



**NATIONAL HOUSING
DEVELOPMENT TRUST**



**ANNUAL REPORT
2019**



Mandate and Mission

The mandate of the National Housing Development Trust (NHDT) of the Cayman Islands is to construct and provide **affordable homes** in planned communities to Caymanians in the low- and middle-income categories.

Our mission is to support this mandate by providing **financing opportunities** and a **management system** that adds security, value, and ownership that imparts a sense of pride in hard-working Caymanians in need of such support.



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Message from the Minister

The National Housing Development Trust is a key organization within the Cayman Islands Government that enhances the lives of many Caymanian families through the provision of safe and affordable housing opportunities.

I am pleased to present this annual report for 2019 to Parliament as required by the Public Management and Finance Act.



Hon. Johany S. "Jay" Ebanks, MP

Ministry of Planning, Agriculture, Housing, Infrastructure,
Transport & Development (PAHITD)
Cayman Islands Government

Foreword by the Board Chairperson

On behalf of the Board of Directors, I am pleased to present the Annual Report for the National Housing Development Trust for the year ending December 31, 2019

I hereby acknowledge the protracted delay in the provision of this report and would like to thank the members of the recently appointed Board for their dedication and dynamism in ensuring that we make transformative changes to reflect the new direction of the Trust.



Mr. Andrew McBean

Chairperson of the Board of Directors

Message from the General Manager

As General Manager of the National Housing Development Trust, I am proud to present the Annual Report for 2019. The reporting period was challenging yet it was prosperous as the NHDT assisted families in achieving the dream of homeownership.

The continued improvements on the NHDT's processes and controls were key in delivering the housing programs as there were increased Affordable Housing Initiative (AHI) house sales to tenants and new applicants. The efficient administration of the Government Guarantee Home Assisted Mortgage (GGHAM) program has and continues to be a success, in so much that the program is being re-introduced to assist new applicants.

Looking ahead, the NHDT will continue to improve its customer service, reinforce its internal processes and refine its approach in providing housing opportunities to Caymanian families.

Included in this annual report is the NHDT's financial report for 2019. The financial statements were audited by the Office of the Auditor General and received an opinion without any qualifications. This was an excellent achievement by the management and staff of the NHDT.

On behalf of the NHDT, I wish to thank the Ministry of PAHI, prior Ministries and the Board for their continued support. I also want to express my gratitude to my fellow employees for their dedicated efforts and service to the public. I wish to express my appreciation to the affordable housing tenants, applicants and the wider community for their patience and continued support.



Mr. Julio Ramos
General Manager, NHDT

“Looking ahead, the NHDT will continue to improve its customer service, reinforce its internal process, and refine its approach in providing housing opportunities to Caymanian families.”



Introduction

This Annual Report for the National Housing Development Trust (the NHDT) for the period January 1 to December 31, 2019 was prepared in accordance with the reporting requirements of section 52 of the Public Management and Finance Act (as revised) (the ‘PMFA’) and Public Authorities Act as revised (PAA).

The NHDT is a government owned not-for-profit company, registered under section 80 of the Cayman Islands Companies Act (2001 Revision) to provide the following outputs:



Housing



Accommodations



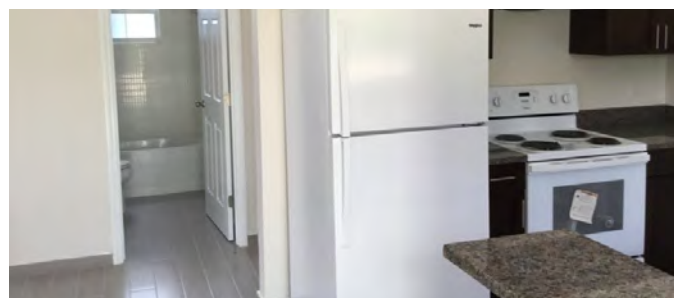
Assistance to
help house
people



Associated
facilities and
amenities



Loans and
advances and
the giving of
guarantees



Introduction

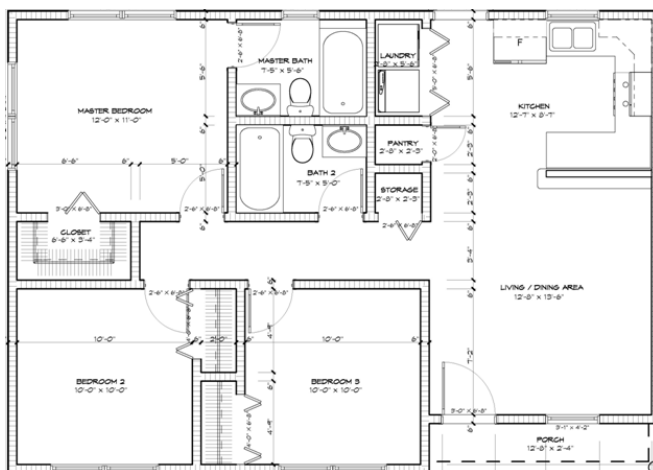
To meet its statutory responsibilities, the NHDT operates three distinct programs

1. AFFORDABLE HOUSING INITIATIVE (AHI) PROGRAM in which-affordable homes are constructed and sold to low-to medium-income Caymanians who qualify under criteria set by the Board of Directors.

2. GOVERNMENT GUARANTEED HOME ASSISTED MORTGAGE (GGHAM) PROGRAM in which the NHDT acts as an administrator and loan processing agent on behalf of the Cayman Islands Government.

3. BUILD ON YOUR OWN PROPERTY (BYOP) PROGRAM, which provides bridge financing, is offered to Caymanians for the construction of homes on the clients' own property, and a local banking institution then refinances the mortgage loan.

Management operates the NHDT with the objective of increasing the number of houses available to low- and medium-income Caymanians across all districts. This makes home ownership more affordable and promotes communities where families can thrive and be successful. In carrying out its responsibilities, the NHDT not only provides benefits for private individuals, but also contributes to the local economy by providing local developers with more opportunities. In support of these goals, the NHDT builds long-term relationships with local contractors for the development of new homes. To ensure that the Government Guaranteed Home Assisted Mortgage Program is managed efficiently and prudently, Management also operates the lease portfolio and counsels clients as an additional service.



