



CHILDREN AND YOUTH SERVICES FOUNDATION ANNUAL REPORT 2025





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WHO WE ARE AND WHO WE SUPPORT



The CAYS Foundation is a not-for-profit organization providing residential care and support to children and young people in the Cayman Islands delivering 24-hour care to young people, between the ages of 12 and 18, who are unable to live with their families due to safeguarding concerns, welfare needs, or court-directed interventions.

Referrals to the Foundation are made primarily through the Department of Children and Family Services (DCFS) and the Youth Courts. Our role is to provide a safe, structured, and nurturing environment in which young people can stabilize, develop, and begin to build positive futures whilst having the space to address the challenges which have led them to be with us.

The Foundation operates the Bonaventure Campus and the Frances Bodden Campus, each with different homes for young people. Each home is staffed on 24/7 by trained Child and Youth Care professionals and care is delivered in line with trauma-informed and relationship-based practice, recognizing the importance of trust, safety, and connection in supporting reflection and development.

Increasing emphasis is placed on “experience arranging”—creating meaningful opportunities that broaden young people’s horizons and support their social and emotional development.

The Foundation works closely with a range of statutory and community partners. This multi-agency approach ensures that care is coordinated, responsive, and aligned with the best interests of each young person.

Through our work, the CAYS Foundation seeks not only to provide care, but to create stability, build resilience, and support young people to achieve positive, sustainable outcomes.

A MESSAGE FROM THE BOARD

As we reflect on 2025, the Board is encouraged and inspired by the continued progress, resilience, and commitment that define the work of the CAYS Foundation. This has been a year not only of development, but of real, tangible change across our homes, our practice, and the experiences of the young people in our care. This year has also seen us place greater emphasis on creating opportunities and experiences beyond our homes and beyond the parameters which often contain looked after young people.

From the ongoing redevelopment of the Frances Bodden Children's Home to the expansion of our workforce and the introduction of new programs, we are building services that are more responsive, more therapeutic, and more aligned with best practice in residential childcare.

The Board is particularly grateful for the way our teams continue to embrace trauma-informed, relationship-based practice. The work is complex and often demanding, but our staff consistently demonstrate compassion, professionalism, and an unwavering commitment to the young people we support which is evident in the day-to-day care provided and in the meaningful opportunities created for young people to experience, achieve, and grow.

None of this would be possible without the continued support of our partners, stakeholders, and the wider community. The Board of Directors would like to extend our sincere thanks to our government partners, donors, and all those who contribute to our work. Your support enables us to continue evolving and improving the services we provide.

While we are proud of what has been achieved, we remain ambitious. The needs of the young people we serve require us to keep developing, learning, and striving for better. As we look ahead, our focus will remain on strengthening our provision, investing in our people, and ensuring that every young person in our care is given the best possible chance to succeed.

Thank you for your continued support of the CAYS Foundation.

A FOCUS ON GROWTH AND OPPORTUNITY: BUILDING PATHWAYS FORWARD

In 2025, CAYS Foundation focused on strengthening outcomes for young people in our care, not simply the young people we care for now, but those to come in the future. 2025 had a theme of developing different facets of the organization; creating homely spaces, growing capacity in our caring adults and evolving our business infrastructure and systems. During the year, CAYS:

- Seniors embarked on a field trip overseas to visit a sector leading organization in the UK. The team had the benefit of some experiential learning, working alongside the teams in the Homes, consulting with and shadowing management and hearing about the development of the continuum of services
- Seniors became trainers in Safe Crisis Management furthering capacity to train core staff and promote reference to the principles and practices outside of the annual training
- Created new opportunities for our young people to have enriching experiences and agency over the resources available to them. The 'Sponsor a Young Person' initiative allowed for weekly pocket money, funds;
 - to personalize their bedrooms,
 - to purchase clothing they need and like,
 - to have a birthday celebration and a gift of their choosing,
 - to choose Christmas gifts
 - to have an annual vacation or staycation



- Continued to engage with the private sector to strengthen fundraising efforts and work towards our ambition of modernizing CAYS Facilities.
- Designed and delivered an employability program for young people to engage local employers with a view to providing supported work placements for CAYS young people.

- Modernized residential service provision to better meet the complex needs of the young people in our care to include 1-1 services, secure care and small group living environments
- Upgraded the rear of the Bonaventure building with high spec finishes and a focus on being comfortable and homely. Began a comprehensive upgrade of Frances Bodden Boys Home. Achieved the award of CIG funding for the upgrades of the Phoenix House Secure Care building, set to begin in 2026.
- Advocated for improved conditions for our staff team to bring them in line with core Government. Funding was granted in 2026.
- Achieved an increase in budget to support the implementation of an HR, scheduling and Payroll management system. Procurement exercise was undertaken in 2025.
- Trained staff in Safe Crisis Management, Cash, Medication, Darkness to Light, First Aid and CPR and other essential training.



A YEAR OF PROGRESS AND POSSIBILITY

2025 was a year of meaningful progress and continued development for the CAYS Foundation. Alongside laying strong foundations for the future, we have seen tangible improvements across our environments, our practice, and our organizational systems.

One of the most significant developments has been the ongoing refurbishment of the Frances Bodden Boys' Home. Following the successful approval of Building Control and Planning, work progressed from internal demolition to the early stages of construction by the end of the year. During this period, young people were thoughtfully and successfully relocated to Bonaventure, ensuring continuity of care and stability throughout the transition.

This redevelopment reflects more than physical change. It represents a continued commitment to trauma-informed care—moving away from dormitory-style living towards smaller, more personalized environments that promote dignity, emotional safety, and stronger relationships.



Alongside developments in our physical environment, we have strengthened our workforce model. The introduction of the Casual Youth Support Team has provided flexible, responsive support to our core staff, enabling us to better meet the needs of an increasingly complex group of young people.

Equally important, this initiative has created meaningful pathways for Caymanians to enter the sector. The role offers an accessible route into youth support work, allowing individuals to gain experience alongside existing employment before choosing whether they want to make the

transition and embark on a career as a Youth Support Worker. This approach has already proven successful, both in enhancing care and supporting workforce development.



STRENGTHENING PRACTICE AND CAPABILITY

Throughout the year, we continued to embed a trauma-informed approach across all areas of our work. Staff engaged in targeted training in safe crisis management, safeguarding, and mental health, strengthening their ability to respond with consistency, empathy, and skill.



A key milestone was the development of our Senior Team as accredited Safe Crisis Management trainers. This has enabled us to deliver training internally, ensuring that the language, values, and interventions are consistently embedded into day-to-day practice.



