

ANNUAL REPORT

2023



**Sister Islands Affordable
Housing Development
Corporation**



**Sister Islands Affordable
Housing Development
Corporation**

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FOREWORD BY THE CHAIRMAN

On behalf of the Board of Directors of the Sister Islands Affordable Housing Development Corporation (“SIAHDC”, “SIAH” or “the Corporation”), I am pleased to present the 2023 Annual Report. Although no homes were constructed during the year, pre-construction works and plans are in progress to begin construction in 2024. The 2023 Annual Report highlights the progress made towards this goal, future plans, as well as the financial position and performance as the Board pursued various strategic initiatives aimed at delivering the highest standards of customer service while meeting the accountability and transparency requirements of the Cayman Islands Government (CIG).

Board and administrative matters:

The composition of the Board changed during the year as Cabinet appointed three directors to fill vacant director posts as the two-year appointment period which began in 2021 came to an end during the year. We express our deepest appreciation to our outgoing directors Mrs. Zanda McLean and Mr. Garfield (Teddy) Ritch for their sterling contribution to the Board over the period of their tenure and also welcome directors Mr. Sydney Ebanks Jr., Mr. Darrel Rankin and Mr. Mark Scotland as newly appointed directors in 2023. The Board remains steadfast in our commitment to resume the construction and sale of affordable housing solutions within the Sister Islands.

The Corporation officially opened its new office location at the CIG-owned Bight Cottage East. This new location serves as the principal place of business for face-to-face contact with our customers and, in addition to yielding significant operating cost efficiencies, is equipped with facilities to enhance the customer experience. A full-time administrative officer was also onboarded in the last quarter of 2023 with the aim of enhancing day-to-day customer engagement and administrative functions of the Corporation.

Communication, stakeholder engagement and publicity:

We were excited to develop and launch the Corporation’s landing web page www.gov.ky/siah with the assistance of the Ministry of District Administration and Lands (MDAL). With this recent addition, we have sought to provide a more convenient alternative means of providing information relating to the programme, the Corporation’s policies, downloadable application form and other information that is relevant to the public. We also successfully conducted a soft launch of the Sister Islands affordable housing campaign on all major electronic and social media platforms, which was well received by the public.

We also hosted a Sister Islands contractors information session during the year, which was well attended. This was geared towards increasing awareness and also to share with the contractors’ community key information about the programme.

Application review and future construction

The Board reviewed several applications during the year, with a number of successful applicants being provisionally approved pending completion of property ownership searches and receipt of confirmation of financing by the successful applicants.

Another milestone was achieved during the year with the finalization of the business case to facilitate the request for proposals to contractors to construct affordable homes. This was reviewed and approved with the support of MDAL's Entity Procurement Committee. With the completion of the business case, the Corporation moved apace with procuring architectural services resulting in the successful updating of the house and sub-division plans (in line with the current building codes) which was further submitted to the Planning Department.

In looking forward to 2024, the Corporation anticipates the completion of the Building Control Unit (BCU) arm of the Planning Department's assessment which will assist the Corporation in finalizing the request for proposals to procure suitable qualified contractors. While BCU approval is being pursued, key documents as a part of the procurement process have been completed, including the draft request for proposals.

The Corporation completed its biennial planning and budget exercise for the 2024 and 2025 financial years. In addition to funding provided by CIG during the year, Parliament approved further funding for disbursement in 2024/25 which will have a far-reaching effect on expanding the number of affordable homes envisioned to be built in 2024 and 2025. SIAH looks forward to the completion and sale of number of affordable homes within 2024 and 2025 and anticipates the joy that this will bring to successful applicants in the near future.



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.

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.

Development Site Billboard Launch -





VISION & VALUES

- The SIAHDC's vision is to be recognised as one of the best social housing development organizations 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 Islands Affordable Housing Development Corporation (“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. Four (4) homes were previously built in Watering Place and twenty-one (21) in West End. Three properties are currently earmarked for further construction of affordable homes including five (5) house lots on Spot Bay Bluff, four (4) in the existing West End Affordable Housing Development and a minimum ten (10) lots off Sunshine Drive.



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 2023.