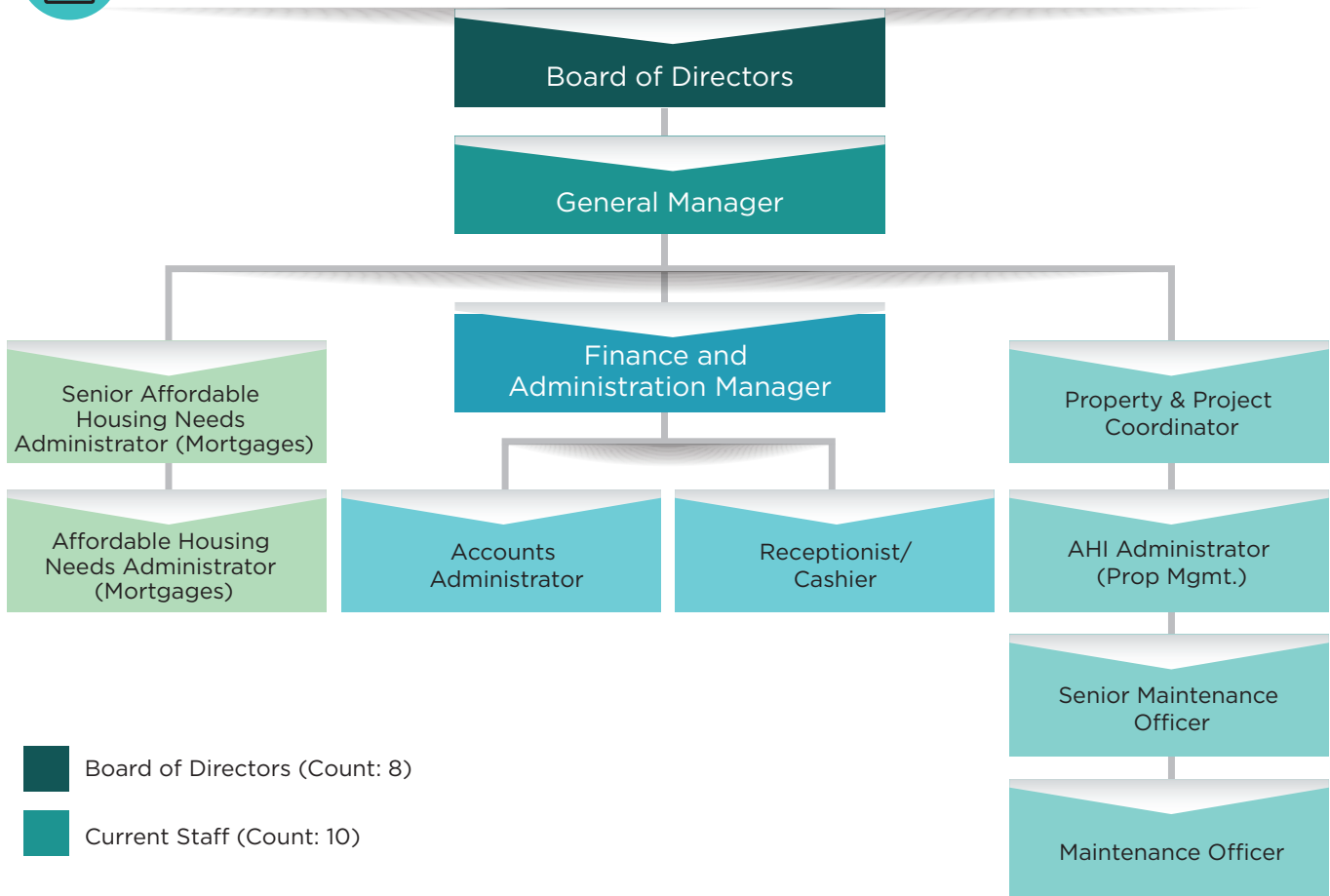


Organization Overview

The NHDT is governed by a Board of Directors that is responsible for setting the organization’s strategic direction, approving its operational plans and company policies, and overseeing the work of the NHDT’s General Manager and staff.



ORGANIZATION CHART:



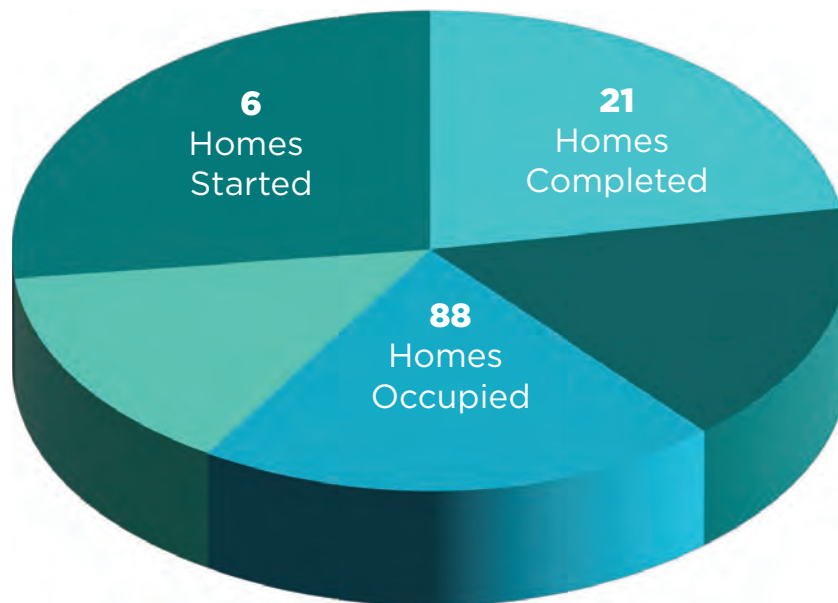


Financial and Operational Highlights



OPERATIONAL HIGHLIGHTS:

66
Housing Applications
Processed



\$1.4 M
Total Value
of Mortgages
Issued

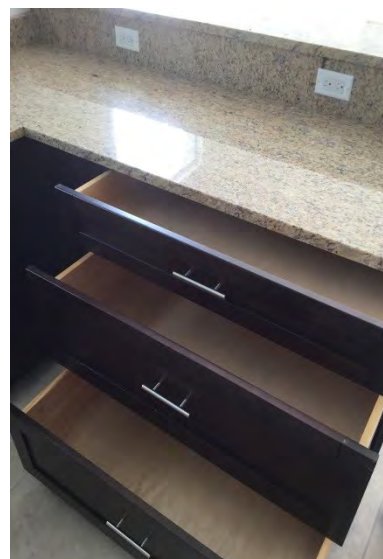
Financial and Operational Highlights



FINANCIAL HIGHLIGHTS:

FINANCIAL PERFORMANCE	2019 \$000's
REVENUE	2,196
LESS: COST OF GOODS SOLD	1,654
GROSS PROFIT/(LOSS)	542
LESS: OPERATING EXPENSES	1,892
NET SURPLUS/(DEFICIT)	(1,350)

FINANCIAL POSITION	31 December 2019 \$000's
ASSETS	22,98
LESS: LIABILITIES	11,659
NET WORTH	11,324





NATIONAL HOUSING
DEVELOPMENT TRUST

Audited Financial Statements for the Year Ended 31 December 2019

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the National Housing Development Trust in accordance with the provisions of the *Public Management and Finance Law (2018 Revision)*.

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

As Chairman and General Manager, we are responsible for establishing; and have established and maintain a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the National Housing Development Trust.

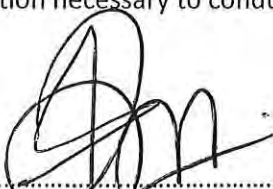
As Chairman and General Manager, we are responsible for the preparation of the National Housing Development Trust financial statements and for the judgments made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, cash flow statement, and statement of changes in net worth for the financial year ended 31 December 2019.