ENRICHING THE LIVES OF YOUNG PEOPLE



At the heart of our work is a commitment to ensuring that young people do not simply receive care, but experience opportunities that support growth, confidence, and belonging.



Throughout the year, young people participated in a wide range of activities, including sports, community programmes, and cultural experiences. These opportunities play a vital role in helping them build relationships, develop skills, and see themselves as active members of their community.

number of staycations and ensuring that all young positive and memorable overnight stays in local cultural activities, and these experiences allowed young people to step outside their everyday environment and create lasting memories.



We also facilitated a on-island experiences, people had access to opportunities. From hotels to shared meals, recreational outings,

For some, the opportunity to travel to Cayman Brac marked a significant milestone— including first experiences of air travel. These moments are powerful, helping to build confidence, broaden perspectives, and create a sense of possibility.



CREATING PATHWAYS

TO THE FUTURE



A key area of growth in 2025 has been the continued development of our Employability Programme. Through structured work placements and real-world experiences, young people have been supported to explore their interests, develop practical skills, and prepare for life beyond care.

With the support of donors, CAYS engaged employers across a range of sectors, providing guidance on how best to support young people with complex needs. This has resulted in meaningful placement opportunities, with young people and employers supported closely to maximize their chances of success.

At the same time, young people were equipped with the skills needed to navigate employment, including understanding expectations, workplace behaviour, and communication. For many, the experience of earning and contributing has been transformational—building confidence, self-worth, and aspiration.



EDUCATION, THERAPEUTIC SUPPORT, AND FAMILY CONNECTION



We remain committed to supporting each young person's individual journey. This includes working closely with schools and government partners to ensure access to education, alongside providing access to therapeutic support through counselling, group work, and specialist services. CAYS are engaged with the Department of Education, the Ministry of Education and our own Ministry of Social Development and Innovation to consider the best provision for young people with additional support needs in education, whether this exists, or whether a new provision has to be created.

Family connections continue to be an important focus. Where possible, we actively support reunification, providing guidance and structured support throughout the process. During the year, we delivered parenting sessions and facilitated a range of family-focused events, creating opportunities to strengthen relationships and build positive shared experiences, supporting close family to reflect on their experiences as care givers, in the same way that the young person reflects on their challenges.

SUPPORTING TRANSITIONS AND INDEPENDENCE



Supporting young people into independence remains central to our work. In 2025, we supported a number of transitions into independent living and overseas opportunities.

These transitions are carefully planned, recognizing both the opportunities and the challenges they present. Our approach remains rooted in strong, consistent relationships, ensuring that young people feel supported as they take significant steps toward adulthood.

LOOKING AHEAD

While we are grateful for what we have been able to achieve and our focus remains firmly on the future. Each development, initiative, and opportunity reflects our commitment to ensuring that young people are not defined by their past but empowered to shape their future.

At CAYS Foundation, we have chosen not to rest and be complacent or stagnant, we are making every effort to bring the standard of our facilities and our practice in line with international best practice.

We are grateful for the support of our Ministry and our community partners as we continue to dream big for our young people, giving them license to dream big for themselves.

FINANCIAL PERFORMANCE

FINANCIAL PERFORMANCE MEASURE	2025 Budget \$ 000's	2025 Actual \$000's
REVENUE FROM CABINET	3,100	3,704
REVENUE FROM MINISTRIES, PORTFOLIOS, STATUTORY AUTHORITIES AND GOVERNMENT COMPANIES	-	-
REVENUE FROM OTHER PERSONS OR ORGANISATIONS	-	189
SURPLUS/DEFICIT FROM OUTPUTS	3,100	3,893
OTHER EXPENSES	(3,716)	(4,153)
NET SURPLUS DEFICIT	(616)	(259)
TOTAL ASSETS	1,206	2,698
TOTAL LIABILITIES	86	191
NET WORTH	1,120	2,508
CASH FLOWS USED IN OPERATING ACTIVITIES	(553)	847
CASH FLOWS USED IN INVESTING ACTIVITIES	(11)	(162)
CASH FLOWS FROM FINANCING ACTIVITIES	-	500
CHANGE IN CASH BALANCES	(564)	1,185

FINANCIAL PERFORMANCE RATIO	2025 Budget %	2025 Actual %
CURRENT ASSETS: CURRENT LIABILITIES	8.78:1	11.39:1
TOTAL ASSETS: TOTAL LIABILITIES	14.03:1	14.16:1

HUMAN CAPITAL MEASURES	2025 Budget \$ 000's	2025 Actual \$000's
TOTAL FULL TIME EQUIVALENT STAFF EMPLOYED	50	46
STAFF TURNOVER (%)		
SENIOR MANAGER	0%	0%
PROFESSIONAL AND TECHNICAL STAFF	0%	0%
ADMINISTRATIVE STAFF	0%	0%

PHYSICAL CAPITAL MEASURES	2025 Budget \$ 000's	2025 Actual \$000's
VALUE OF TOTAL ASSETS	1,206	2,698
ASSET REPLACEMENTS: TOTAL ASSETS	0.01:1	0.1:1
BOOK VALUE OF ASSETS: COST OF THOSE ASSETS	0.01:1	0.41:1
DEPRECIATION: CASH FLOW ON ASSET PURCHASES	5.5:1	0.89:1
CHANGES TO ASSET MANAGEMENT POLICIES	-	-



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services (CAYS) Foundation

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

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STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

These financial statements have been prepared by the Children and Youth Services Foundation in accordance with the provisions of the *Public Management and Finance Act (2020 Revision)*. The financial statements comply with generally accepted accounting practice as defined in International Public Sector Accounting Standards.

We accept responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the *Public Management and Finance Act (2020 Revision)*.

As members of the Management Board, we are responsible for establishing and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by Act and properly record the financial transactions of the Children and Youth Services Foundation.

As members of the Management Board, we are responsible for the preparation of the Children and Youth Services Foundation's financial statements and the judgements made in them.

The financial statements fairly present the financial position, financial performance, changes in net worth and cash flows of the Children and Youth Services Foundation for the financial year ended 31 December 2025.

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

- (a) completely and reliably reflect the financial transactions of the Children and Youth Services Foundation for the year ended 31 December 2025;
- (b) fairly reflect the financial position as at 31 December 2025 and performance for the year ended 31 December 2025; and
- (c) comply with the International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board.