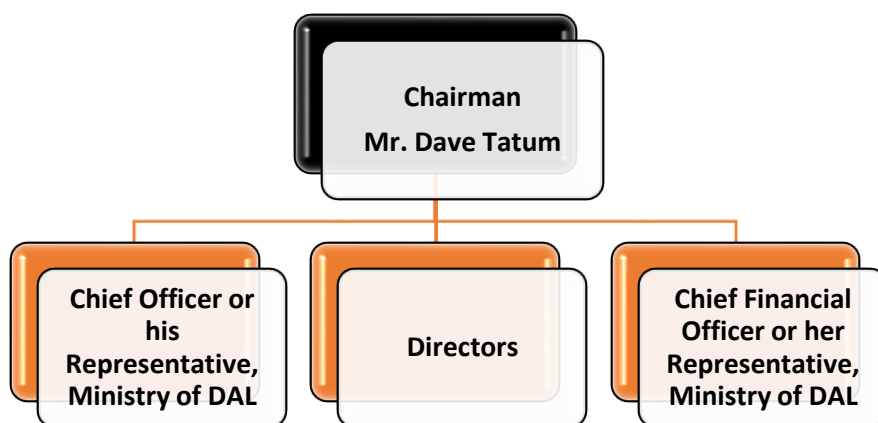
BOARD OF DIRECTORS & GOVERNANCE

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 Cabinet.

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
- **Ms Yvette Dilbert:** Director
- **Mr. Robert Banks:** Director
- **Mr. Mark Scotland:** Director, effective October 2023
- **Mr. Darrel Rankine:** Director, effective October 2023
- **Mr. Sidney O. Ebanks Jr.:** Director, effective October 2023
- **Chief Financial Officer** or Designate for the Ministry responsible for District Administration: Director (Ex-officio)
- **Chief Officer** or Designate for the Ministry responsible for District Administration: Director (Ex-officio)
- **District Commissioner:** Director (Ex-officio)

Directors with term expired August 31st, 2023:

- **Mr. Garfield (Teddy) Ritch**
- **Mrs. Zanda McLean**



*Sister Islands Affordable Housing Development Board



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



2023 HIGHLIGHTS & RISK MANAGEMENT

2023 Highlights

Summary of the major developments of The SIAHDC in the year to 31st December 2023 are outlined below:

- Launched SIAHDC's landing page www.gov.ky/siah
- Soft relaunch of the affordable housing campaign
- Hosted information session with contractors in the Sister Islands
- Board provisional approval of applications
- Procurement related Business Case completed and approved
- House and sub-division plans updated and submitted for Planning approval
- Cleared and subdivided land into individual lots for construction
- Received \$1.5 million in equity injection from CIG to facilitate future construction of homes

The SIAHDC was unable to meet the performance targets in relation to the construction of affordable homes set out in the annual ownership agreement for financial year 2023, but made substantial progress in order to meet the objectives for 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:

- A. 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.
- B. SIAHDC shall promote practices across the Corporation that establish an appropriate risk management within the day to day activities and culture of the Board.
- C. 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 reported a break-even performance for the year ended 31 December 2023 (2022: \$0) which was \$80 thousand better than the budgeted deficit of \$80 thousand. The decrease in deficit was due to a number of factors, including there being minimal operating costs as no buildings were constructed during the period.

Operating cost of approximately \$40 thousand relate to the general administrative functioning of the Corporation was offset by revenue from outputs purchased by Cabinet of an equal amount. There were also cost savings as SIAHDC transitioned from leased office space to a Government-owned shared facility during the year.

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 2023 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's largest expenditure was audit fees (\$25K), accounting, professional fees (\$8K) and rent (\$3K), all of which were budgeted and expected expenses.

Looking Forward

Looking forward, the Corporation after relaunching its affordable housing programme in 2023 and having strong liquid assets (including a \$1.5 million equity injection in 2023) at its disposal, is on a solid path to fulfilling plans to construct and sell at least 8 homes over the 2024-25 budget period.

APPENDIX 1

ANNUAL FINANCIAL STATEMENTS

For the Year Ended 31 December 2023

AUDITED ANNUAL FINANCIAL STATEMENTS

Sister Islands Affordable
Housing Development Corporation

2023

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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 2023.

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 2023;
- b) fairly reflect the financial position as at 31 December 2023 and financial performance for the year ended 31 December 2023; and
- c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board, where additional guidance is required International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board are used.

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 2024

Mr. Gary Robinson
Acting Chief Financial Officer
Date: 24 April 2024

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 2023 and the statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2023, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 30.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2023 and its financial performance and its cash flows for the year ended 31 December 2023 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 2023 even though its primary objective is to promote affordable home ownership for the Caymanian public in the Sister Islands.

