transactions.

The SIAHDC is exposed to potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The SIAHDC is also exposed to a significant concentration of credit risk in relation to receivables from exchange transactions which are due from the Cayman Islands Government. No credit limits have been established. As at December 31 2022, no provision for doubtful debts (2021: \$0) has been made on these receivables as management considers these debts to be recoverable in full.

The carrying amount of financial assets recorded in the financial statements represents the SIAHDC's maximum exposure to credit risk. No collateral is required from debtors.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2022

(Expressed in CI\$'000)

15. Financial Instruments Risk (continued)

Exchange rate risk

The SIAHDC does not have significant exposure to currency exchange rate risk as no foreign currency transactions exist.

Liquidity risk

Liquidity risk is the risk that the SIAHDC is unable to meet its payment obligations associated with its financial liabilities when they are due.

The SIAHDC maintains substantial cash balances held in bank accounts and short-term deposits which enables SIAHDC to meet its payment obligations as they are due.

16. Compliance with the Public Authorities Act (2020 Revision)

SIAHDC is required to comply with the Public Authorities Act (2020 Revision) (the "PAA"). Amongst other matters, Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. Cabinet exempted public authorities from paying over surplus cash reserves for the years ended 31 December 2021 and 2022.

Section 39 (3) of the PAA requires public authorities to pay dividends in accordance with the formulae established by the Minister of Finance (the "Ministry") after written consultation with the public authorities' Board, unless otherwise directed by Cabinet. SIAHDC is exempt from this requirement because its operations are not self-sustaining. Going forward, SIAHDC may be required to pay a dividend in accordance with Government's policy for the payment of annual dividends, unless it continues to satisfy the exemption criteria noted under the policy.

Section 36(1) of the PAA requires public authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with a public authority's board. There is no capital charge payable for 2022 (2021: \$0) because the rate for the 2022 financial year was set at 0%. Going forward, SIAHDC may be required to pay a capital charge in accordance with the PAA.

17. Subsequent Events

No events materially affecting these financial statements occurred after December 31st 2022.

**SISTER ISLANDS AFFORDABLE HOUSING
DEVELOPMENT CORPORATION**

The Ministry of District Administration & Lands

2022

**CONNECT
WITH US**



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