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



Garth Arch
Chairman

Date: April 24, 2026



Keith Boyle
General Manager

Date: April 24, 2026

AUDITOR GENERAL'S REPORT

To the Members of Parliament and the Chief Officer of the Children and Youth Services Foundation

Qualified Opinion

I have audited the financial statements of the Children and Youth Services Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2025, and the statement of financial performance, statement of changes in net worth and statement of cash flows for the year ended 31 December 2025, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 28.

In my opinion, the accompanying financial statements present fairly, in all material respects, except for the matter described in the Basis for Qualified Opinion section, the financial position of the Foundation as at 31 December 2025 and its financial performance and its cash flows for the year ended 31 December 2025 in accordance with International Public Sector Accounting Standards.

Basis for Qualified Opinion

As of 1 January 2025, IPSAS 43 requires reporting entities to recognise right-of-use assets and related lease liabilities of any existing or new leases. At 1 January 2025, the Foundation (lessee) held a 25-year lease of the Bonaventure Home and Frances Bodden Children's Home land and associated buildings with the Government of the Cayman Islands (lessor), beginning on 1 April 2015, on below-market terms. The annual lease payments are \$1. IPSAS 43 requires lessees to recognise below-market leases at market rates. However, management was unable to obtain reliable market rate references for the purposes of IPSAS 43.

Furthermore, IPSAS 23 requires that the difference between the contractual values and the prevailing market values be recognised as revenue when recognising the right-of-use asset.

Management was unable to comply with these requirements because reliable information on the lease's current value was unavailable. The statement of financial position did not report any right-of-use asset or lease liability in respect of IPSAS 43, nor a possible deferred gain (liability) arising from the recognition of the right-of-use asset required by IPSAS 23. The statement of financial performance did not report any depreciation on the right-of-use asset, interest on leases in respect of IPSAS 43, or the earned portion of the gain recognised from the excess of the current market over the contractual lease payments.

Furthermore, because of the lack of reliable information discussed previously, I was unable to quantify the misstatements arising from the omission of these financial statement line items.

AUDITOR GENERAL'S REPORT (continued)

Basis for Qualified Opinion (continued)

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 Foundation 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 the audit evidence I have obtained is sufficient and appropriate to form the basis of my opinion.

Emphasis of Matter

As outlined in Note 1(k) of the financial statements, the Cabinet of Ministers authorised supplementary appropriations for the Foundation under section 11(5) of the Public Management and Finance Act (PMFA) in 2025. The impact was an increase of \$604,410 in the Foundation's operational budget. A Supplementary Appropriations Bill for the additional funding was not introduced in Parliament by 31 March 2026 as required by section 11(5) of the PMFA. My opinion is not qualified with respect to this matter.

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

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

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor'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 it 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 that of one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

AUDITOR GENERAL'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in 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 Foundation 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 (2026 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Patrick O. Smith, CPA, CFE
Auditor General

24 April 2026
Cayman Islands

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025
Expressed in Cayman Island Dollars

		2025	2024	Original Budget	Final Budget	Budget Variance (Actual vs Original)
	<i>Note</i>					
Current Assets						
Cash and cash equivalents	2, 21	2,156,130	971,429	491,387	491,387	1,664,743
Trade receivables and other receivables	3,21	8,372	779,810	258,333	258,333	(249,961)
Prepayments	21b	5,833	2,360	5,000	5,000	833
Total Current Assets		2,170,335	1,753,599	754,720	754,720	1,415,615
Non-Current Assets						
Pension surplus	18, 21	98,000	88,000	61,000	61,000	37,000
Property, plant and equipment	4, 21	430,129	633,940	390,664	390,664	39,465
Total Non-Current Assets		528,129	721,940	451,664	451,664	76,465
Total assets		2,698,464	2,475,539	1,206,384	1,206,384	1,492,080
Current Liabilities						
Trade payables	12,21	77,311	164,385	20,000	20,000	57,311
Other payables and accruals	12,21	97,309	28,915	38,000	38,000	59,309
Employee entitlements	5,21	15,979	20,502	28,000	28,000	(12,021)
Total Current Liabilities		190,599	213,802	86,000	86,000	104,599
Total Liabilities		190,599	213,802	86,000	86,000	104,599
Net Assets		2,507,865	2,261,737	1,120,384	1,120,384	1,387,480
NET WORTH						
Contributed capital	7	966,667	466,667	466,667	466,667	500,000
Accumulated surpluses	21	1,541,198	1,795,070	653,717	653,717	887,481
Total Net Worth		2,507,865	2,261,737	1,120,384	1,120,384	1,387,481

The accounting policies and notes on pages 11 to 28 form an integral part of these financial statements.

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2025
Expressed in Cayman Island Dollars

		2025	2024	Original Budget	Final Budget	Budget Variance (Actual vs Original)
	<i>Note</i>					
Operating Revenue						
Outputs to Cabinet	6	3,704,410	3,216,500	3,100,000	3,704,410	604,410
Donations	6	188,935	259,426	-	-	188,935
Total Revenue		3,893,345	3,475,926	3,100,000	3,704,410	793,345
Operating Expenses						
Personnel costs	8, 21	3,137,172	2,896,336	3,262,236	3,760,688	(125,064)
Other expenses	9, 21	491,086	214,761	42,629	54,198	448,457
Supplies and consumables	10, 21	382,349	316,227	347,813	442,202	34,536
Depreciation	4, 21	142,610	98,592	63,246	63,246	79,364
Total operating expenses		4,153,217	3,525,916	3,715,924	4,320,334	437,293
Other Expenses						
Gain/(Loss) on disposal	4, 21	1,000	(3,194)	-	-	1,000
Total Other Expenses		1,000	(3,194)	-	-	1,000
Deficit for the year		(258,872)	(53,184)	(615,924)	(615,924)	357,052

The accounting policies and notes on pages 11 to 28 form an integral part of these financial statements.

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION

**STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2025
Expressed in Cayman Island Dollars**

	Accumulated Surplus	Contributed Capital	Total Net Worth	Original Budget	Final Budget	Budget Variance (Actual vs Original)
Balance at 01 January 2024 brought forward	1,836,254	466,667	2,302,921	(277,122)	(277,122)	2,025,799
Remeasurement of net defined benefit asset	12,000	-	12,000	1,000	1,000	11,000
Deficit for the year 2024	(53,184)	-	(53,184)	(415,267)	(415,267)	362,083
Net expenses and revenue for the year	(41,184)	-	(41,184)	(414,267)	(414,267)	373,083
Balance at 31 December 2024	1,795,070	466,667	2,261,737	(691,389)	(691,389)	1,570,348
Balance at 01 January 2025 brought forward	1,795,070	466,667	2,261,737	(691,389)	(691,389)	1,570,348
Increase of contributed capital	-	500,000	500,000	-	-	500,000
Remeasurement of net defined benefit asset	5,000	-	5,000	1,000	1,000	4,000
Deficit for the year 2025	(258,872)	-	(258,872)	(615,924)	(615,924)	357,052
Net expenses and revenue for the year	(253,872)	500,000	246,128	(614,924)	(614,924)	861,052
Balance at 31 December 2025	1,541,198	966,667	2,507,865	(1,306,313)	(1,306,313)	2,431,399

The accounting policies and notes on pages 11 to 28 form an integral part of these financial statements.