In addition, as outlined in Note 2e of the financial statements, the Cabinet authorised supplementary funding of \$1.5 million for the Corporation under section 11(5) of the Public Management and Finance Act (2020 Revision) (PMFA). However, a supplementary Appropriation Bill for the funding was not introduced in Parliament by 31 March 2024 as required by section 11(6) of the PMFA.

My opinion is not modified in respect of these matters.

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 2024
Cayman Islands

Sister Islands Affordable Housing Development Corporation

Statement of Financial Position

As at 31 December 2023

(Expressed in CI\$'000)

	Notes	FY 2023 (Actual)	FY 2022 (Actual)
Assets:			
Current Assets:			
Cash and Cash Equivalents	3	2,047	497
Short Term Investments	3	260	256
Accounts Receivable & Prepayments	4	40	72
Security Deposits	5	1	1
Total Current Assets		2,348	826
Non - Current Assets:			
Property and Equipment	6	534	510
Total Assets		2,882	1,336
Liabilities:			
Current Liabilities:			
Trade Payables & Accruals	7	32	3
Accrued Audit Fees	7	17	-
Total Current Liabilities:		49	3
Total Net Assets		2,833	1,333
Net Worth			
Accumulated Deficit			
At the beginning of the year		(971)	(971)
Profit/(Deficit) for the year		-	-
At the end of the year		(971)	(971)
Revaluation Reserve	6	51	51
Capital Contribution		3,753	2,253
Total Net Worth		2,833	1,333

The accompanying notes on pages 9 to 30 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Statement of Financial Performance
For the Year Ended 31 December 2023
(Expressed in CI\$'000)

	Description	Notes	FY 2023 (Actual)	FY 2022 (Actual)
Revenue				
	Outputs to Cabinet	8	31	43
	Interest and Other Income	9	9	2
	Housing Sales	10	-	-
Total Revenues			40	45
Cost of Goods Sold:				
	Subcontractor Expenses	10	-	-
Gross Profit			40	45
Expenses				
	Rent Expense	11	3	6
	Audit Fees	7	25	25
	Accounting and Professional Fees		8	8
	Janitorial Services		1	2
	Utilities and other expenses		3	4
Total Expenses			40	45
Profit/(Loss)			-	-

The accompanying notes on pages 9 to 30 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Statement of Cash Flows
As at 31 December 2023
(Expressed in CI\$'000)

Description	Notes	FY 2023 (Actual)	FY 2022 (Actual)
Cash Flow from Operating Activities			
Increase / (Decrease) in Accounts Receivable		32	(44)
Decrease / (Increase) in Trade Payables & Accruals		10	-
Decrease / (Increase) in Accrued Expense		17	(48)
Net Cash Provided by/(used in) Operating Activities		59	(92)
Cash Flow from/(Used in) Investing Activities			
Purchase of Property & Equipment		(5)	-
Increase Short Term Investments		(4)	-
Net Cash Used in Investing Activities		(9)	-
Cash Flow from/(Used in) Financing Activities			
Capital Contribution		1,500	-
Net Cash provided by Financing Activities		1,500	-
Reconciliation of Movement in Cash to Cash at End of Year			
Net Cash Movement During Year		1,550	(92)
Cash and Cash Equivalents at Beginning of Year		497	589
Cash and Cash Equivalents at the end of the Year		2,047	497

The accompanying notes on pages 9 to 30 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Statement of Changes in Net Worth
As at 31 December 2023
(Expressed in CI\$'000)

	Accumulated Profit/(Loss)	Revaluation Reserve	Contributed Capital	Total
Balance at December 31st, 2021	(971)	51	2,253	1,333
Profit for the year	-	-	-	-
Balance at December 31st, 2022	(971)	51	2,253	1,333
	Accumulated Profit/(Loss)	Revaluation Reserve	Contributed Capital	Total
Balance at December 31st, 2022	(971)	51	2,253	1,333
Profit for the year	-	-	-	-
Capital Contribution	-	-	1,500	1,500
Balance at December 31st, 2023	(971)	51	3,753	2,833

The accompanying notes on pages 9 to 30 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 2023

(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. There are three properties currently earmarked for the development of affordable homes which are as follows: 5 house lots on Spot Bay Bluff in the development called the Highlands, 4 house lots in the existing West End Affordable housing development, and a minimum of 10 additional house lots off Sunshine Drive.

