



GOVERNMENT OF THE CAYMAN ISLANDS

Children and Youth Services Foundation

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

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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 Law (2018 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 Law (2018 Revision)*.

As members of the Management Board, we are responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law 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 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 2018.

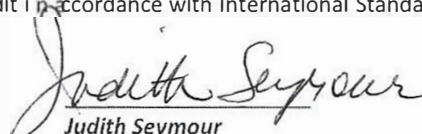
To the best of our knowledge we represent that these financial statements:

- (a) completely and reliably reflect the financial transactions of the Children and Youth Services Foundation for the year ended 31 December 2018;
- (b) fairly reflect the financial position as at 31 December 2018 and performance for the year ended 31 December 2018; and
- (c) comply with the International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board.

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


Garth Arch
Chairman

Date: 20.10.2019


Judith Seymour
Deputy Chairman

Date: 20.10.2019



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AUDITOR GENERAL'S REPORT

To the Board of Directors of Children and Youth Services Foundation

Opinion

I have audited the financial statements of the Children and Youth Services Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2018 and the statement of financial performance, statement of changes in net worth and cash flow statement for the year ended 31 December 2018, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 10 to 25.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, and its financial performance, and its cash flows for the year ended 31 December 2018 in accordance with International Public Sector Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. In rendering my audit opinion on the financial statements of the Foundation, I have relied on the work carried out on my behalf by a public accounting firm that performed its work in accordance with International Standards on Auditing.

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

AUDITOR GENERAL'S REPORT (continued)

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

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

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

June 20, 2019
Cayman Islands

CHILDREN AND YOUTH SERVICES FOUNDATION
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

| | | 2018 | 2017 | Final Budget | Budget Variance (Note 18) |
|----------------------------------|-------------|---------------------|---------------------|---------------------|---------------------------------|
| | <i>Note</i> | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | 2 | \$ 683,808 | \$ 697,230 | \$ 1,393,122 | \$ (709,314) |
| Trade receivables | 3 | 258,350 | 264,781 | 181,500 | 76,850 |
| Contribution receivable | 3 | - | 700,000 | - | - |
| Prepayments | | 4,348 | 5,863 | 4,455 | (107) |
| Other receivables | | 2,314 | - | - | 2,314 |
| Total Current Assets | | 948,820 | 1,667,874 | 1,579,077 | (630,257) |
| Non-Current Assets | | | | | |
| Pension surplus | 15 | 32,000 | 30,000 | 21,000 | 11,000 |
| Contribution receivable | 3 | - | 700,000 | - | - |
| Property, plant and equipment | 4 | 466,810 | 504,560 | 430,426 | 36,384 |
| Total Non-Current Assets | | 498,810 | 1,234,560 | 451,426 | 47,384 |
| Total assets | | \$ 1,447,630 | \$ 2,902,434 | \$ 2,030,503 | \$ (582,873) |
| Current Liabilities | | | | | |
| Trade payables | | \$ 20,407 | \$ 56,045 | \$ 18,255 | \$ 2,152 |
| Other payables and accruals | | 42,708 | 48,570 | - | 42,708 |
| Unearned revenue | 7 | 22,917 | - | 18,333 | 4,584 |
| Employee entitlements | 5 | 25,448 | 35,996 | 19,931 | 5,517 |
| Total Current Liabilities | | 111,480 | 140,611 | 56,519 | 54,961 |
| Total Liabilities | | 111,480 | 140,611 | 56,519 | 54,961 |
| Net Assets | | 1,336,150 | 2,761,823 | 1,973,984 | (637,834) |
| NET WORTH | | | | | |
| Contributed Capital | | 466,667 | 1,400,000 | 2,641,134 | (2,174,467) |
| Accumulated surpluses | | 869,483 | 1,361,823 | (667,150) | 1,536,633 |
| Total Net Worth | | \$ 1,336,150 | \$ 2,761,823 | \$ 1,973,984 | \$ (637,834) |