CHILDREN AND YOUTH SERVICES (CAYS) FOUNDATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2025
Expressed in Cayman Island Dollars

	2025	2024	Original Budget	Final Budget	Budget Variance (Actual vs Original)
CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES					
<i>Receipts</i>					
Outputs to Cabinet	4,479,410	2,965,167	3,100,000	3,704,410	1,379,410
Other receipts	147,388	139,608	-	-	147,388
<i>Payments</i>					
Personnel costs	(3,213,411)	(2,927,438)	(3,263,086)	(3,760,688)	49,675
Suppliers	(566,856)	(423,418)	(389,592)	(496,400)	(177,265)
Net cash flows used generated from/(used in) operating activities (see Note 11)	846,531	(246,081)	(552,678)	(552,678)	1,399,208
CASH FLOWS USED IN INVESTING ACTIVITIES					
Purchase of property, plant and equipment	(161,828)	(113,720)	(11,500)	(11,500)	(150,328)
Net cash flows used in investing activities	(161,828)	(113,720)	(11,500)	(11,500)	(150,328)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed capital	500,000	-	-	-	500,000
Net cash flows from financing activities	500,000	-	-	-	500,000
Net increase/(decrease) in cash and cash equivalents	1,184,701	(359,800)	(564,178)	(564,178)	1,748,879
Cash and cash equivalents at beginning of year	971,429	1,331,229	1,055,565	1,055,565	(84,136)
Cash and cash equivalents at end of year	2,156,130	971,429	491,387	491,387	1,664,743

The accounting policies and notes form pages 11 to 28 an integral part of these financial statements

During the year, property, plant and equipment of \$11,870 (2024: \$8,036) were obtained from donations but had no cash flow impact.

Description and Principal Activities

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

Note 1: Significant Accounting Policies

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

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

New and revised accounting standards were issued and are effective for the financial year beginning 1 January 2025.

CAYS's assessments of the impact of these new standards are set out below.

IPSAS 43, Leases shall be applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 43 supersedes IPSAS 13 and aligns with IFRS 16. IPSAS 43 sets out the principles for the recognition, measurement, presentation and disclosure of leases. It requires lessees to recognise most leases on the balance sheet. Accordingly, the profit or loss impact is a decrease in operating lease and rental expenditures and an increase in depreciation expense and interest expenses.

IPSAS 43 primarily affects the accounting by lessees and will result in the recognition of all leases on the Statement of Financial Position. At the commencement date of the lease, a lessee will recognize a liability to make lease payments (i.e., lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right to use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset, which will generally result in a higher charge being recorded in the Statement of Financial Performance compared to IPSAS 13. The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right of use asset. In accordance with the transitional provisions in IPSAS 43, CAYS has adopted the modified retrospective approach, under which the cumulative effect of initial application is recognised in accumulated surpluses/(deficits) on 1 January, 2025.

CAYS has a peppercorn lease and no short-term or low-value asset leases. No valuation of the leased property and/or buildings has been performed, and CAYS does not have sufficient reliable information to measure the right-of-use asset or lease liability on transition to IPSAS 43. As such, the financial effect of applying IPSAS 43 has not been determined as at 31 December 2025.

Note 1: Significant Accounting Policies (continued)

New and revised accounting standards were issued that became effective for the financial year beginning 1 January 2025 (continued)

IPSAS 44, Non-current assets held for sale has been applied for financial statements covering periods beginning on or after 1 January 2025. IPSAS 44 defines non-current assets held for sale and determines the accounting, presentation and disclosure of the discontinued operations. CAYS assessed and evaluated IPSAS 44 and concluded that there was no impact on CAYS's financial statements.

IPSAS 45, Property, Plant, and Equipment (effective for periods beginning on or after 1 January 2025) replaces IPSAS 17, Property, Plant, and Equipment. It adds current operational value as a measurement basis in the updated current value model for assets within its scope, identifies the characteristics of heritage and infrastructure assets, and adds new guidance on how these important types of public sector assets should be recognised and measured. During the financial year ended 31 December 2025, CAYS assessed that IPSAS 45, Property, Plant, and Equipment, does not have a significant impact on its financial statements.

IPSAS 46, Measurement (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. CAYS assessed and evaluated IPSAS 46 and concluded that there was no impact on CAYS's financial statements.

Certain new accounting standards have been published that are not mandatory for the 31 December 2025 reporting period and have not yet been adopted by CAYS early.

IPSAS 47, Revenue (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 Foundation financial statements will be assessed more thoroughly closer to the effective date of adoption. It is anticipated that IPSAS 47 will have an impact on CAYS's financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (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 anticipated that IPSAS 48 will not have an impact on CAYS's financial statements, but this will be assessed more fully closer to the effective date of adoption.

IPSAS 49, Retirement Benefit Plans (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 Foundation financial statements, but this will be assessed more fully closer to the effective date of adoption.

Note 1: Significant Accounting Policies (continued)

(a) Basis of Preparation

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

(b) Judgments and Estimates

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

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting year and in any future years that are affected by those revisions.

(c) Revenue

Outputs to Government

CAYS derives its revenue through the provision of services to Cabinet, to other agencies in Government and to third parties. The Cayman Islands Government has agreed to purchase certain outputs from CAYS. These outputs include providing 24-hour residential care to youth who have been committed by the Courts into residential treatments due to care and protection needs and/or offending behaviours. Revenue is recognised at fair value of services provided as the outputs in the purchase agreement are met.

Donations (Non-exchange)

Donations are recorded in revenue when they are received. Where conditions are attached to the donations a liability is recognised and revenue recognised as the conditions attached to the donation are satisfied. The Foundation has designated these non-exchange transactions as donations defined under IPSAS 23 - Revenue from Non-Exchange Transactions.

(d) Expenses

Expenses are recognised in the accounting year in which they are incurred.

(e) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, cash in-transit and bank accounts with a maturity of no more than three months from the date of initial measurement. Although cash and cash equivalents at 31 December 2025 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised.