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 administrative staff within the Ministry of District Administration and Lands.

The main office is located at 255 Bight Road, Cayman Brac and the mailing address is P.O. Box 240, 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"), where additional guidance is required International Financial Reporting Standards (IFRS) issued by international Accounting Standards Board are used.

(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 formulated utilizing the going concern principle and are expressed in Cayman Islands Dollars (CI) (rounded to the nearest '000'), the designated functional currency.

New and revised accounting standards issued that are not yet effective for the financial year beginning January 1st 2023 and have not been early adopted by the SIAHDC.

Certain new accounting standards have been published that are not mandatory for the December 31st 2023 reporting year and have not been early adopted by the SIAHDC. The SIAHDC's assessment of the impact of these new standards is set out herein.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

IPSAS 43, Leases, issued in January 2022, will be implemented for financial statements covering periods starting on or after January 1, 2025. Among its provisions, IPSAS 43 mandates lessees to assess and account for right-of-use asset and the lease liability. Exceptions are granted for short-term leases, which will continue to be treated in a manner similar to operating leases under IPSAS 13. While it is anticipated that IPSAS 43 will have an immaterial impact on the SIAHDC's financial statements, a comprehensive evaluation will be conducted closer to the adoption date.

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations, issued in May 2022, will be applied for financial statements covering periods commencing on or after January 1, 2025. Offering guidance on the accounting treatment of non-current assets offered for sale on commercial terms, IPSAS 44 fills a gap previously unaddressed. IPSAS 44 is not expected to significantly affect the SIAHDC's financial statements, though a thorough assessment will be conducted nearer to the adoption date.

IPSAS 45, Property, Plant and Equipment was issued in May 2023 and replaces IPSAS 17 effective for periods beginning on or after January 1, 2025. It clarifies the recognition and measurement of infrastructure and heritage assets that are Property, Plant, and Equipment. IPSAS 45 is not anticipated to impact the SIAHDC's financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 46, Measurement (issued in May 2023 and effective for periods beginning on or after January 1, 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. The impact of this standard on the SIAHDC's financial statements will be assessed more fully closer to the effective date of adoption.

IPSAS 47, Revenue (issued in May 2023 and effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The impact of this standard on the SIAHDC's financial statements will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (issued in May 2023 and effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses and presents two accounting models based on the existence of a binding arrangement. It is not anticipated that IPSAS 48 will have an impact on the SIAHDC's financial statements, but this will be assessed more fully closer to the effective date of adoption.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after January 1, 2026) provides a principle-based approach to accounting for retirement benefit plans offering a completed view of their financial activities, assets, and obligations and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. It is anticipated that IPSAS 49 will not have an impact on the SIAHDC's financial statements.

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

New and revised accounting standards were issued that became effective for the financial year beginning 1 January 2023.

The SIAHDC adopted IPSAS 41: Financial Instruments as of the transition date of 1 January 2023, replacing IPSAS 29: Financial Instruments: Recognition and Measurement.

In accordance with the transitional provisions in IPSAS 41, comparative information for the 31 December 2022 year has not been restated. Adjustments arising from adopting IPSAS 41 are recognised in opening equity at 1 January 2023 (the date of initial application).

The accounting policies for the year ended 31 December 2023 have been updated to comply with IPSAS 41. The main changes to the SIAHDC's accounting policies are:

- Trade and other receivables - This policy has been updated to reflect that the impairment of receivables is now determined by applying an expected credit loss model.
- Financial instruments and risk management - The policy has been updated to reflect:
 - the new measurement classification categories; and
 - a new impairment model for financial assets based on expected credit losses, which is forward-looking and may result in earlier recognition of impairment losses.

IPSAS 41 also significantly amended the disclosures of financial instruments of IPSAS 30. This has resulted in new or amended disclosures, mostly in relation to the financial instrument categories and to credit risk.

IPSAS 41 has had an immaterial impact on the SIAHDC's measurement and recognition of financial instruments, as financial assets that were recognised as loans and receivables are now recognised as amortised cost.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(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, and the reported amounts of income and expense during the year. The estimates and associated assumptions are based on experience and other factors that are considered reasonable under the circumstances. Actual results could differ from these estimates.