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

**CHILDREN AND YOUTH SERVICES FOUNDATION
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | | 2018 | 2017 | Final Budget | Budget Variance (Note 18) |
|------------------------------------|-------------|---------------------|---------------------|---------------------|---------------------------------|
| | <i>Note</i> | | | | |
| Operating Revenue | | | | | |
| Outputs to Cabinet | 6 | \$ 2,683,000 | \$ 3,617,000 | \$ 2,178,000 | \$ 505,000 |
| Donations | | 100,167 | 500,272 | 55,000 | 45,167 |
| Other revenue | | - | 1,000 | - | - |
| Total Revenue | | <u>2,783,167</u> | <u>4,118,272</u> | <u>2,233,000</u> | <u>550,167</u> |
| Operating Expenses | | | | | |
| Personnel costs | 8 | 2,820,499 | 3,595,087 | 2,502,633 | 317,866 |
| Other expenses | 9 | 160,821 | 218,679 | 164,523 | (3,702) |
| Supplies and consumables | 10 | 236,098 | 366,137 | 244,889 | (8,791) |
| Depreciation | 4 | 59,089 | 80,585 | 65,947 | (6,858) |
| Total operating expenses | | <u>3,276,507</u> | <u>4,260,488</u> | <u>2,977,992</u> | <u>298,515</u> |
| Deficit for the year/period | | <u>\$ (493,340)</u> | <u>\$ (142,216)</u> | <u>\$ (744,992)</u> | <u>\$ 251,652</u> |

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

CHILDREN AND YOUTH SERVICES FOUNDATION
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 31 DECEMBER 2018

| | Accumulated Surplus | Contributed Capital | Total Net Worth | Final Budget | Budget Variance |
|--|------------------------|------------------------|-----------------|--------------|--------------------|
| Balance at 30 June 2016 brought forward | \$ 1,496,039 | - | 1,496,039 | 1,496,040 | \$ (1) |
| Changes in accounting policy | - | - | - | 1,400,000 | (1,400,000) |
| Restated Balance | 1,496,039 | 1,400,000 | 1,496,039 | 2,896,040 | (1,400,001) |
| Contributed Capital | - | 1,400,000 | 1,400,000 | - | 1,400,000 |
| Remeasurement of net defined benefit asset | 8,000 | - | 8,000 | - | 8,000 |
| Deficit for the period 2016/17 | (142,216) | - | (142,216) | (177,064) | 34,848 |
| Total recognized revenue and expense for the period | (134,216) | 1,400,000 | 1,265,784 | (177,064) | 1,442,848 |
| Balance at 31 December 2017 | \$ 1,361,823 | 1,400,000 | \$ 2,761,823 | \$ 2,718,976 | \$ 42,847 |
| | Accumulated Surplus | Contributed Capital | Total Net Worth | Final Budget | Budget Variance |
| Balance at 01 January 2018 brought forward | \$ 1,361,823 | \$ 1,400,000 | \$ 2,761,823 | \$ 2,718,976 | \$ 42,847 |
| Restated Balance | 1,361,823 | 1,400,000 | 2,761,823 | \$ 2,718,976 | 42,847 |
| Remeasurement of net defined benefit asset | 1,000 | - | 1,000 | - | 1,000 |
| Contributed Capital | - | (933,333) | (933,333) | - | (933,333) |
| (Deficit) for the year | (493,340) | - | (493,340) | (744,992) | 251,652 |
| Total recognized revenue and expense for the period | (492,340) | (933,333) | (1,425,673) | (744,992) | (680,681) |
| Balance at 31 December 2018 | \$ 869,483 | \$ 466,667 | \$ 1,336,150 | \$ 1,973,984 | \$ (637,834) |