(f) Prepayments

The portion of recognised expenditure paid in advance of receiving goods or services has been recognised and classified as a prepayment in these financial statements and expensed proportionally in the period incurred.

Note 1: Significant Accounting Policies (continued)

(g) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is recognised initially at fair value, where fair value can be reliably determined, and as revenue in the Statement of Financial Performance in the year in which the asset is acquired.

Depreciation is expensed on a straight-line basis at rates calculated to allocate the cost or valuation of an item of property, plant and equipment (other than land); less any estimated residual value, over its estimated useful life. Leasehold improvements are depreciated either over the unexpired period of the lease or the estimated useful lives of the improvements, whichever is shorter.

<u>Asset Type</u>	<u>Estimated Useful life</u>
• Leasehold Improvement	4 years/ Lease agreement period of 25 years
• Computer equipment	3 years
• Office equipment and furniture	4 years
• Motor vehicles	4 years

Disposals

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

(h) Employee Benefits

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

(i) Financial Instruments

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

Classification

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

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

Note 1: Significant Accounting Policies (continued)

(i) Financial Instruments(continued)

Recognition

CAYS recognise financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instrument. 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.

Measurement

Financial instruments are measured initially at cost which is the fair value of the consideration given or received. 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 for solely payments of principal or interest on the principal amount outstanding. CAYS assessed the business model for holding financial assets at the date of initial application. It determined that all of 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 measured at amortised cost.

Cash and cash equivalents, trade receivables and payables are recorded at amortized cost using the effective interest method less any expected credit losses. The simplified approach to providing for expected credit losses as prescribed by IPSAS 41 is applied to trade and other receivables. The simplified approach involves making a provision at an amount equal to lifetime expected credit losses.

De-recognition

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

(j) Foreign Currency

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

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

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

(k) Budget Amounts

The original budget amounts for the financial year are as presented in the 2025 Ownership Agreement. Where the Budget is presented in a format that is different from the financial statements, a statement of comparison of budget and actual amounts are included in the financial statements. Refer to note 21.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 1: Significant Accounting Policies (continued)

(k) Budget Amounts (continued)

The appropriations cover a budget period of two financial years. The 2024-2025 Ownership agreement covers the two financial years commencing 1 January 2024 to 31 December 2025. During the two-year period, funds can be transferred between the financial years. Unused appropriations from the 2024 budget can be carried over to 2025 to increase budgeted amounts. The 2024-2025 appropriations will lapse at the end of the budget period ending 31 December 2025. Any surplus at the end of the budget period will be repayable to Government.

(l) Trade Payables, Other Payables and Accruals

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

(m) Pension Surplus

Contributions towards pensions have been accrued in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to CAYS by the PSPB and are recognised as expense in the period incurred. CAYS recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred.

Note 2: Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and bank accounts in the name of CAYS maintained at Cayman National Bank. As at 31 December 2025, CAYS' cash balances were \$2,156,130 (31 December 2024: \$971,429). No restricted cash balances were held by CAYS at 31 December 2025 (31 December 2024: \$Nil).

Note 3: Trade Receivables and Other Receivables

At year end, all overdue receivables have been assessed and appropriate provisions made.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to trade and other receivables. The simplified approach involves making a provision equal to lifetime expected credit losses. The provision for credit losses is \$Nil for the year ended 31 December 2025 (31 December 2024: \$Nil).

	2025	2024
Debtors	3,316	778,316
Staff loan	5,056	1,494
	8,372	779,810
Debtor Aging		
	2025	2024
Current	-	259,827
1-30 Days	5,056	-
31-60 Days	-	258,333
61-90 Days	-	-
> 90 Days	3,316	261,650
Total	8,372	779,810

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 4: Property, Plant, and Equipment

COST

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	WIP	Total
Balance as at 1 January 2024	79,898	31,332	120,683	226,507	630,414	-	1,088,834
Additions	6,000	-	75,958	29,464	59,078	-	170,500
Disposals	-	-	(741)	(2,453)	-	-	(3,194)
Balance as at 31 December 2024	85,898	31,332	195,900	253,518	689,492	-	1,256,140
	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	WIP	Total
Balance as at 1 January 2025	85,898	31,332	195,900	253,518	689,492	-	1,256,140
Additions	-	-	8,145	22,780	125,235	9,550	165,285
Disposals	(7,004)	(2)	-	-	(366,635)	-	(373,641)
Balance as at 31 December 2025	78,894	31,330	203,620	276,708	448,092	9,550	1,047,784

ACCUMULATED DEPRECIATION

	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	WIP	Total
Balance as at 1 January 2024	67,913	30,850	100,088	122,275	203,549	-	524,675
Depreciation	6,391	282	8,017	37,980	45,922	-	98,592
Elimination on Disposal	-	(2)	(248)	(817)	-	-	(1,067)
Balance as at 31 December 2024	74,304	31,130	107,857	159,438	249,471	-	622,200
	Vehicles	Computers	Furniture	Equipment	Leasehold Improvement	WIP	Total
Balance as at 1 January 2025	74,304	31,130	107,857	159,438	249,471	-	622,200
Depreciation	3,625	200	28,142	46,798	63,845	-	142,610
Elimination on Disposal	(7,004)	-	-	-	(140,151)	-	(147,155)
Balance as at 31 December 2025	70,925	31,330	135,999	206,235	173,165	-	617,655
Net Book value 31 December 2024	11,594	202	88,043	94,080	440,021		633,940
Net Book value 31 December 2025	7,969	-	67,621	70,063	274,927	9,550	430,129

The total gross value of fully depreciated property, plant, and equipment still in use is \$356,643 (2024: \$327,731). In the current year, \$11,870 (2024: \$8,036) of new additions came from donations and had no impact on cash flow. Renovations at the Frances Bodden Children's Home (Boys' Dorm) began in late October 2025, during which the facility was fully stripped and is undergoing a comprehensive refurbishment. The goal is to shift from a dormitory-style layout to a more residential, home-like environment for the youth. This redevelopment resulted in a significant asset write-off of \$140,151. The original expansion was completed in 2013. The ongoing renovation of the Frances Bodden Children's Home (Boys' Dorm), classified as "Work in Progress." These assets are recorded at cost, including direct expenses.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 5: Employee Entitlements

Employee entitlements outstanding as at 31 December 2025 were \$15,979 (2024: \$20,502) which consisted of an accrual for annual leave and time off in lieu (TOIL). As at 31 December 2025, the accrual for TOIL amounted to \$14,485 (2024: \$18,586) and the accrual for vacation amounted to \$1,494 (2024: \$1,916).