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

(d) Changes in Accounting Policies

When the presentation or classification of items in the financial statements is amended, or accounting policies are changed, corresponding figures are restated to ensure consistency with the current year unless it is impracticable to do so.

(e) Budget amounts

The 2022/23 original budget was presented in the 2022/2023 Ownership Agreement and approved by Parliament.

The substantive variances between the original budget and the final budget are outlined herein, as mandated by IPSAS 24 and presented in Note 13.

Original Budget

The original budget represents the budget approved by the Parliament of the Cayman Islands for the fiscal year January – December 2023.

Final Budget

The final budget is the original budget adjusted for amounts approved under Section 9(5) and Section 11(5) of the Public Management and Finance Act (2020) Revision. These changes are as follows:

Description	Revenue from Cabinet \$'000	Capital Contribution \$'000
2023 Original Budget	496	-
Section 11(5)	-	1,500
Budget carried forward from 2022	32	-
Final Budget	528	1,500

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

e) Budget amounts (cont'd)

The final operating budget includes unutilized Appropriation of \$32 thousand which was reflected in the prior year financial statements and carried forward to 2023, as per section 9(5) of the Public Management and Finance Act (2020 Revision). Additionally, the final capital budget includes supplementary Appropriations of \$1.5 million, approved under sections 11(5) of the Public Management and Finance Act (2020 Revision). A Supplementary Appropriations Bill for the additional \$1.5 million funding was not tabled in Parliament by 31 March 2024 as required by section 11(6) of the Public Management and Finance Act (2020 Revision), this outside the SIAHDC's ambit.

The additional allocation aims to enable SIAHDC to undertake the construction of multiple affordable homes simultaneously, thereby accelerating the construction of affordable homes and extending any cost benefit to be derived from the concurrent construction of multiple homes to its customers.

(f) Reporting Period

The reporting period is the year ended December 31, 2023. 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 and Short-term deposit

Cash and cash equivalents comprise funds held in bank accounts and short-term, highly liquid fixed deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Short-term deposits represent term deposits with banks with original maturities greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures.

Although these assets at 31 December 2023 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

(i) Accounts receivable

Accounts receivable are amounts due from customers for items sold or services performed in the ordinary course of business, net of any allowance for credit losses.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(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 denotes ongoing housing construction projects, encompassing preliminary tasks necessary for project initiation, such as architectural design. Assets categorized as work in progress, yet to be utilized, are not subject to depreciation.

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 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(j) Property and equipment (continued)

Land (continued)

Upon the sale of a house, construction in progress and land are transferred to inventory at the 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 from the sale of Outputs to Cabinet and from 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 the 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.

(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. Unpaid expenses remaining at year-end are classified as payables.

(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.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(n) Financial Instruments

Financial assets and financial liabilities are recognised in SIAHDC's Statement of Financial Position when the Corporation becomes a party to the contractual provisions of the instrument. The SIAHDC is party to financial instruments as part of its normal operations which are recognized in the Statement of Financial Position.

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 comprise 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 comprise of trade payables and accruals and audit fee payable.

i- Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

ii- Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are solely payments of principal or interest on the principal amount outstanding.

The SIAHDC assessed the business model for holding financial assets at the date of initial application. It determined that these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost. Cash and cash equivalents, short-term investments, trade receivables and payables are recorded at amortized cost using the effective interest method less any impairment.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Expressed in CI\$'000)

2. Significant accounting policies (continued)

(n) Financial Instruments

iii- De-recognition

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.

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.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

3. Cash and cash equivalents and short-term investments

The Corporation maintains bank accounts at Cayman National Bank. As at 31 December 2023 the following balances were held:

Description	December 31 2023	December 31 2022
Operating Account	1,579	36
Fixed Deposit	468	461
Total Cash & Cash Equivalents	2,047	497

No restricted cash balances were held by the SIAHDC as at December 31st 2023.

The short-term investments of \$260,000 (2022: \$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 & Prepayments

As at December 31st 2023, Accounts Receivable and Prepayments comprised the following:

Description	December 31 2023	December 31 2022
Accounts Receivable	40	68
Prepayments	-	4
Total Accounts Receivables & Prepayments	40	72

Maturity Profile	December 31, 2023	December 31, 2022
Current 1-30 days	12	11
Past due 31-60 days	-	3
Past due 61-90 days	6	3
Past due 90 days and above	22	51
Total Accounts Receivable	40	68

Accounts Receivable comprise balances due from other Government entities, including Output Receivables and balances due from third parties.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to Accounts Receivable. The simplified approach involves making a provision equal to lifetime expected credit losses.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

4. Accounts Receivable & Prepayments (continued)

In measuring ECLs for third-party receivables, the estimated loss allowance for individually significant or other specific accounts receivable balances are determined on an individual basis. Thereafter, the remaining third-party accounts receivable are assessed on a collective basis as they possess shared credit risk characteristics.