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

- (a) completely and reliably reflect the financial transactions of the National Housing Development Trust for the year ended 31 December 2019;
- (b) fairly reflect the financial position as at 31 December 2019 and performance for the year ended 31 December 2019;
- (c) comply with International Public Sector Accounting Standards under the responsibility of the International Public Sector Accounting Standards Board.

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. 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.



.....
George Anthony Powell
Chairman
National Housing Development Trust

Date – February 3, 2021



.....
Julio Ramos
General Manager
National Housing Development Trust

Date – February 3, 2021

AUDITOR GENERAL'S REPORT

To the Board of Directors of the National Housing and Development Trust

Opinion

I have audited the financial statements of the National Housing and Development Trust (the "Trust"), which comprise the statement of financial position as at 31 December 2019 and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year ended 31 December 2019, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 8 to 28.

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

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 Trust in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

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

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

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

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

AUDITOR GENERAL'S REPORT (continued)

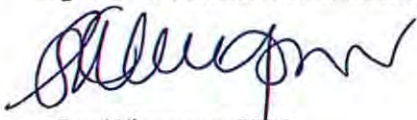
Auditor's Responsibilities for the Audit of the Financial Statements

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 Trust'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 Trust'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 Trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of section 60(1)(a) of the Public Management and Finance Law (2018 revision). 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

3 February 2021
Cayman Islands

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Financial Position
As at 31 December 2019
(Expressed in Cayman Islands Dollars)

Prior Year \$000		Note	Current Year Actual \$000	Original Budget \$000	Variance (Budget vs. Actual) \$000
Current Assets					
5,025	Cash and cash equivalents	2	1,564	1,575	11
673	Trade receivables	3	1,227	245	(982)
3	Prepayments		2	39	37
956	Inventory Assets	1(m)	522	3,211	2,690
6,657	Total Current Assets		3,315	5,070	1,756
Non-Current Assets					
12,764	Property, plant and equipment	4	19,668	14,871	(4,797)
72	Other Non-Current Assets		-	-	-
12,836	Total Non-Current Assets		19,668	14,871	(4,797)
19,493	Total Assets		22,983	19,942	(3,040)
Current Liabilities					
193	Payables and accruals	5	155	127	(28)
30	Employee entitlements	6	89	49	(40)
1,360	Current portion – Bonds Payable	7	7,592	779	(6,813)
1,583	Total Current Liabilities		7,836	955	(6,881)
Non-Current Liabilities					
11,143	Long term – Bonds Payable	7	3,551	3,551	-
221	Deferred Liabilities	1(o)	272	173	(99)
11,364	Total Non-Current Liabilities		3,823	3,724	(99)
12,947	Total Liabilities		11,659	4,679	(6,980)
6,546	Net Assets		11,324	15,263	3,940
Net Worth					
28,261	Contributed capital		30,313	37,932	7,619
4,397	Revaluation Surplus		8,475	496	(7,978)
(26,112)	Accumulated (deficits)		(27,464)	(23,165)	4,299
6,546	Total Net Worth		11,324	15,263	3,940

The accounting policies and notes on pages 8 -28 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Financial Performance
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$000			Current Year Actual \$000	Original Budget \$000	Variance (Budget vs. Actual) \$000
	Revenue	Note			
581	Outputs to Cabinet	8	581	581	-
219	Sale of goods and services		206	383	177
1,430	House Sales	8	1,409	-	(1,409)
2,230	Total Revenue		2,196	964	(1,232)
	Cost of Goods Sold				
1,677	Cost of House Sales	8	1,654	-	(1,654)
553	Gross Profit		542	964	422
	Expenses				
713	Personnel costs	9	693	796	103
338	Supplies and consumables	10	328	487	159
206	Depreciation	4	203	149	(54)
693	Financing Expense	11	668	511	(157)
-	Losses on disposal of property, plant and equipment		-	153	153
1,950	Total Expenses		1,892	2,096	204
(1,397)	Deficit for the period		(1,350)	(1,132)	218

The accounting policies and notes on pages 8 - 28 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of changes in Net Worth
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

	Contributed Capital \$000	Accumulated deficits \$000	Revaluation Surplus \$000	Total Net worth \$000	Original Budget \$000	Variance (Budget vs Actual) \$000
Balance at 31 December 2017	26,225	(24,698)	4,528	6,055	5,380	(675)
Capital Injection	2,036	-	-	2,036	2,889	853
(Deficit) for the year 2018	-	(1,397)	-	(1,397)	(1,142)	255
Revaluation Surplus transfer	-	-	(131)	(131)	-	131
Prior Period Adjustment	-	(17)	-	(17)	-	17
Balance at 31 December 2018	28,261	(26,112)	4,397	6,546	7,127	581
Capital Injection	2,052	-	-	2,052	9,268	7,216
(Deficit) for the year 2019	-	(1,350)	-	(1,350)	(1,132)	218
Revaluation Surplus transfer	-	(2)	4,078	4,075	-	(4,075)
Prior Period Adjustment	-	-	-	-	-	-
Balance at 31 December 2019	30,313	(27,464)	8,475	11,323	15,263	3,940

The accounting policies and notes on pages 8 - 28 form part of these financial statements.

NATIONAL HOUSING DEVELOPMENT TRUST
Statement of Cash Flows
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Prior Year Actual \$000		Note	Current Year Actual \$000	Original Budget \$000	Variance (Budget vs Actual) \$000
CASH FLOWS FROM OPERATING ACTIVITIES					
<i>Receipts</i>					
531	Outputs to Cabinet		-	581	581
217	Sale of goods and services - third party		236	384	147
1,430	House Sales - Inventory		1,409	-	(1,409)
<i>Payments</i>					
(701)	Personnel costs		(635)	(796)	(161)
(199)	Suppliers		(283)	(743)	(460)
(693)	Interest paid		(663)	(511)	152
585	Net cash flows from operating activities	12	64	(1,085)	(1,149)
CASH FLOWS USED IN INVESTING ACTIVITIES					
(228)	Purchase of property, plant and equipment		(3,065)	(500)	2,565
-	Net Movement in Capital Assets		-	-	-
(2,098)	Investment – Low Income Housing Properties		(1,152)	314	1,466
(2,326)	Net cash flows used in investing activities		(4,217)	(186)	4,031
CASH FLOWS FROM FINANCING ACTIVITIES					
(1,322)	Payments on Bonds Payable		(1,360)	(8,212)	(6,852)
2,036	Equity Investment		2,052	9,268	7,216
714	Net cash flows from in financing activities		692	1,056	364
(1,027)	Net (decrease) in cash and cash equivalents		(3,461)	(215)	3,246
6,052	Cash and cash equivalents at beginning of year		5,025	1,768	(3,257)
5,025	Cash and cash equivalents at end of year	2	1,564	1,553	(11)

The accounting policies and notes on pages 8 – 28 form part of these financial statements

Description and principal activities

The National Housing Development Trust (the “Trust”) was incorporated on September 29, 2003, as a not for profit company by guarantee without share capital. The Trust provides affordable housing to Caymanian citizens of the Cayman Islands.