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

**CHILDREN AND YOUTH SERVICES FOUNDATION
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**

| | 2018 | 2017 | Final Budget | Budget Variance (Note 18) |
|---|---------------------|-------------------|---------------------|---------------------------------|
| <i>Note</i> | | | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| <i>Receipts</i> | | | | |
| Outputs to Cabinet | \$ 2,689,431 | \$ 4,224,232 | \$ 2,248,000 | \$ 441,431 |
| Other receipts | 101,626 | 483,110 | 55,000 | 46,626 |
| <i>Payments</i> | | | | |
| Personnel costs | (2,834,361) | (3,578,148) | (2,503,783) | (330,578) |
| Suppliers | (400,933) | (525,614) | (408,263) | 7,330 |
| Net cash flows (used)/from operating activities | 11 (444,237) | 603,580 | (609,046) | 164,809 |
| CASH FLOWS USED INVESTING ACTIVITIES | | | | |
| Purchase of property, plant and equipment | (35,852) | (111,681) | (41,500) | 5,648 |
| Net cash flows used investing activities | (35,852) | (111,681) | (41,500) | 5,648 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | |
| Contributed capital | 466,667 | - | - | 466,667 |
| Net cash flows from financing activities | 466,667 | - | - | 466,667 |
| Net (decrease)/increase in cash and cash equivalents | (13,422) | 491,899 | (650,546) | 637,124 |
| Cash and cash equivalents at beginning of year | 697,230 | 205,331 | 2,043,668 | (1,346,438) |
| Cash and cash equivalents at end of year | \$ 683,808 | \$ 697,230 | \$ 1,393,122 | \$ (709,314) |

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

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2018

Description and principal activities

Children and Youth Services Foundation (“CAYS”, “Foundation”) is a non-profit Cayman Islands Government (“Government”) owned entity as defined by section 2 of the *Public Management and Finance Law (2018 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 Law (2018 Revision)*, these financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Federation of Accountants and its International Public Sector Accounting Standards Board. Where additional guidance is required, International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board are used.

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

(a) Basis of preparation

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

New and revised accounting standards issued that are not yet effective for the financial year beginning 1 January 2018 have not been early adopted by CAYS

Certain new accounting standards have been published that are not mandatory for the 31 December 2018 reporting period and have not been early adopted by CAYS. CAYS’ assessment of the impact of these new standards are set out below.

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 2022. IPSAS 41 establishes new requirements for classifying, recognizing and measuring financial instruments to replace those in IPSAS 29, Financial Instruments: Recognition and Measurement. It is anticipated that IPSAS 41 will not have a significant impact on CAYS’ financial statements. This will be assessed more fully closer to the effective date of adoption.

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. It is anticipated that IPSAS 42 will not have a significant impact on CAYS’ financial statements, but this will be assessed more fully closer to the effective date of adoption.

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2018

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.

Corresponding Information

The amounts for the 2016/17 financial period are for an 18-month period whereas the amounts reflected for 2018 are for a 12 month reporting period and accordingly the corresponding amounts presented in these financial statements are not entirely comparable. This is as a result of a change during 2016 in the Cayman Islands Government financial year end from June to December.

(b) Judgments and Estimates

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

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

(c) Revenue

Outputs to Government

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

Donations (Non-exchange)

Donations are recorded in revenue when they are received. Where conditions are attached to the donations a liability is recognised and revenue recognised as the conditions attached to the donation are satisfied.

(d) Expenses

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

(e) Operating leases

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, where this is representative of the pattern of benefits to be derived from the leased property. Lease incentives received are recognised evenly over the term of the lease as a reduction in rental expense.

(f) Cash and Cash Equivalents

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

(g) Prepayments

The portion of recognised expenditure paid in advance of receiving goods or services has been recognised as a prepayment and is classified as a prepayment in these financial statements.

(h) Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation. Items of property, plant and equipment are initially recorded at cost. Where an asset is acquired for nil or nominal consideration, the asset is 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.

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

Asset Type

Estimated Useful life

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

Disposals

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

(i) Employee Benefits

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

(j) Financial Instruments

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

When there is objective evidence that a financial asset or group of financial assets is impaired the losses are recognised as an expense in the Statement of Financial Performance.

Classification

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

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

NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION FOR THE YEAR ENDED 31 DECEMBER 2018

Recognition

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

Measurement

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

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

Short term financial assets and liabilities are recorded at historical cost, which is considered to approximate amortised cost due to the short-term nature of these instruments.

De-recognition

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

(k) Contingent Liabilities and Assets (including guarantees)

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

(l) Foreign Currency

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

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

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

(m) Budget amounts

The original budget amounts for the financial year are as presented in the 2018 Annual Budget Statement and approved by the Legislative Assembly on 15 November 2017. Where the Budget is presented in a format that is different from the financial statements, a reconciliation of budget and actual captions is included in the financial statements, see Note 18.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

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 2018, CAYS' cash balances were \$683,808 (31 December 2017: \$697,230). No restricted cash balances were held by CAYS at 31 December 2018 (31 December 2017: \$Nil).