The SIAHDC performed a specific ECL assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining related party receivables held by the SIAHDC, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating and absence of historical losses on amounts due.

The expected credit loss rate for third-party receivables is based on SIAHDC's historical credit loss over the prior two years. The historical loss rate is then adjusted for current and forward-looking information on macroeconomic factors affecting the SIAHDC's customers. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

The SIAHDC considers the amounts outstanding on related party receivables to be recoverable. The SIAHDC's policy is to recognise ECL of 100% for receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable. Receivables are written off and or fully provided for when there is no reasonable expectation of recovery.

Management assessed the expected credit losses on its portfolio of receivables and do not believe a provision is necessary given the credit worthiness of the counterparty (the Cayman Islands Government).

5. Security Deposits

The SIAHDC executed a lease agreement with the University College of the Cayman Islands - UCCI (Brac Campus) in 2010 for accommodation purposes (refer to Note 11). A rent deposit of \$500 was remitted to the Landlord, refundable upon vacating the premises or termination of the agreement. Additionally, a \$500 deposit was submitted to Cayman Brac Power and Light per their standard electricity supply contract. Security deposits remained at \$1,000. The lease agreement and electricity contract were terminated in June 2023, and the premises were vacated. The Corporation is currently awaiting the return of the security deposits.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

6. Property and Equipment

Cost	Furniture & Fittings	Land	Construction in Progress	Total
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Balance as at 1 January 2022	2	510	-	512
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2022	2	510	-	512
Additions	1	-	23	24
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2023	3	510	23	536

Accumulated Depreciation	Furniture & Fittings	Land	Construction in Progress	Total
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Balance as at 1 January 2022	2	-	-	2
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2022	2	-	-	2
Additions	-	-	-	-
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2023	2	-	-	2

	Furniture & Fittings	Land	Construction in Progress	Total
	CI\$'000	CI\$'000	CI\$'000	CI\$'000
Net Book Value As at 31 December 2022	-	510	-	510
Net Book Value As at 31 December 2023	1	510	23	534

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(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 was 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 2023

(Expressed in CI\$'000)

6. Property and Equipment (continued)

In order to facilitate the construction of affordable homes on individual land lots, certain land parcels were temporarily transferred to the Ministry of District Administration and Lands to facilitate subdivision of the parcels and subsequent return to SIAHDC. The risk and reward of ownership and the right to receive cash flows from the properties remained with the Corporation as at the end of the year.

Construction in Progress represents preconstruction cost incurred during the year to facilitate subsequent construction and sale of affordable homes.

7. Trade Payables & Accruals and Audit Fees

Audit fee expenses of CI\$25,000 (2022: \$25,000) represent the audit fees levied by the Office of the Auditor General for SIAHDC's 2023 audit. As of December 31st, 2023, accrued audit fees relating to the 2023 audit were \$25,000 (2022: Nil).

Trade payables amounted to CI\$31,773 (2022: \$3,000), \$22,946 of which relates to unpaid fees for professional services.

8. Outputs to Cabinet

The SIAHDC provides general management and administration of affordable housing (in the Sister Islands) for the Cayman Islands Government. These services are based on terms outlined in the Annual Purchase Agreement. There were no houses built during the year ended December 31st 2023. Therefore, the revenue for the year was derived through outputs from the Cabinet and interest income, which covers the general administration of SIAHDC.

9. Interest and Other Income

The SIAHDC receives interest on fixed deposit accounts held at Cayman National Bank. For the year ended December 31st 2023, SIAHDC earned a total of \$9,000 (2022: \$2,000) from fixed deposits.

10. Housing Sales and Costs of Goods Sold

The SIAHDC earns income by selling the houses it produces. During the 2023 fiscal year, there were zero houses sold (2022: Nil). Houses are sold based on the cost to construct. As at December 31st 2023, there were no units under construction (2022: nil) however the cost relating to pre-construction related works to facilitate the subsequent sale of homes is reflected in Construction in Progress (see also note 6) . Therefore, no costs of goods sold were recorded during the year (2022: nil).