National Housing Development Trust offers several programs:

- a) The Government Guaranteed Home Assistance Mortgage (GGHAM) - The Cayman Islands Government (CIG), working along with local banks, provide mortgage funding to persons who cannot qualify for a traditional mortgage from a commercial bank and who are unable to accumulate the required 5-20% required for acquiring a mortgage. As of 31 December 2019, there were no new loans processed as the program agreement expired in 2012 and remains to be re- initiated to facilitate new mortgages. The Trust continues to provide administration for the portfolio of 325 mortgages issued between 2007-2012.
- b) The Affordable Housing Initiative (“AHI”) is designed to assist low-income families in having their housing needs met. As of 31 December 2019, there were 32 registered clients that are under Tenancy agreement within the Affordable Housing Initiative program.
- c) The Affordable Housing Initiative (“AHI”) is also designed to provide low-income families with the opportunity of homeownership. As of 31 December 2019, there were 82 Affordable Houses sold to families under the Affordable Housing Initiative program.
- d) The Build on Your Own Property (“BYOP”) is an option for a person owning their own home if they have their own land. The National Housing Development Trust assists Caymanians to construct affordable homes on their own property.

The Trust is a Government owned company with its registered office situated at the Government Administration Building on Elgin Avenue, George Town, Grand Cayman, and its office operation located at Cayman Centre, Bldg E Unit 4, Dorcy Drive, George Town, Grand Cayman.

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and the International Public Sector Accounting Standards Board using the accrual basis of accounting. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

Note 1: Significant accounting policies (continued)

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

IPSAS 41, Financial Instruments, was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing, and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement.

IPSAS 42, Social Benefits was issued in December 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 42 defines social benefits and determines when expenses and liabilities for social benefits are recognized and how they are measured.

Based on our assessment, it is anticipated that these standards will not be applicable to the Trust in future periods; however, we will reassess IPSAS 41, Financial Instruments, more fully closer to the effective date of adoption.

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

(a) Basis of preparation

The financial statements are presented in Cayman Islands dollars and are prepared on the accrual basis of accounting unless otherwise stated. The measurement base applied to these financial statements is the historical cost basis, except for land and buildings, which are included in Property, Plant, and Equipment. These items are stated at fair value. These Financial Statements are rounded to the nearest thousand.

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. The accounting policies have been consistently applied to all the years presented.

(b) Budget amounts

The original budget amounts for the financial year are as presented in the 2019 Ownership Agreement and approved by the Legislative Assembly on 27th October 2017. The Final Budget reflects changes to the original budget and the amounts are approved in the Supplementary Budget. There was no change to the original budget during the financial year.

Note 1: Significant accounting policies (continued)

(c) Reporting period

The Trust's financial year-end was changed from 30th June to 31st December as a result of an amendment to the Public Management and Finance Law (2107 Revision) that was passed by the Legislative Assembly on 27th March 2017. Accordingly, the comparative financial statements (FS) for the prior year were prepared for the 12 months ended 31 December 2018. The current year's Financial Statements are for the year ended 31 December 2019 and are comparable to the 12 months of 31 of December 2018 numbers.

(d) Judgments and estimates

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

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

(e) Revenue

Revenue is recognized in the accounting year in which it is earned. Revenue received but not yet earned at the end of the reporting year is recognized as a liability (unearned revenue). The Trust derives its revenue from outputs to cabinet, mortgage interest, strata fees, donations, sale of homes, and rental of houses to the Caymanian public. Revenue is recognized at fair value of affordable homes or services provided.

(f) 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.

(g) Operating leases

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 the operating leases are recognized as an expense on a straight-line basis over the lease term.

(h) Cash and cash equivalents

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

(i) Prepayments

The portion of recognized expenditure paid in advance of receiving goods or services have been recognized as a prepayment in these financial statements.

Note 1: Significant accounting policies (continued)

(j) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any recognized impairment loss. 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 year in which the asset is acquired.

Asset Revaluation

Property (buildings and structures) were revalued by JEC Property Consultants Ltd with the exception of road formation and road structure works which are carried at historical cost.

In accordance with IPSAS 17, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Depreciation is charged as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

	Years
Computer equipment	3
Furniture and fixtures	12
Office and telephone equipment	5
Vehicle	5
Road Formation Works	50
Road Structure	20
Low-income housing properties	10 - 50
Leasehold improvements	Over the unexpired period of lease or useful life of the improvement

Depreciation on the new AHI houses started upon the issuance of the Certificate of Occupancy, which signals the point at which they are available for use. At this point, they are in the location and condition necessary for them to be operating in the manner intended by Management, as outlined in IPSAS 17.

(k) Disposals

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

(l) Work in progress

This account consists of costs incurred attributable to bringing the asset condition necessary for it to be capable of operating in the manner intended by management. It is categorized as current assets for the actual cost related to each project. When the Affordable Housing Initiative (AHI) houses are complete, then a reclassification will be made to the relevant property, plant, and equipment. The NHD's objective is to complete projects within approximately an eighteen (18) month period.

Note 1: Significant accounting policies (continued)

(m) Inventory assets

AHI Houses

This account consists of completed AHI houses, for which have been allocated parcels, issued Certificate of Occupancy, and held specifically for re-sale. Homes are valued at lower of cost and net realizable value.

Houses that are held as rental property or lease-to-own are held in property, plant, and equipment –AHI Houses.

(n) Land

Inventory assets also consist of land lots held for transfer on sale of the completed AHI houses held in inventory. In accordance with IPSAS 12, where inventory is acquired as a non-exchange transaction, the costs are measured at the fair value on acquisition. The fair value of the land is based on the first valuation carried out on acquisition.

Land is acquired from the government at no cost and is recorded at fair market value at the date of acquisition. A revaluation of this asset is undertaken every 5 years.

(o) Deferred liabilities

Payments/ accrued amounts made by purchasers on their mortgage principal are recorded as deferred liabilities.

(p) Employee benefits

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

Pension contributions for employees of the Trust are paid to the Silver Thatch Pension Fund and administered by the Silver Thatch Pension Plan. The Silver Thatch Pensions is governed by a board of trustees who appoint agents to handle administration, management and investment functions. Intertrust is the plan administrators, Saxon Pensions is the Client Services Agent and Coutts Cayman are the Investment Managers.

(q) Financial instruments

The Trust is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, short term deposits, trade, and accounts receivables and trade and accounts payable, all of which are recognised in the Statement of Financial Position.

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

Note 1: Significant accounting policies (continued)

(q) Financial instruments (continued)

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable. Financial instruments comprise of accounts payable and accrued expenses, employee entitlements, and long-term debt.

Recognition

The Trust recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in fair value of the assets and liabilities are recognized in the Statement of Financial Performance.

Measurement

Financial instruments are measured initially at cost, which is the fair value of the consideration given or received. Subsequent to initial recognition, all financial assets are recorded at 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, recognizes 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.

De-recognition

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

(r) Contingent liabilities and assets (including guarantees)

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

(s) Foreign currency

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

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

- Foreign currency monetary items are to be reported in Cayman Islands dollars using the closing rate at the year-end date;
- Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported in Cayman Islands dollars using the exchange rate at the date of the transaction; and

Note 1: Significant accounting policies (continued)

- Non-monetary items that are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the fair values were determined.