Note 3: Trade receivable and contribution receivable

At year end all overdue receivables have been assessed and appropriate provisions made. The provision for doubtful debts has been calculated based on expected losses for CAYS and review of specific debtors. Expected losses have been determined based on an analysis of CAYS losses in previous periods. The provision for doubtful debts is \$Nil for the year ended 31 December 2018 (31 June 2017: \$Nil).

| | 2018 | 2017 |
|------------------------------------|-------------|-------------|
| Trade receivables | \$ 258,350 | \$ 264,781 |
| Less: Provision for doubtful debts | - | - |
| | \$ 258,350 | \$ 264,781 |

Trade receivable aging

| | 2018 | 2017 |
|--------------|-------------------|-------------------|
| Current | - | \$ 256,084 |
| 1-30 Days | 256,040 | 5,168 |
| 31-60 Days | - | (185) |
| 61-90 Days | 2,310 | 3,714 |
| > 90 Days | - | - |
| Total | \$ 258,350 | \$ 264,781 |

Note 3b: Contribution receivable

| | 2018 | 2017 |
|----------------------|-------------|--------------|
| Due within 12 months | \$ - | \$ 700,000 |
| Due over 12 months | - | 700,000 |
| | \$ - | \$ 1,400,000 |

A total of \$1.4M was to be invested in CAYS as an equity investment to cover operational losses. The terms of the investment were to distribute it over 24 months (\$58k per month). Cabinet granted approval to CAYS by reallocating savings identified within the Ministry of Community Affairs' 2016/17 operating budget on 17 October 2017 in accordance with Section 11(5) and 11(6) of the Public Management and Finance Law (2017 Revision). This was approved by the Legislative Assembly on 26 October 2018. However, in September 2018, the Ministry informed CAYS that the remaining funding had expired. Therefore, CAYS received only \$466,667 in contributed capital and the balance of \$933,333 was reversed and was not paid nor is payable to CAYS.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 4: Property, plant and equipment

COST

| | Vehicles | Computers | Furniture | Equipment | Leasehold | Total |
|---------------------------------------|-----------------|------------------|------------------|------------------|------------------|----------------|
| Balance as at 1 July 2016 | 67,670 | 21,574 | 88,752 | 11,256 | 448,804 | 638,056 |
| Additions | 5,000 | 2,965 | 1,633 | 38,347 | 63,736 | 111,681 |
| Balance as at 31 December 2017 | 72,670 | 24,539 | 90,385 | 49,603 | 512,540 | 749,737 |

| | Vehicles | Computers | Furniture | Equipment | Leasehold | Total |
|---------------------------------------|-----------------|------------------|------------------|------------------|------------------|----------------|
| Balance as at 1 January 2018 | 72,670 | 24,539 | 90,385 | 49,603 | 512,540 | 749,737 |
| Additions | - | 2,530 | 15,189 | 15,265 | 9,868 | 42,852 |
| Impairment of fixed assets | - | - | - | - | (21,513) | (21,513) |
| Disposals | (27,300) | (9,514) | (11,117) | - | (6,125) | (54,056) |
| Balance as at 31 December 2018 | 45,370 | 17,555 | 94,457 | 64,868 | 494,770 | 717,020 |

ACCUMULATED DEPRECIATION

| | Vehicles | Computers | Furniture | Equipment | Leasehold | Total |
|---------------------------------------|-----------------|------------------|------------------|------------------|------------------|----------------|
| Balance as at 1 July 2016 | 41,775 | 18,057 | 69,564 | 3,525 | 31,671 | 164,592 |
| Depreciation | 13,562 | 3,830 | 11,088 | 12,579 | 39,526 | 80,585 |
| Balance as at 31 December 2017 | 55,337 | 21,887 | 80,652 | 16,104 | 71,197 | 245,177 |

| | Vehicles | Computers | Furniture | Equipment | Leasehold | Total |
|---------------------------------------|-----------------|------------------|------------------|------------------|------------------|----------------|
| Balance as at 1 January 2018 | 55,337 | 21,887 | 80,652 | 16,104 | 71,197 | 245,177 |
| Depreciation | 6,710 | 2,481 | 7,782 | 14,180 | 27,936 | 59,089 |
| Disposals | (27,300) | (9,514) | (11,117) | - | (6,125) | (54,056) |
| Balance as at 31 December 2018 | 34,747 | 14,854 | 77,317 | 30,284 | 93,008 | 250,210 |