Note 6: Revenue

Outputs to Cabinet

During the financial year ended 31 December 2025, outputs to cabinet of \$3,704,410 (31 December 2024: \$3,216,500) is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

Donations

During the financial year ended 31 December 2025, donations of \$189,935 (31 December 2024: \$259,426) were received.

Note 7: Equity Investment

During the previous financial year, in accordance with sections 11(5) and 11(6) of the Public Management and Finance Act, Cabinet approved an increase in CAY 2 (Children and Youth Services) by \$500,000. Of this total \$0 was spent in the 2025 financial.

Note 8: Personnel Costs

	2025	2024
Salaries, wages and allowances	2,418,262	2,253,382
Health care	466,012	405,705
Defined pension contribution	252,898	237,249
Total	3,137,172	2,896,336

Note 9: Other Expenses

	2025	2024
Loss of disposal	226,486	-
Professional services	48,875	36,226
Maintenance	90,941	82,607
Operational	71,470	69,936
Resident expenses	53,314	25,992
Total	491,086	214,761

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 10: Supplies and Consumables

	2025	2024
Utilities	131,690	130,440
Resident supplies	130,933	107,866
Resident programs	25,224	9,359
Operational supplies	94,502	68,562
Total	382,349	316,227

Note 11: Reconciliation of Surplus to Net Cash Flows from Operating Activities

	2025	2024
Deficit for the year	(258,872)	(53,184)
Non-cash movements:		
Pension interest income	-	(4,000)
Donation in kind income	(46,079)	(115,594)
Donation in kind expense	37,624	94,369
Depreciation expense	142,610	98,592
(Increase)/decrease in trade receivables and other receivables	771,438	(256,340)
(Increase)/decrease in prepayments	(3,473)	2,443
Decrease in trade payables	(87,074)	(70,352)
Increase in other payables	68,394	1,517
Increase in unearned revenue	-	63,965
Loss on disposal	226,486	-
Decrease in employee entitlements	(4,523)	(7,498)
Net cash flows generated from/(used in) operating activities	846,531	(246,081)

Note 12: Trade payables, Other payables and accruals

	2025	2024
Trade payables	77,311	164,385
Accruals	97,309	28,915
Total	174,620	193,300

Note 13: Commitments

As at 31 December 2025, CAYS had no capital, non-cancellable lease or other financial commitments (31 December 2024: \$Nil).

Note 14: Contingent Liabilities and Assets

The Foundation has no contingent assets or liabilities as at 31 December 2025.

Note 15: Waiver of Capital Charge

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 the public authority's board. Based on past practice, the Foundation expects that the applicable rate for the 2025 financial year will be set at 0% (2024: 0%) and that no capital charge will be payable for 2025 (2024: \$0). Going forward, the Foundation may be required to pay a capital charge in accordance with the PAA.

Note 16: Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs)

Pursuant to the Public Authorities Act, section 39(3), a public authority shall pay dividends in accordance with the formulae established by the Minister of Finance. The policy for the Payment of Annual Dividends by Statutory Authorities and Government Companies (SAGCs) was issued in 2018 with an effective date of 1 January 2019 and applied to dividends payable in respect of the 2019 fiscal year and each fiscal year thereafter. The policy was approved by Cabinet on 8 January 2019. Per section 19(a) of the policy, CAYS is exempted from paying an annual dividend as the operations of CAYS is not self-sustainable (i.e. CAYS is reliant on core government subsidies, capital injections and charitable donations to fund its operating activities). In accordance with the Public Authorities Act, CAYS sent communication to the Accountant General seeking approval for the exemption from paying annual dividends on 18 January 2021. The Accountant General responded on the same date confirming that no dividend was required for 2020 and for future years, if CAYS Foundation finances change substantially at which time CAYS should only then re-apply. Cabinet granted approval pursuant to section 39(2) of the Public Authorities Act 2020, to exempt Statutory Authorities and Government Owned Companies from paying-over to Core Government surplus cash reserves for a period of more than ninety days as at December 31st.

Cabinet waived the requirement for the authority to pay over cash reserves over to the treasury as at 31 December 2025 in accordance with PAA S39(2).

Note 17: Related Party and Key Management Personnel Disclosures

CAYS is owned directly by the Government of the Cayman Islands. CAYS is economically dependent on the Ministry of Investment, Innovation and Social Development (the 'Ministry') for the purchase of its services in accordance with the purchase agreement with the Government. For the year ended 31 December 2025, CAYS billed \$3,704,410 (2024: \$3,216,500). Of the billed amount, \$nil was receivable at year end (2024: \$775,000).

Because of the Government's ownership, other government ministries, portfolios, statutory authorities, Government companies and other Government offices are considered related parties.

During the 2012/13 year, CAYS began operating on land and buildings owned by the Cayman Islands Government free of charge. As indicated in the approved 2025 Ownership Agreement, there were no inter-agency charges between core government entities, except for audit services revenue. As a result, CAYS was unable to make an estimate of the fair value of goods and services it has received from Government related parties for the 2025 and 2024 fiscal years and have not been recorded.

Note 17: Related Party and Key Management Personnel Disclosures (continued)

Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS. Total key management personnel remuneration and other benefits amounted to \$434,988 (2024: \$412,211) which includes salary, allowances, pension, honorarium and health insurance.

Board of Directors

No stipend is paid to any of the members of the board of directors (2024 \$Nil). Garth Arch, Managing Director of Arch and Godfrey has in the past provided project management services in relation to the expansion of the Frances Boddan Children's Home free of charge.

Note 18: Provision for Pensions Payable and Severance Payable

CAYS and its employees participate in the Cayman Islands Public Service Pension Plan ("the Plan") on both a defined contribution and defined benefit parts as explained below. Each employee is enrolled in either of the Plan's parts. Pension contributions are paid for all eligible employees on their pensionable emoluments.

Pension contributions for eligible employees of CAYS are paid to the Public Service Pensions Fund (the "Fund"). The Fund is administered by the Public Service Pensions Board (PSPB) and is operated as a multi-employer Fund, except that surpluses or deficit related to the CAYS' Plan are not available to offset or be set off against other plan participants' deficits or surpluses. Prior to April 14, 1999, the scheme underlying the Fund was a defined benefit scheme. With effect from April 14, 1999, the Fund has both a defined benefit and a defined contribution part. Participants that joined after April 14, 1999, become members of the defined contribution element.

Defined contribution plan

For employees enrolled in the defined contribution plan, the Company contributes 12% (plus 0.4% for the Public Service Liability) of the employees' salary or wage each year. For the year ended December 31, 2025 the amount of \$252,898 (2024: \$237,249) was contributed by CAYS and included in the Statement of Financial Performance.