Note 2: Cash and cash equivalents

2018 Actual \$000	Description	Currency	Exchange Rate	2019 Actual \$000
1	Cash on hand (Petty Cash)	CI \$	1	1
5,024	Bank Accounts held at other financial institutions (<u>Scotia Bank & Trust Cayman Ltd and Butterfield Bank Cayman Ltd</u>)	CI \$	1	1,563
5,025	TOTAL	CI \$	1	1,564

Cash and cash equivalents include cash on hand, bank accounts in the name of the Trust maintained at the Scotiabank & Trust (Cayman) Limited and Butterfield Bank (Cayman) Limited. No restricted cash balances were held by the Trust at 31 December 2018 and 31 December 2019.

Note 3: Trade receivables and other receivables

At year-end, all overdue receivables have been assessed and appropriate provisions were made. The provision for doubtful debts has been calculated based on expected losses for the Trust and review of specific debtors. Expected losses have been determined based on the analysis of the Trust's losses in previous periods.

2018 Actual \$000	Description	2019 Actual \$000
766	Debtors	1,340
69	Other Receivable	69
(163)	Less: provision for doubtful debts	(182)
673	Total trade & other receivables	1,227

As at December 31, 2019, the aging analysis of trade receivables is as follows:

	Gross Receivables 31-Dec-18	Gross Receivables 31-Dec-19
Current	583	576
Past due 1-30 days	7	3
Past due 31-60 days	7	1
Past due 61-90 days	6	2
Past due 90 and above	163	758
Total	766	1,340

Note 3: Trade receivables and other receivables (continued)

Changes in the provision for doubtful debts

2018 Actual \$000	Description	2019 Actual \$000
(131)	Balance as at 1 January	(163)
(32)	Additional provisions made during the year	(19)
-	Receivables written off during the period	-
(163)	Balance as at 31 December	(182)

As at 31 December 2019 and 31 December 2018, trade and other receivables are due within one year from financial position date. Approximately \$163K had been provided up to 31 December 2018, and therefore \$19K further expense was required for the current year. These balances relate to client receivables for the new AHI houses that were allocated under Tenancy Arrangements.

NATIONAL HOUSING DEVELOPMENT TRUST
Notes to the Financial Statements
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Note 4: Property, plant and equipment

	<i>Land</i>	<i>Buildings</i>	<i>Leasehold Improvement</i>	<i>Furniture & Fixtures</i>	<i>Computer Equipment</i>	<i>Office & Tel Equipment</i>	<i>Vehicle</i>	<i>Land Improvement</i>	<i>Road Formation Works</i>	<i>Road Structure</i>	<i>Work in Progress</i>	<i>Total</i>
Cost	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance as at 31 Dec 18	5,721	4,931	135	43	19	39	50	884	1,218	1,136	72	14,248
Additions	3,045	-	-	2	1	2	17	-	131	-	178	3,376
Revaluation	3,625	(205)	-	-	-	-	-	-	-	-	-	3,421
Impairment loss 2019	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	(80)	(179)	-	-	-	-	-	-	-	-	-	(259)
Transfers	-	-	-	-	-	-	-	-	-	-	(250)	(250)
Balance as at 31 Dec 19	12,311	4,547	135	45	20	41	67	884	1,349	1,136	-	20,537

**Accumulated
Depreciation**

Balance as at 31 Dec 18	-	643	135	35	13	30	22	-	163	374	-	1,415
Depreciation Expense 2019	-	105	-	3	1	1	11	-	24	57	-	203
Impairment loss 2019	-	(725)	-	-	-	-	-	-	-	-	-	(725)
Eliminate on Disposal 2019	-	(23)	-	-	-	-	-	-	-	-	-	(23)
Balance as at 31 Dec 19	-	-	135	38	14	31	33	-	187	431	-	869
Net Book value 31 Dec 18	5,723	4,288	-	7	7	10	28	884	1,055	762	71	12,835
Net Book value 31 Dec 19	12,312	4,547	-	7	5	11	34	884	1,162	705	-	19,668

Note 4: Property, plant, and equipment (continued)

- a) In December 2019 the Trust retained the services of JEC Property Consultants an independent valuer, to provide a fair market valuation for the NHDT Properties in the District of East End, Bodden Town, Windsor Park, and West Bay. The valuation undertaken was for the Affordable Houses that remain registered under the NHDT and also the portions of lands that are developed and undeveloped. As part of this exercise, the valuation also included valuation assessment of infrastructure and road formation throughout the various affordable housing sites.
- b) The outcome of the valuation required a revaluation adjustment in property, plant, and equipment that are stated at revalued amounts less accumulated depreciation. In accordance with accounting policy, when an item of property, plant, and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset.

Land Asset	2018	Adjustments during the Year			2019
		Additions (Land Purchase)	Revaluation Adjustment	Disposal of Land	
West Bay Land (Blk4C/P585)	1,000		625		1,625
Windsor Park Land (Blk14E/P719)	592		201		793
Eastern Ave Land (Blk13E/P166)	1,809		976		2,785
East End Land (Blk72B/P149)	370		766	(42)	1,094
Lighthouse Land (Blk4B/P673)	1,325		80	(38)	1,368
Bodden Town Land (Blk43A/P56)	502		62		563
George Town Land (Blk20E/P213R3)	125	2,675	700		3,500
North Side Land- Blk 49C/P12&15	-	370	215		585
Total	5,723	3,045	3,625,	(80)	12,313

- c) The Depreciated Replacement Cost and the Sales Comparison Approach were used to derive the Open Market Value. For the AHI Houses, the Sales Comparison Approach was used. Major assumptions for the AHI Houses are that no encumbrances or encroachments exist, that the buildings are structurally sound, and that the land is free from any defects. For the AHI Land, it was assumed that apart from being cleared and filled, the land is undeveloped and only the land value was included.

Note 4: Property, plant and equipment (continued)

- d) Road Formation is the category of our Road Asset, which relates to the preparation for the road structure along with the installation of utility mains and other formative works. These have been depreciated using a useful life of 50 years. The break-down by Districts are as follows;

Asset	Bodden Town \$000	East End \$000	West Bay \$000	Windsor Park \$000	Grand Total \$000
Formation works	219	385	292	453	1,349

- e) Road Structure is the category of our road asset, which refers to the physical road structures, including paved roadways. These have been depreciated using a useful life of 20 years. The break-down by the district is as follows;

Asset	Bodden Town \$000	East End \$000	West Bay \$000	Windsor Park \$000	Grand Total \$000
Road Structure	214	282	458	182	1,136

Buildings:

Asset - Affordable Houses	2018 Actual \$000	Additions (Affordable Houses) \$000	Revaluation Adjustment \$000	Disposal of Land (Affordable House Sales) \$000	2019 Actual \$000
West Bay	2,597	-	(384)	(179)	2,034
Windsor Park	2,333	-	179	-	2,512
East End	-	-	-	-	-
Total	4,930	-	(205)	(179)	4,546

The Buildings pertaining to affordable low-income property houses that are located in West Bay, East End, and Windsor Park. During the financial year, 1 home previously held as property, plant, and equipment from the West Bay location was purchased by clients. At December 31, 2019, there were 21 homes held as lease to own and 12 held as rental properties.