| | | | | | | |
|--|-----------------|-----------------|-----------------|------------------|------------------|------------------|
| Net Book value 31 December 2017 | \$17,333 | \$ 2,652 | \$ 9,733 | \$ 33,499 | \$441,343 | \$504,560 |
|--|-----------------|-----------------|-----------------|------------------|------------------|------------------|

| | | | | | | |
|--|-----------------|-----------------|------------------|------------------|------------------|------------------|
| Net Book value 31 December 2018 | \$10,623 | \$ 2,701 | \$ 17,140 | \$ 34,584 | \$401,762 | \$466,810 |
|--|-----------------|-----------------|------------------|------------------|------------------|------------------|

The total gross carrying amount of fully depreciated property, plant and equipment that is still in use is \$94,263. Of the additions in the year \$7,000 were from donations and had no cash flow impact.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 5: Employee entitlements

Employee entitlements outstanding to employees of \$25,448 as at 31 December 2018 (2017: \$35,996), consists of an accrual for annual leave and time-off in lieu (TOIL). The accrual for TOIL amounted to \$14,153 as at 31 December 2018 (2017: \$17,950).

Note 6: Grant revenue from government

During the financial year ended 31 December 2018, grant revenue of \$2,683,000 (31 December 2017: \$3,617,000) is comprised entirely of amounts derived from the Cayman Islands Government for the sale of outputs.

An additional \$505,000 was paid to CAYS during 2018 as a supplementary grant after the Board of Directors applied for this from Government. The supplementary grant was approved by the Cabinet on 27 November 2018 in accordance with section 11(5) of the Public Management and Finance Law (2018 Revision) but as at 31 December 2018 has not been approved by the Legislative Assembly in accordance with section 11(6)b of the Public Management and Finance Law (2018 Revision).

Note 7: Family Counsellor Programme and unearned revenue

In May 24, 2018, CAYS was selected to receive a grant from Hedge Funds Care (HFC) in the amount of \$55,000 in support of the Family Resource Counsellor. The grant cycle is from 1 June 2018 to 31 May 2019.

This grant has a condition attached and the Foundation recognised an asset (cash) and a liability (unearned revenue) on receipt of the cash. At 31 December 2018 this amounts to \$22,917.

Note 8: Personnel costs

| | 2018 | 2017 |
|--------------------------------|---------------------|---------------------|
| Salaries, wages and allowances | \$ 2,242,764 | \$ 2,900,485 |
| Health Care | 320,934 | 379,118 |
| Defined pension contribution | 256,801 | 315,484 |
| Total | \$ 2,820,499 | \$ 3,595,087 |

Note 9: Other expenses

| | 2018 | 2017 |
|----------------------------|-------------------|-------------------|
| Professional Services | \$ 38,535 | \$ 55,414 |
| Maintenance | 57,875 | 105,898 |
| Operational | 33,604 | 38,531 |
| Impairment of fixed assets | 21,513 | - |
| Resident expenses | 9,294 | 18,836 |
| Total | \$ 160,821 | \$ 218,679 |

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 10: Supplies and consumables

| | 2018 | 2017 |
|----------------------|-------------------|-------------------|
| Utilities | \$ 110,850 | \$ 151,640 |
| Resident supplies | 88,413 | 129,557 |
| Resident programs | 27,759 | 74,056 |
| Operational supplies | 9,076 | 10,884 |
| Total | \$ 236,098 | \$ 366,137 |

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

| | 2018 | 2017 |
|--|---------------------|-------------------|
| (Deficit) for the year/period | \$ (493,340) | \$ (134,216) |
| Non-cash movements: | - | - |
| Pension interest income | (1,000) | - |
| Depreciation expense | 59,089 | 80,585 |
| Donations in kind | (7,000) | - |
| PPE expensed in current year/period | 21,513 | - |
| Decrease in trade receivable | 6,431 | 616,232 |
| (Increase) in other receivable | (2,314) | - |
| Decrease/(increase) in prepayments | 1,515 | (10,498) |
| (Decrease)/increase in trade payables | (35,638) | 34,539 |
| (Decrease) in other payables | (5,862) | - |
| Increase in unearned revenue | 22,917 | - |
| (Decrease)/increase in employee entitlements | (10,548) | 16,938 |
| Net cash flows (used)/from operating activities | \$ (444,237) | \$ 603,580 |

Note 12: Contingent liabilities and assets

As at 31 December 2018, there was no contingent liability or asset (31 December 2017: \$Nil).