Defined benefit plan

Employees who served with CAYS prior to January 1, 2000 are enrolled in the defined benefit plan. The defined benefit plan is a final salary pension plan which provides benefits to members in the form of a guaranteed level of pension payable for life. The level of benefits provided depends on member's length of service and their salary in the final years leading up to retirement.

Contributions towards benefits accruing in respect of current service (i.e. for the period since the employee was enrolled in the plan) are funded at rates periodically advised to CAYS by the PSPB and are recognised as expense in the period incurred. CAYS is also required to make payments to the plan to fund benefits accruing in respect of past service (the "past service funding liability"). This past service funding liability, which is generally equivalent to the actuarially-determined present value of the defined benefit obligations less the value of the assets available to meet such obligations (plan assets), is calculated periodically by the Plan actuaries and advised CAYS through the PSPB. CAYS recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 18: Provision for Pensions Payable and Severance Payable (continued)

The defined benefit portion of the Fund was valued by an Actuary engaged by the PSPB with most recent valuation performed as of 31 December 2025. The defined contribution part of the Fund is not subject to the actuarial valuations due to the nature of the benefits provided therein. The valuation is performed in accordance with IPSAS 39.

All members of the defined benefit scheme are deferred, and no employer contributions are expected in the current year or are expected in future years.

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

Table	(\$000's)	2025	2024
	P&L Charge/(credit)	(5)	(4)
	Changes in net worth	(5)	(12)
A.	Defined Benefit Obligation at end of year	32	23
B.	Fair Value of Plan Assets	(130)	(111)
C.	Net liability/ (asset) at the year end	(98)	(88)
D.	Components of Defined Benefit Cost	(10)	(16)
	Composite discount rate at year-end for all plans	5.65%	5.75%
A.	Change in Defined Benefit Obligation	2025	2024
	Defined Benefit Obligation at end of prior year	23	24
	Interest Expense	1	1
	Remeasurements (Effect of changes in Financial Assumptions)	(1)	(2)
	Remeasurements (Effect of Experience Adjustments)	(7)	-
	Defined Benefit Obligation at end of the year	32	23
B.	Change in Fair Value of Plan Assets	2025	2024
	Fair Value of Plan Assets at Beginning of Year	111	96
	Interest Income	6	5
	Remeasurements (Return on plan assets)	13	10
	Fair Value of Plan Assets at the end of the year	130	111
C.	Amounts Recognized in the Statement of Financial Position	2025	2024
	Defined Benefit Obligation	32	23
	Fair Value of Plan Assets	(130)	(111)
	Net liability (Asset) at the end of the year	(98)	(88)
D.	Components of Defined Benefit Cost	2025	2025
1	Service Cost	-	-
2	Net Interest Cost	(5)	(4)
3	Remeasurements of Other Long-term Benefits	-	-
4	Defined Benefit Cost Included in Surplus (deficit)	(5)	(4)
5	Remeasurements in changes in net worth	(5)	(12)
	Total defined benefit gain	(10)	(16)

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 18: Provision for Pensions Payable and Severance Payable (continued)

	2025 \$'000	2024 \$'000
Statement of financial position:		
Defined benefit obligation at end of period	32	23
Fair value of plan assets at end of year	(130)	(111)
Asset in the statement of financial position	(98)	(88)

Statement of Financial Performance income included in deficit for the year:

Defined pension benefits – service cost, interest expense and interest income	5	4
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Statement of Changes in Net Worth gains/(losses):

Defined pension benefits – re-measurements on returns and assumptions	5	12
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The principal actuarial assumptions at the date of valuation:

	2025 %	2024 %
1. Discount Rate	5.65	5.15
2. Rate of price inflation	3.10	2.90
3. Rate of pension increase	3.10	2.90
4. Post-employment mortality table – 2025: RP-2014 scaled back to 2006 using MP-2014 then generationally projected from 2006 using Scale MP-2022. (2025: RP-2014 scaled back to 2006 using MP-2014 then generationally projected from 2006 using Scale MP-2022).		

Other Assumptions regarding future mortality are based on actuarial advice in accordance with published statistics and experience in each territory. The sensitivity of the defined benefit obligation at 31 December 2025 and 31 December 2024 to changes in the weighted principal assumptions is:

Impact on defined benefit obligation 2025

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	Decrease by 3.0%	Increase by 6.1%
Inflation rate	0.25%	Increase by 3.1%	Decrease by 6.1%
Mortality*	10%	No change	Increase by 3.1%

Impact on defined benefit obligation 2024

	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	0.25%	No change	Increase by 4.3%
Inflation rate	0.25%	Increase by 4.3%	Decrease by 4.3%
Mortality*	10%	Decrease by 4.3%	No change

* The assumed life expectancy of a person retiring today at age 57 per the 2025 report is 29.02 (2024: 28.87).

Note 18: Provision for Pensions Payable and Severance Payable (continued)

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension obligation recognised within the statement of financial position.

The significant plan assets are comprised of:

	2025	2024
Global Equity Securities	67%	78%
Debt securities	24%	18%
Real estate	4%	-
Infrastructure	4%	3%
Cash and Receivables	<u>1%</u>	<u>1%</u>
	<u>100%</u>	<u>100%</u>

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

Asset Volatility

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

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

Changes in bond yields

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

Inflation Risk

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

Life Expectancy

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

Note 19: Financial Instrument Risks

CAYS is party to financial instrument arrangements as part of its everyday operations. These financial instruments include cash and cash equivalents, trade receivables, trade payables, other payables and accruals and employee entitlements. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CAYS' main credit risk concentration is spread between cash and cash equivalents and receivables from the Government 2025: \$nil (2024: \$775,000). The credit risk of CAYS' assets is not considered significant since all the deposits are placed with highly reputable institutions in the Cayman Islands and receivables are owed to CAYS by the Cayman Islands Government.

Currency risk

CAYS has no significant exposure to currency exchange loss risk.

Interest rate risk

CAYS' interest rate risk is comprised entirely of cash and cash equivalents balances which are interest-bearing. As a result, CAYS is subject to amounts of risk due to fluctuations in the prevailing levels of market interest rates. All cash and cash equivalents are invested at short-term market interest rates therefore, this risk is insignificant.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that CAYS will encounter difficulty in raising funds to meet financial obligations when they fall due. CAYS' main liquidity risk relates to its current liabilities 2025: \$174,620 (2024: \$193,301) which are due within 90 days of the year-end date. CAYS maintains sufficient cash balances to meet these financial obligations.