NATIONAL HOUSING DEVELOPMENT TRUST
Notes to the Financial Statements
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Note 5: Trade payables, accruals, and other payables

2018 Actual \$000	Description	2019 Actual \$000
184	Trade Payables	147
9	Housing Rental Deposits	8
193	Total trade payables, accruals and other payables	155

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The Housing rental deposits are advance payments made by clients on lease agreements with the NHDT.

Trade payables, accruals and other payables are all due within one year from financial position date.

Note 6: Employee entitlements

2018 Actual \$000	Description	2019 Actual \$000
	Current employee entitlements are represented by:	
-	Accrued Salary	43
3	Annual Leave	2
27	Health Insurance & Pension Liability	44
30	Total employee entitlements	89

Note 7: Bonds Payable

Scotiabank Bond

In October 2004, the Trust secured funding in the form of a bond issuance from Scotia Capital in the amount of US\$14.5 million at a fixed interest rate of 5.238%. Bi-annual payments of US \$607,032 commenced on April 28, 2006, and the loan will be paid in full by October 2024. The bond issue has been guaranteed by the Cayman Islands Government. The bond payable balance was translated at 0.82 at the financial year-end reporting period. As per wire instruction on the bond, payments are made to Sun Life Financial, Waterloo, Ontario, Canada.

Scotiabank Bond	Reported in the Notes of the Audited Financials			
	USD		CI at (0.82)	
	2018 (\$000)	2019 (\$000)	2018 (\$000)	2019 (\$000)
Principal- Beginning of Year	7,038	6,182	5,771	5,069
Principal repayments	(856)	(902)	(702)	(740)
Bond balance at the end of the year	6,182	5,280	5,069	4,329
Current portion	902	950	740	779
Long term portion	5,280	4,330	4,329	3,551

NATIONAL HOUSING DEVELOPMENT TRUST
Notes to the Financial Statements
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Note 7: Bonds Payable (continued)

Butterfield Bond

In August 2009, the Trust secured a bond issuance from Butterfield Bank (Cayman) Ltd in the amount of KYD\$12,083,000 at the Applicable Margin per annum above the Butterfield Bank Cayman Islands Dollar Base Rate (currently 3.25%).

This bond issuance is to provide long term financing to finance the costs of constructing homes to low-income Caymanians. Repayments are being made in equal bi-annual principal payments of KYD 310,000, plus accrued interest.

The Cayman Islands Government agreed to execute a Guaranty Agreement for the full amount of the Bond. This Guaranty Agreement was signed by the Premier and dated 2nd January 2010. As laid out in the Guaranty Agreement the Bond will be due for payment in the form a balloon payment commitment of \$6.8m due on June 20, 2020.

Butterfield Bond	Reported in the Notes of the Audited Financials			
	USD		CI at (0.82)	
	2018 (\$000)	2019 (\$000)	2018 (\$000)	2019 (\$000)
Principal- Beginning of Year	9,821	9,065	8,053	7,433
Principal repayments	(756)	(756)	(620)	(620)
Total paid at the end of the year	9,065	8,309	7,433	6,813
Current portion	756	8,309	620	6,813
Long term portion	8,309	-	6,813	-

Total NHDT - Bonds (Scotiabank & Butterfield)	Reported in the Notes of the Audited Financials			
	USD		CI at (0.82)	
	2018 (\$000)	2019 (\$000)	2018 (\$000)	2019 (\$000)
Bond balance – beginning of year	15,246	13,588	12,502	11,142
Current portion	1,658	9,258	1,360	7,592
Long term portion	13,588	4,330	11,142	3,551

NATIONAL HOUSING DEVELOPMENT TRUST
Notes to the Financial Statements
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Note 8: Revenue

Income from Sale of AHI houses represents the sale of homes held in inventory and is made up of payments made by clients for the AHI Houses at the Bodden Town location.

House Sale - Cost of Goods sold represents the cost of the AHI houses sold from inventory.

2018 Actual \$000	Revenue Description	2019 Actual \$000	Final/Original Budget \$000	Variance (Budget vs. Actual) \$000
581	Outputs Sold to EXCO -	581	581	-
118	Income from Rental Property	116	143	27
72	Income from Mortgage Property	64	105	41
1,430	Income from Sale of AHI Houses	1,409	-	(1,409)
12	Strata Fees - Charges on Mortgage Property	8	34	26
-	Interest on Cash Balances & Late Fees	-	-	-
18	Miscellaneous Income	18	-	(18)
-	Other Income	-	100	100
2,230	Total Revenue	2,196	964	(1,232)
1,677	Cost of Goods Sold - AHI Houses	1,654	-	(1,654)
553	Gross Profit	542	964	422

During the year ended 31 December 2019 and 31 December 2018, outputs sold to EXCO is as follows:

2018 Actual \$000	Description	2019 Actual \$000
146	AHI Output 4	146
231	GGHAM Output 5	231
187	Project Development Output 6	187
17	BYOP Output 7	17
581	Total	581

NATIONAL HOUSING DEVELOPMENT TRUST
Notes to the Financial Statements
For the year ended 31 December 2019
(Expressed in Cayman Islands Dollars)

Note 8: Revenue (continued)

As at 31 December 2019 and 31 December 2018, income from mortgaged property by location is as follows:

2018 Actual \$000	Description	2019 Actual \$000
30	West Bay	26
41	Windsor Park, George Town	38
-	East End	-
71	Total	64

As at 31 December 2019 and 31 December 2018, income from rental property by location is as follows:

2018 Actual \$000	Description	2019 Actual \$000
55	West Bay	63
9	East End	-
53	Windsor Park, George Town	53
117	Total	116

Note 9: Personnel Costs

2018 Actual \$000	Description	2019 Actual \$000
516	Salaries, wages and allowances	452
128	Health care	117
51	Pension	46
-	Leave	53
18	Other personnel related costs	25
713	Total Personnel Costs	693

Note 10: Supplies and consumables

2018 Actual \$000	Description	2019 Actual \$000
31	Doubtful debt expense	47
104	Repairs and maintenance	74
38	Insurance	43
45	Lease of buildings	46
96	Other Supplies and Consumables	96
24	Utilities	22
338	Total Supplies and consumables	328

NATIONAL HOUSING DEVELOPMENT TRUST**Notes to the Financial Statements****For the year ended 31 December 2019****(Expressed in Cayman Islands Dollars)****Note 10: Supplies and consumables (continued)**

The Trust signed a lease agreement with Bodwin Investments Ltd. for the rental of National Housing Development Trust operating premises in the amount of \$41,250 (US dollar) annually, effective 01 October 2007 for a period of five (5) years. This contract expired on 01 October 2012, and the option to renew for an additional five (5) years was not affected. The Trust now operates on a month by month rental.