Note 13: Commitments

As at 31 December 2018, CAYS had no capital, non-cancellable lease or other financial commitments (31 December 2017: \$Nil).

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 14: 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 Community Affairs, Youth and Sports for the purchase of its services in accordance with the purchase agreement with the Government. For the year ended 31 December 2018 the CAYS billed \$2,683,000 (2017: \$3,617,000). Of the billed amount \$258,350 was receivable at year end (2017: \$264,781). CAYS received \$466,667 (2017:Nil) of contributed capital for the year ended 31 December 2018.

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 Ministry of Human Resources, Immigration and Community Affairs free of charge. As indicated in the approved 2018 Annual Budget Statement of Government, 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 these contributed goods and services received for the 2018 fiscal year.

Key Management Personnel

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of CAYS, directly or indirectly. There is one full time personnel that is considered to be key management personnel. The total remuneration includes regular salary, health insurance contribution and a mileage allowance. The health insurance benefits provided to key management personnel are the same as those provided for all employees. Total remuneration for the 2018 period for senior management was \$111,072 (2017 \$100,232).

Board of directors

No stipend is paid to any of the members of the board of directors (2017 \$Nil). Garth Arch, Managing Director of Arch and Godfrey has in the past provided project management services in relation to the expansion of the Frances Bodden Children's Home free of charge.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15: 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 basis as explained below. 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 deficits 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 element. Participants joining after April 14, 1999 become members of the defined contribution element.

i. Defined contribution plan

For employees enrolled in the defined contribution plan, CAYS contributes 12% (plus 0.4% for the Public Service Liability) of the employees' salary or wage each year. During the year ended 31 December 2017 contributions of \$256,801 (2017: \$315,484) were made by the Company and included in the Statement of Financial Performance.

ii. 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 Public Service Pensions Board (PSPB) and are recognized as an 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 to CAYS by the PSPB. CAYS recognizes changes in the past service funding liability, adjusted for funding payments made, as an expense or gain in the period in which such changes are incurred.

The defined benefit portion of the Fund has been valued by an Actuary engaged by the PSPB with the most recent valuation performed as of 31 December 2018. 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 which became effective 1 January 2018 and has not impacted on the valuation.

All members of the defined benefit scheme are deferred and no employer contributions are expected in the coming year.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15: Provision for pensions payable and severance payable (continued)

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

| Table | (\$000's) | 2018 | 2017 |
|--------------|--|-------------|-------------|
| | Surplus/(deficit) Charge/(credit) | (1) | (1) |
| | Changes in net worth | (1) | (8) |
| A. | Benefit Obligation | 21 | 25 |
| B. | Fair Value of Plan Assets | 53 | 55 |
| C. | Net liability/(asset) at the year end | (32) | (30) |
| D. | Total defined benefit gain | (2) | (9) |
| <hr/> | | | |
| A. | Change in Defined Benefit Obligation | 2018 | 2017 |
| | Defined Benefit Obligation at end of prior year | 25 | 25 |
| | Interest Expense | 1 | 1 |
| | Remeasurements (Effect of changes in Demographic Assumptions) | - | (1) |
| | Remeasurements (Effect of changes in Financial Assumptions) | (4) | - |
| | Remeasurements (Effect of Experience Adjustments) | (1) | - |
| | Fair Value of Plan Assets | 21 | 25 |
| <hr/> | | | |
| B. | Change in Fair Value of Plan Assets | 2018 | 2017 |
| | Fair Value of Plan Assets at Beginning of Year | 55 | 46 |
| | Interest Income | 2 | 2 |
| | Employer Contributions | - | - |
| | Participant Contributions | - | - |
| | Benefit Payments from Plan | - | - |
| | Remeasurements (Return on plan assets) | (4) | 7 |
| | Benefit Obligation | 53 | 55 |
| <hr/> | | | |
| C. | Amounts Recognized in the Statement of Financial Position | 2018 | 2017 |
| | Defined Benefit Obligation | 21 | 25 |
| | Fair Value of Plan Assets | (53) | (55) |
| | Net liability/(asset) at the year end | (32) | (30) |
| <hr/> | | | |
| D. | Components of Defined Benefit Cost | 2018 | 2017 |
| 1 | Service Cost | - | - |
| 2 | Net Interest Cost | (1) | (1) |
| 3 | Remeasurements of Other Long Term Benefits | - | - |
| 4 | Defined Benefit Cost Included in Surplus (deficit) | (1) | (1) |
| 5 | Remeasurements in changes in net worth | (1) | (8) |
| | Total defined benefit gain | (2) | (9) |