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

11. Rent Expense

On June 1st, 2021, SIAHDC established a lease agreement with the University College of the Cayman Islands (UCCI-Brac Campus). This arrangement continued until June 30th, 2023 after which the SIAHDC relocated to a Government-shared office facilities resulting in no rent being incurred or reflected in the income statement for the remainder of the year in accordance with IPSAS 23 (see also Note 12).

12. Related Party Transactions

SIAHDC is a wholly-owned government company from which it derives a major source of revenue through the process of Output Funding. The day-to-day management of SIAHDC is supported by personnel from the Ministry of District Administration and Lands who also 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 2023, are as follows;

Description	2023 CI\$'000	2022 CI\$'000
Audit Fee	25	25
Lease Rental	3	6

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, 2023.

The Board of Directors volunteer their services and are not compensated. Formal conflict of interest declarations were made for the year ended to December 31 2023 as required by the Public Management and Finance Act (2020 Revision).

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

13. Reconciliation and Comparison of Budget to Actual

The 2023 financial statements were prepared on a basis consistent with the 2023 Budget. The budget covers the fiscal year from January 1st, 2023, to December 31st 2023.

The original budget was approved by Parliament with supplementary appropriation changes being made during the course of the year as outlined in note 2(e) to arrive at the final budgeted position. The variance between the actual position and performance against the final budget is outlined as follows:

Statement of financial position actual against budget

Financial Statement Captions	Approved Budget Captions	FS Actual CI\$000	Original Budget CI\$000	Final Budget CI\$000	Final Budget vs Actual Variance CI\$000
Cash and Cash Equivalents	Cash and Cash Equivalents	2,047	850	2,350	303
Short Term Investments	Short Term Investments	260	-	-	(260)
Accounts Receivable & Prepayments	Other Receivables	40	-	-	(40)
Security Deposits	Other Receivables	1	1	1	-
Total Current Assets		2,348	851	2,351	3
Property Equipment	Property & Equipment	534	317	317	(217)
Total Assets		2,882	1,168	2,668	(214)
Accrued Audit Fees	Trade Payables	17	1	1	(16)
Trade Payables & Accruals	Trade Payables	32	23	23	(9)
Total Net Assets		2,833	1,144	2,644	(189)
At the beginning of the year		(971)	(1,109)	(1,109)	(138)
Profit/(Loss) for the year		-	-	-	-
At the end of the year		(971)	(1,109)	(1,109)	(138)
Revaluation Reserve		51	-	-	(51)
Capital Contribution		3,753	2,253	3,753	-
Total Net Worth		2,833	1,144	2,644	(189)

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

13. 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	Original Budget CI\$000	Final Budget CI\$000	Final Budget vs Actual Variance CI\$000
Revenue:					
Outputs to Cabinet	Revenue	31	75	107	76
Interest and Other Income	Revenue	9	-	-	(9)
Housing Sales	Revenue	-	421	421	421
Total Revenue		40	496	528	489
Cost of Goods Sold:					
Subcontractor Expenses	COGS	-	-	-	-
Cost of Land	COGS	-	-	-	-
Other Construction Costs	COGS	-	-	-	-
Total COGS		-	-	-	-
Rent Expense	Operating Expense	3	6	6	3
Audit Fees	Operating Expense	25	25	25	-
Accounting and Professional Fees	Operating Expense	8	8	8	-
Janitorial Services	Operating Expense	1	-	-	(1)
Utilities and other expenses	Operating Expense	3	537	569	566
Postage Expense	Operating Expense	-	-	-	-
Total Operating Expenses		40	576	608	568
Profit/(Loss)		-	(80)	(80)	(80)

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2023
(Expressed in CI\$'000)