Note 11: Finance Costs

2018 Actual \$000	Description	2019 Actual \$000
289	Interest Payment to Scotia Bank	418
404	Interest Payment to Butterfield Bank	250
693	Total Finance Costs	668

Note 12: Reconciliation of net cash flows from operating activities to surplus/ (deficit)

2018 Actual \$000	Description	2019 Actual \$000
(1,397)	Surplus/(deficit) from ordinary activities	(1,350)
	Non-cash movements	
-	Prior Year adjustments	-
31	Provision for Doubtful Expense	19
206	Depreciation Expense	203
(53)	Increase in Receivables (Net of Provision for Doubtful Debts)	(573)
16	Decrease in Prepaid Expense	-
1,677	Increase in Inventory	1,654
13	Increase in Employee entitlements	59
47	Increase in Accrued expenses	(38)
-	Bond Liability	39
45	Deferred Liabilities, increase	51
585	Net cash flows from operating activities	64

Note 13: Contingencies

	Beginning Balance	Additions	Disbursements	Ending Balance
Contingent Liabilities				
Security Center Limited	12	-	-	12

There was legal action against the Trust by the Security Centre Limited in the amount \$12,000 for breach of contract for work performed in August 2005. The case is currently inactive, and the amount is not reflected in the statement of financial position. Attempts were made to obtain an update from the Security Centre Limited on this matter, however there was no response.

Note 14: Explanation of major variances against budget

Explanations for major variances for the Trust's performance against the original/final budget are as follows:

Statement of Financial Performance

Revenue

Revenue was \$1.232M above budget and mainly attributed to the sale of New Affordable Houses that were constructed in Bodden Town and East End Affordable Housing Sites. Also, in order to be IPSAS compliant, the sale of one AHI house previously held as Property Plant and Equipment was transferred to inventory and included in inventory sales; this was not previously included in the budget.

Personnel costs

Personnel costs were \$103K below budget due to a reduction in staff compliment during the year.

Supplies and consumables

Supplies and consumables were \$159K below budget as there were no major costs for remedial work of AHI houses when compared to budget.

Finance Cost

Finance costs were \$157K above budget and is mainly attributed to the Butterfield bond balloon payment commitment that was estimated for payment December 2019, however the payment was actually due in June 2020.

Statement of Financial Position

Cash and cash equivalents

The actual year-end cash balances were approximately \$11K slightly below budget that is attributed to net of inflows and outflows from the Project Development of Affordable Houses in the Bodden Town and East End during the financial year. It is also worth noting that a total of \$3M held in NHDT's reserves was utilized for the purchase of land in George Town and North Side and it is expected that these funds will be reimbursed by the Cayman Islands Government.

Note 14: Explanation of major variances against budget (continued)

Statement of Financial Position

Debtors and other receivables

The actual year-end debtors and other receivables balances were \$982K above budget as output billings to Government were still outstanding at year-end. The level of delinquency with the AHI Clients was low in comparison to previous periods as the Clients paid up the commitments for the reporting period.

Property, Plant, and Equipment

Property, plant, and equipment were \$4.797K above the original budget, and the significant difference is mainly attributed to increase in assets due to addition of land and a the asset revaluation exercise that was completed in the early part of 2020 and was accounted for as at 31 December 2019.

Current Portion – Bonds Payable

The NHDT current bond balance was \$6.813M above budget because the budgeted amount was previously misstated in the 2018 & 2019 Budget. The actual Butterfield Bond Commitment of \$6.8M is due for payment on June 2020. The NHDT bond commitment for Butterfield Bank (Cayman) Limited and Sunlife Assurance of Canada were correctly recorded and approved as a provision in the 2020 & 2021 Budget Period.

Statement of Cash Flows

Cash from operating activities

The negative net of \$1.150M cash on the budget from operating activities is mainly attributed to cash inflows from the sale of the affordable houses, however subsequent to the year-end i.e. January 2021 these funds were received from the Cayman Islands Government.

Cash from investing activities

The positive net of \$4.033M cash on the budget from investing activities is mainly attributed the procurement of land for the Affordable Housing Districts in North Side and George Town.

Cash from financing activities

The cash from financing activities net on budget of \$364K is mainly attributed to the Butterfield bond commitment that was estimated for payment December 2019, wherein fact the payment is actually due on Jun 2020.

Note 15: Related party and key management personnel disclosures

The Trust is a government company from which it derives a major source of its revenue from Cabinet through Output funding. The Trust and its key management personnel transact with other government entities on a regular basis.

Note 15: Related party and key management personnel disclosures (continued)

These transactions were provided free of cost during the financial year ended December 31, 2019, and were consistent with normal operating relationships between entities and were undertaken on terms and conditions that are normal for such transactions.

Due to the uniqueness and set up of the Trust, the operation of the Trust relies on the Board of Directors. The Directors offer their services through Board and Committee Meetings, for which they earn directors fees. The total Board and Directors Fees and Committees fees paid out for 2019 was \$24.5K (2018 \$26.6K). The slight decrease in the fees is due to suspension of meeting during the phase of the Board Restructure from August 2019 to November 2019.

Key management personnel

There is two full-time equivalent personnel considered at the senior management level. The total remuneration includes regular salary, allowances, pension contributions, and health insurance contributions. Total remuneration for senior management in 2019 was \$210K (2018 \$163K). There were no loans made to key management personnel in 2019 (2018: \$0). There were no transactions with Government entities that could be reliably measured.

Note 16: Subsequent Events

Property Valuation

In Dec 2019, the NHDT retained the services of JEC Property Consultants an independent valuer to provide a fair market valuation for the NHDT Properties in the District of East End, Bodden Town, Windsor Park, and West Bay. The valuation undertaken was for the Affordable Houses that remain registered under the NHDT and also the portions of lands that are developed and undeveloped. As part of this exercise the valuation also included valuation assessment of infrastructure and road formation throughout the various sites in the various affordable housing districts.

Further Project Development - Additional Houses

With its continued trend of the affordable project development and the increase in demand for the affordable houses, the Trust undertook the process of submitting plans for seven additional houses to be constructed in East End. The planning process for 14 additional houses was undertaken on the undeveloped portion of the Light House Garden Site in West Bay.

COVID – 19 Impact

In December 2019, a novel strain of coronavirus was reported to have surfaced in China. On 30 January, 2020, the WHO declared the outbreak a Public Health Emergency of International Concern. World governments' efforts to contain the spread of the coronavirus, often referred to as the COVID-19, have significantly impacted many businesses globally, as well as the local economy. While the situation continued to evolve rapidly the full impact is unknown as this pandemic has called on countries to develop policies to suppress the virus spread. This unprecedented event caused disruption across the world as it continues to affect business and consumer activities worldwide.

Note 16: Subsequent Events (continued)

With the Cayman Islands Government directive in March 2020 of the shelter in place policy, the Trust discontinued its operations to the public and suspended its project development and only limited its resources to working from home and only limiting its services of emergency and routine maintenance of the Affordable Houses. With the uncertainty on how long the pandemic would last and its financial impact on the community, the Trust followed the trend of the local financial institutions and approved for deferral of the Affordable Housing Tenant payment commitment for three months. It is anticipated that this deferral on commitment will have a slight impact on the cash inflows trust. While there was interruption in the second quarter of 2020, the Trust will be seeking the equivalent refund for its operations from the Cayman Islands Government.