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15: Provision for pensions payable and severance payable (continued)

| | 2018 | 2017 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Statement of financial position: | | |
| Defined benefit obligation at end of period | 21 | 25 |
| Fair value of plan assets at end of period | (53) | (55) |
| Asset in the statement of financial position | (32) | (30) |
| Statement of Financial Performance income included in deficit for the period: | | |
| Defined pension benefits – service cost, interest expense and interest income | 1 | 1 |
| Statement of Changes in Net Worth gains/(losses): | | |
| Defined pension benefits – re-measurements on returns and assumptions | 1 | 8 |

The principal actuarial assumptions at the date of valuation:

| | 2018 | 2017 |
|--|-------------|-------------|
| | % | % |
| 1. Discount Rate | 4.50 | 3.80 |
| 2. Rate of price inflation | 2.00 | 2.00 |
| 3. Rate of pension increase | 2.00 | 2.00 |
| 4. Post-employment mortality table – 2018: RP-2014 scaled back to 2006 using MP-2014 then projected on a generation basis using scale MP-2018 (2017: RP-2014 projected on a generation basis using scale MP-2016). | | |

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 December 31, 2018 and December 31, 2017 to changes in the weighted principal assumptions is:

| Impact on defined benefit obligation 2018 | | | |
|--|----------------------|------------------------|------------------------|
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.25% | Decrease by 4.8% | Increase by 9.5% |
| Inflation rate | 0.25% | Increase by 4.8% | No change |
| Mortality* | 10% | No change | Increase by 4.8% |
| Impact on defined benefit obligation 2017 | | | |
| | Change in assumption | Increase in assumption | Decrease in assumption |
| Discount rate | 0.25% | Decrease by 8.0% | Increase by 8.0% |
| Inflation rate | 0.25% | Increase by 4.0% | Decrease by 4.0% |
| Mortality* | 10% | Decrease by 4.0% | Increase by 4.0% |

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 15: Provision for pensions payable and severance payable (continued)

* The assumed life expectancy of a person retiring today at age 57 is 28.80 (2017: 29.13). An increase/decrease of 10% in the mortality rates reduces/increases the assumed life expectancy of a person retiring today at age 57 by 0.91 and 1.01 years (2017: 0.91 and 1.01 years), respectively.

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

The significant plan assets are comprised of:

| | 2018 | 2017 |
|-----------------|--------------------|--------------------|
| Global Equities | 79% | 80% |
| Debt securities | 20% | 19% |
| Cash | <u>1%</u> | <u>1%</u> |
| | <u>100%</u> | <u>100%</u> |

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

Asset Volatility

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

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

Changes in bond yields

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

Inflation Risk

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

Life expectancy

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

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 16: 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, other receivables, trade payables, other payables and accruals and employee entitlements. The fair value of financial instruments is equivalent to the carrying amount disclosed in the Statement of Financial Position.

Credit risk

Credit risk is the risk that a counterparty will be unable to pay amounts in full when due. CAYS' main credit risk concentration is spread between cash and cash equivalents (refer to Note 2 of credit risk exposure information, including concentrations therein) and receivables from Government (2018: \$258,350, 2017: \$964,781). 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 however and therefore, this risk is considered to be 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 commitments when they are due. CAYS' main liquidity risk relates to its current liabilities (2018: \$111,480 2017: \$140,611) which are due within 90 days of the year-end date. CAYS' maintains sufficient cash balances to meet these financial commitments.