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

Statement of cash flows actual against budget

Description	FS Actual CI\$000	Original Budget CI\$000	Final Budget CI\$000	Final Budget vs Actual Variance CI\$000
Cash Flow from Operating Activities				
Increase / (Decrease) in Accounts Receivable	32	-	-	(32)
Decrease / (Increase) in Trade Payables & Accruals	10	-	-	(10)
Decrease / (Increase) in Accrued Expense	17	-	-	(17)
Sales to Cabinet	-	75	75	75
Sales to third party	-	421	421	421
Purchases from SAGC	-	(31)	(31)	(31)
Supplies and Consumables to third party	-	(485)	(485)	(485)
Net Cash Provided by Operating Activities	59	(20)	(20)	(79)
Cash Flow from/(Used in) Investing Activities				
Purchase of Property & Equipment	(5)	-	-	5
Increase Short Term Investments	(4)	-	-	4
Net Cash Used in Investing Activities	(9)	-	-	9
Cash Flow from/(Used in) Financing Activities				
Capital Contribution	1,500	-	1,500	-
Net Cash Used in Financing Activities	1,500	-	1,500	-
Reconciliation of Movement in Cash to Cash at End of Year				
Net Cash Movement During Year	1,550	(20)	1,480	(70)
Cash and Cash Equivalents at Beginning of Year	497	870	870	373
Cash and Cash Equivalents at the end of the Year	2,047	850	2,350	303

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

13. 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 financial position and performance against the final budget are as follows:

Statement of Financial Position

Cash and cash equivalents and short-term investments

The combined Cash and Cash Equivalents (\$2,047K) and short-term investments (\$260K) balance of \$2,307K was \$43K below the budgeted amount of \$2,350K mainly due to the maximum budgeted output funding from Cabinet not being realized. Consistent with the Corporation's policy (see note 2k(ii)), the inflows from Cabinet for the current budget cycle were restricted only to fund the minimal fixed administrative cost as it did not produce sufficient outputs (primarily the sale of affordable homes) as forecasted in the budget.

Accounts Receivable and Prepayments

Accounts receivables were \$40k below the budgeted balance due to a temporary timing difference in the billing and receipt of Cabinet output funding.

Property and equipment

The budget provided for the sale of affordable homes and the corresponding transfer of the value of the land parcels sold to cost of sales in the income statement. As the sales did not materialize during the year, the reduction in the carrying value of property and equipment was also not adjusted resulting in a higher than budgeted property balance (by \$217K) as at year-end.

Trade Payables & Accruals

The combined balance of accrued audit fees of (\$17K) and Trade payables and accruals (\$32K) was \$25k more than the budget due to invoices that were received after the year-end cut-off date and therefore were not paid before December 31st, 2023.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

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

Net Worth

Accumulated losses

Accumulated losses at the beginning and end of the year were \$138k less than budgeted as the anticipated losses primarily from the land subsidy (as the value of land is not costed in the selling price which assist with the affordability of the homes) was not realized over the current 2022/23 budget cycle due to no sales activity during the period.

Revaluation reserves:

The original and final budgeted balances did not include an amount for revaluation reserves as the Government-wide revaluation exercise was completed after the budget was approved. This explains the \$51k revaluation reserve balance relative to the Nil budgeted amount.

Statement of financial performance

Total Revenue

Revenue from Output funding was \$76k below the final budget (which included the unutilized budget carried forward from the prior year). This is a direct result of Cabinet funding being capped, as per policy, to cover the minimal fixed overheads of the Corporation given that the revenue target from home sales was not achieved. SIAHDC benefited from higher interest rates on fixed deposits, driven by international monetary policy to stem inflation, which resulted in interest income on its fixed deposit being \$9k more than budgeted. With no home sales during the year, revenue from housing sales was below the budget by \$421K thereby substantially contributing to aggregate revenue shortfall versus the budget of \$488K.

Total Expenses

The final budgeted expenses which mainly included the cost related to homes that were budgeted to be constructed and sold did not materialize. This substantially explains actual operating expenses being lower than the budget by \$568k. However, cost savings relating to general administrative expenses were achieved during the year with the cessation of rent, utilities and janitorial expenses directly related to leased property as SIAHDC relocated to shared office space owned by the Government.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

14. 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). The SIAHDC seeks to minimise exposure from financial instruments and does enter into speculative financial instrument transactions.

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, short term investments and receivables from exchange transactions. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

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 2023, no provision for expected credit losses (2022: \$nil) 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.

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 fall 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 become due.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2023

(Expressed in CI\$'000)

15. 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 2023 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 Authority’s 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 2023 (2022: \$nil) because the rate for the 2023 financial year was set at 0%. Going forward, SIAHDC may be required to pay a capital charge in accordance with the PAA.

16. Subsequent Events

No events materially affecting these financial statements occurred after December 31st 2023.

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SISTER ISLANDS AFFORDABLE HOUSING DEVELOPMENT CORPORATION

The Ministry of District Administration & Lands

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