Note 17: Financial instrument risks

National Housing Development Trust (NHDT) is exposed to a variety of financial risks, including interest rate risk, credit risk, and liquidity risk. NHDT'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 CIG Financial Regulations.

Interest Rate Risk

NHDT is subject to interest rate risk on the cash placed with a local bank that attracts interest. A late fee of \$15.00 is charged to tenants on late payments on accounts receivable and not late interest payments. The NHDT is not exposed to significant interest rate risk as the cash and cash equivalents are placed on call, and short term fixed deposits, which are available on demand.

Credit Risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the NHDT. Financial assets that potentially expose the NHDT to credit risk comprise the development of property investments, house construction, cash equivalents and accounts receivable. The NHDT is exposed to the potential loss that would be incurred if the counterparty to the bank balances failed to discharge its obligation to repay. All bank balances are with two financial institutions located in the Cayman Islands, which management and the Board consider them being financially secure and well managed.

NHDT is also exposed to a significant concentration of credit risk in relation to accounts receivables, all of which are due from persons who have a lease or mortgage agreements with the NHDT. The maximum amount of these accounts varies with a month to month payment of \$699 or \$579 for both the rental and mortgage accounts with the total cost of the homes being stated as \$69,900 and \$56,900 respectively for mortgages. As at 31 December 2019, provision for doubtful debts have been made for these accounts in the amount of \$19K.

The carrying amount of financial assets recorded in the financial statements represents NHDT's maximum exposure to credit risk. In the case of the mortgage accounts, the collateral for these accounts is the house itself, and for the rental, no collateral is required from NHDT's debtors.

Note 18: Financial instrument risks (continued)

Liquidity Risk

Liquidity risk is the risk that the NHDT is unable to meet its payment obligations associated with the financial liabilities when they fall due. The ability of the NHDT to meet its debts and obligations is dependent upon its ability to collect the debts outstanding to the NHDT on a timely basis and from proceeds of capital injections that are received from the Cayman Islands Government. In the event of being unable to collect its outstanding debt, it is expected that the Cayman Islands Government would fund any shortfalls.

Note 19: Authorization date

These Financial Statements relating to the 12 months ended 31st December 2019 for the National Housing Development Trust were authorized for issue on September 9, 2020 by the Trust's Board of Directors.

Appendix 1:

Ownership Performance Reporting and Statement of Outputs Delivered to Cabinet

Information about specific financial transactions required to be included in the Ownership Agreement by the Public Management and Finance Act (2021 Revision) is detailed below.



OUTPUTS / PURCHASE AGREEMENT

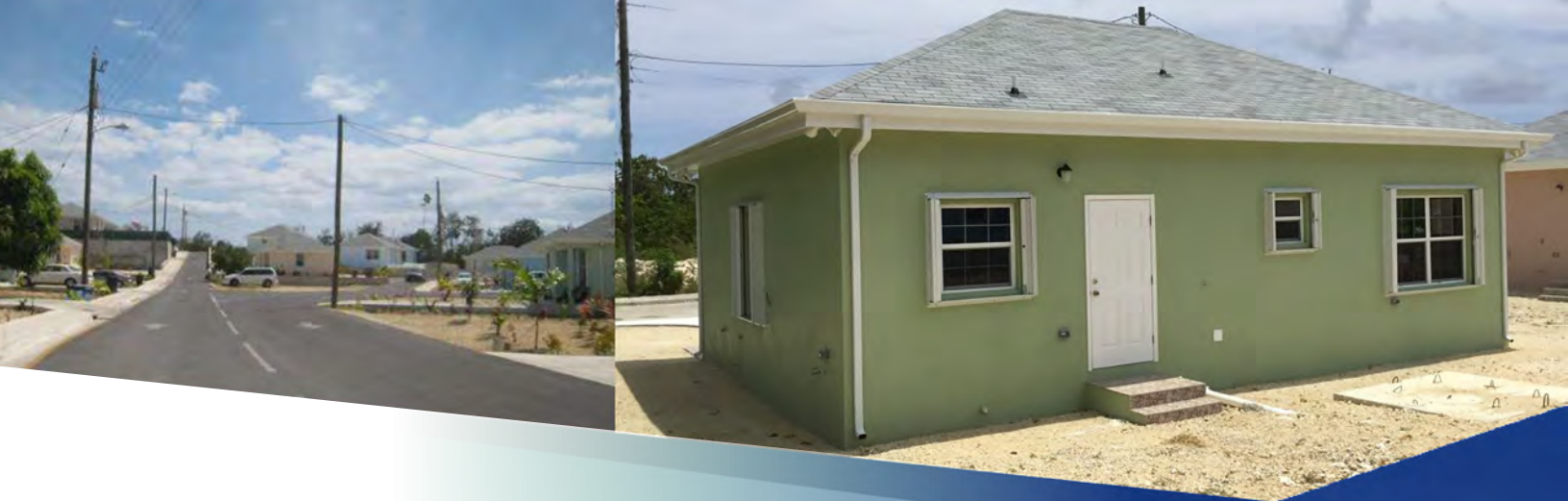
ITEM #	PURCHASE AGREEMENT OF NHDT OPERATIONAL OUTPUTS	2019 \$000's
NHT 4	Administer the lease of the Affordable Housing Initiative (AHI) Program and provide support services to low income Caymanian families.	146
NHT 5	Administer the lease of the Government Home Assisted Mortgage (GGHAM) Program and provide support services to low income Caymanian families.	231
NHT 6	Administer the New Affordable Housing Initiative (AHI) Program which provides support services to low income Caymanian families.	187
NHT 7	Administer the Build On Your Own Property Program which provides assistance and support to low income Caymanian families.	17
Total Outputs - Purchase Agreement for Operations		581

Appendix 1:



CAPITAL/OWNERSHIP AGREEMENT

ITEM #	NHDT- BOND COMMITMENTS & PROJECT DEVELOPMENT	2019 \$000's
1	NHDT - Equity Injection - Bond Repayment Sunlife Assurance (Bond Maturity to 2024)	1,013
2	NHDT - Equity Injection - Bond Repayment Butterfield Bank (Balloon Pymt of \$6.8m due Jun 2020)	7,433
3	NHDT - Equity Injection EI57 - NHDT Project Dev for Affordable Housing Sites	821
	Total Outputs - Capital/Ownership Agreement	9,267



Appendix 2:

List of Acronyms and Abbreviations

ACRONYM	DESCRIPTION
AHI	Affordable Housing Initiative Program
BYOP	Build Your Own Property Program
GGHAM	Government Guaranteed Home Assisted Mortgage Program
HECH	Ministry of Health, Environment, Culture and Housing
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
NHDT	National Housing Development Trust
PAA	Public Authorities Act
PLAHI	Ministry of Planning, Agriculture, Housing & Infrastructure
PMFA	Public Management and Finance Act



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