Note 20: Leases of the Homes

During 2015 and 2016 the Frances Bodden Girls Home was expanded, which is owned by the Government and leased to CAYS, together with Bonaventure Boys' Home and Phoenix House, for a period of 25 years. The lease value is \$1 each annually, which is significantly below market value and thus qualifies as a peppercorn lease.

Alterations and renovations will be deemed part of the property owned by the Government of Cayman Islands at the end of this lease period. The costs of the expansion are included in leasehold improvements referenced in note 4.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2025

Note 21: Reconciliation and comparison of the actual results versus the original budget

21 a) Reconciliation of actual versus the original budget

There are differences between the financial statements and the budgeted financial statements as presented to the (MIISD) in the caption used. Such differences identified have been reconciled in the following tables:

Statement of Financial Position:

Financial Statement (FS) Caption	Original Budget Caption	FS Actual	Original Budget	Final Budget	Actual vs Budget Variance
Cash and cash equivalents	Cash and cash equivalents	2,156,130	491,387	491,387	1,664,743
Trade receivables and other receivables	Trade receivables	8,372	258,333	258,333	(249,961)
Prepayments	Prepayments	5,833	5,000	5,000	833
Pension Surplus	Pension Plan Surplus	98,000	61,000	61,000	37,000
Property, plant and equipment	Property, plant and equipment	430,129	390,664	390,664	39,465
Trade payables	Trade payables	77,311	20,000	20,000	57,311
Other payables and accruals	Other payables and accruals	97,309	38,000	38,000	59,309
Employee entitlements	Employee entitlements	15,979	28,000	28,000	(12,021)
Accumulated surpluses	Accumulated surpluses/(deficits)	1,541,198	653,717	653,717	887,481
Contributed Capital	Contributed Capital	966,667	466,667	466,667	500,000

Statement of Financial Performance:

Financial Statement (FS) Caption	Original Budget Caption	FS Actual	Original Budget	Final Budget	Actual vs Budget Variance
Donations	Donations	189,935	-	-	189,935
Outputs to Cabinet	Outputs to Cabinet	3,704,410	3,100,000	3,126,500	604,410
Personnel Cost	Personnel Cost	3,137,172	3,262,236	3,760,688	(125,064)
Other Expenses	Other Expenses	491,086	42,629	54,198	448,457
Supplies and consumables	Supplies and consumables	382,349	347,813	442,202	34,536
Depreciation	Depreciation & Amortisation	142,610	63,246	63,246	79,364

21b) Comparison of the approved budget versus actual

Statement of Financial Position

Cash and Cash Equivalents

Cash and cash equivalents as at 31 December 2025 exceeded the approved budget by \$1,664,743. The variance is primarily attributable to the absence of amounts due from the Ministry at year end (2025: \$nil; 2024: \$518,877), together with supplementary funding received from the Cayman Islands Government totaling \$604,410 during the year.

Note 21: Reconciliation and comparison of the approved budget versus actual budget (continued)

Trade receivables and other receivables

Trade receivables were under budget by \$249,961 as no Government grant invoices were outstanding at 31 December 2025. The approved budget had anticipated one outstanding Government invoice at year end.

Prepayments

Prepayments were marginally higher than budget due to a slight increase in payments made in advance at the end of the financial year.

Pension Surplus

The defined benefit pension surplus exceeded the approved budget based on the actuarial valuation prepared by the Mercer. The amount recognised in the Statement of Financial Position reflects actuarial adjustments at year end. Variations from budget arise from changes in actuarial assumptions and market conditions, which may result in year-over-year fluctuations.

Property, Plant and Equipment

Renovations to the Frances Bodden Children's Home (Boys' Dorm) commenced in late October 2025, during which the facility was fully stripped and is being comprehensively refurbished. The objective is to transition from a dormitory-style layout to a more residential, home-like setting for the youth.

Trade Payables

Trade payables exceeded budget by \$57,311, primarily due to expenses incurred for sessional workers that were not included in the approved budget.

Other Payables and Accruals

Other payables and accruals were over budget by \$59,309. Movements during the year included:

- Honorarium accruals of \$23,000, which were not included in the approved budget; and
- Audit fee accruals of \$48,500 compared to a budgeted amount of \$20,000, resulting in a variance of \$28,500.

Employee Entitlements

Employee entitlements were under budget by \$12,021 as accrued annual leave and time off in lieu (TOIL) balances were lower than anticipated. Management has continued to monitor and reduce accumulated TOIL balances during the year.

Accumulated Surpluses

The increase in accumulated surplus was due to a lower-than-anticipated deficit for the year, resulting from an additional \$604,410 in supplementary funding in 2025.

Contributed Capital

On 8 October 2025, Cabinet approved equity appropriations of \$500,000 in respect of the Phoenix House renovation project. As at 31 December 2025, no renovation activity commenced.

Note 21: Reconciliation and comparison of the approved budget versus actual budget (continued)

Statement of Financial Performance

Outputs to Cabinet

During the year the foundation received \$604,410 of additional funding (CAY 2), from the Cayman Islands Government to ensure that CAYS's monthly cash flow difficulties. An appropriation bill for the additional funding was not introduced in Parliament by 31 March, 2026, as required by section 11 (5) of the Public Management and Finance Act PMFA. This is the only change between the original and final budget. Outputs to Cabinet were increased to help manage cash flow pressures driven by higher personnel costs (TOIL).

Donations

Donations were budgeted at nil, as such contributions are generally non-recurring in nature and cannot be reliably estimated in advance.

Personnel Costs

Personnel costs were under budget by \$125,064 due to an actual headcount of 43 employees compared to the budgeted headcount of 50.

Other Expenses and Supplies and Consumables

Other Expenses are over budget by \$448,457. This is mostly due to increased expenditure related to repairs and maintenance. Renovations to the Frances Boddien Children's Home (Boys' Dorm) Commenced in late October 2025 – whereby the Dorm was gutted and is being totally refurbished/renovated, to provide more of a Home setting for our youth, instead of a Dormitory setting. This concludes the explanation for such a high asset write off and loss of disposal (\$226,486). (The Expansion project was originally built in 2013).

Supplies and consumables exceeded budget by \$34,536, primarily attributable to higher resident and operational supply costs arising from increases in the cost of living.

Depreciation

Depreciation expense exceeded budget by \$79,364 due to accelerated depreciation recognised on certain renovation projects.

Note 22: Events occurring after reporting date

There are no significant subsequent events to the reporting date that would require adjustment or disclosure in these financial statements as at April 24, 2026, which is the date the financial statements were approved for issuance.