Note 17: Leases of the Homes

During 2015 and 2016 the Frances Bodden Girls Home was expanded, which is owned by the Ministry of Community Affairs, Youth and Sports and leased to CAYS, together with Bonaventure Boys Home and Phoenix House, free of charge for a period of 25 years. These alterations and renovations will be deemed part of the property owned by the Government of Cayman Islands at the end of this lease period.

Note 18: Reconciliation and comparison of budget to actual

18a Reconciliation of budget to actual.

There are differences between the financial statements and the budgeted financial statements as presented to the Ministry of Finance and Economic Development in the captions used. Such differences identified have been reconciled in the following tables.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 18: Reconciliation and comparison of Budget to Actual (continued)

Statement of Financial Performance:

| Financial Statement (FS) Caption | Approved Budget Caption | FS Actual | Approved Budget | Budget vs Actual Variance |
|---|--------------------------------|------------------|------------------------|----------------------------------|
| Outputs to Cabinet | Sale of goods and services | 2,683,000 | 2,178,000 | 505,000 |
| Other expenses | Supplies and consumables | 139,308 | | |
| Supplies and consumables | Supplies and consumables | 236,098 | | |
| Total | | 375,406 | 409,412 | 34,006 |

Statement of Cash Flows:

| Financial Statement (FS) Caption | Approved Budget Caption | FS Actual | Approved Budget | Budget vs Actual Variance |
|---|---|------------------|------------------------|----------------------------------|
| Outputs to cabinet | Sale of goods and services to Cabinet | 3,156,098 | 2,248,000 | 908,098 |
| Suppliers | Supplies and consumables – Statutory agencies | (435,319) | (264,491) | |
| | Other payments | - | (144,922) | |
| Total | | (435,319) | (409,413) | 25,906 |

Other receivables, other payables and accruals, other revenue were not included in the budgeted financial statements presented to the Ministry of Finance and Economic Development.

18b Comparison of budget to actual results

Statement of financial position budget against actual

Cash and Cash Equivalents

This figure was \$709,314 under budget as C.I. Government pulled back their contributed capital after 8 months. CAYS is still holding the donation from Rotary for the Bonaventure Boys' Home. At year-end the expansion had not started.

Trade Receivables

Trade Receivables was \$76,850 above budget due to a larger amount receivable from the Government than anticipated in Q4 due to increased supplementary funding.

Property Plant and Equipment

Property Plant and Equipment was over budget by \$36,384 mainly due to the unbudgeted purchase of filing cabinets and a swing donated to CAYs, as well as the purchase of four computers and the building of a fence at the back of the boys' home.

**NOTES TO THE FINANCIAL STATEMENTS OF CHILDREN AND YOUTH SERVICES FOUNDATION
FOR THE YEAR ENDED 31 DECEMBER 2018**

Note 18: Reconciliation and comparison of Budget to Actual (continued)

Other Payables and Accruals

At year end there was an unanticipated Health Insurance liability of \$16,000 due to a timing difference in payment and the budgeted amount did not include the accrued audit fee for the current year.

Contributed capital

The decrease in contributed capital was due to a change in Government policy which resulted in a decrease in capital being provided to CAYs.

Accumulated surplus

The variation here is an accumulation of the increase in supplementary appropriation approved by the Cabinet and the decrease in operating expenses of the Company.

Statement of financial performance budget against actual

Outputs to Cabinet

Outputs from Cabinet was \$505,000 higher than the budget due to a supplementary appropriation approved by Cabinet received from Government.

Donations

2018 Donations were \$45,167 higher than budget due to additional donations received from various parties. Donations vary from year to year and as donations are generally one-off items they do not repeat from year to year, leaving little correlation from one year to the next.

Personnel Costs

Personnel costs were \$317,866 higher than budget due to more employees hired during the year than budgeted as it became clear that further positions were necessary in order for CAYs to service its two homes adequately. It was agreed by management to hire more staff under the current budget and to request an increased budget from the government, which was later provided.

Note 19: Events occurring after reporting date

There were no material subsequent events that would require adjustment or disclosure in, these financial statements up to 20 June 2019 which is the date that the financial statements were available to be issued.