

Financial Statements of the

**CAYMAN ISLANDS NATIONAL MUSEUM**

For the year ended December 31, 2018

## **CAYMAN ISLANDS NATIONAL MUSEUM**

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## STATEMENT OF RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

I 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 Director, I am 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 law, and properly record the financial transactions of the Cayman Islands National Museum.

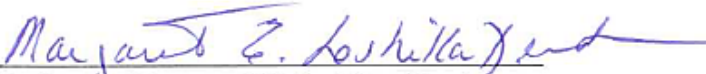
As Director, I am responsible for the preparation of the Cayman Islands National Museum's financial statements and for the judgements made in them.

The financial statements fairly present the financial position, financial performance, changes in equity and cash flows for the year ended December 31, 2018.

To the best of my knowledge I represent that these financial statements:

- (a) are complete and reliably reflect the financial transactions of the Cayman Islands National Museum for the year ended December 31, 2018;
- (b) fairly reflect the financial position as at December 31<sup>st</sup>, 2018 and performance for the year ended December 31, 2018;
- (c) comply with International Public Sector Accounting Standards as set out by International Public Sector Accounting Standards Board under the responsibility of the International Federation of Accountants. Where guidance is not available, the financial statements comply with International Accounting Standards issued by the International Accounting Standards Committee or accounting practice that is generally accepted in the United Kingdom as appropriate for reporting in the public sector.

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.

  
Dr. Peggy (Margaret E.) Leshikar-Denton  
Director  
Cayman Islands National Museum

Date: 30 April 2019

## AUDITOR GENERAL'S REPORT

To the Chief Officer of the Ministry of Health, Environment, Culture & Housing

### Opinion

I have audited the financial statements of the Cayman Islands National Museum (the "Museum"), which comprise the statement of financial position as at 31 December 2018 and the statement of financial performance, statement of changes in equity and statement of cash flows 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 8 to 24.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Museum as at 31 December 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 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 Museum in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants (IESBA Code)*, together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Emphasis of Matter

As outlined in note 20 of the financial statements, the Cabinet of Ministers authorized a reallocation of appropriations of \$60,300 from the Ministry of Health, Environment, Culture & Housing to the Cayman Islands National Museum for exceptional circumstances in accordance with section 11 (5) of the *Public Management and Finance Law (2018 Revision)* ("PMFL"). As at the date of this report, a Supplementary Appropriation Bill for the reallocation has not been passed into Law by the Legislative Assembly as required by section 11(6) of the PMFL. 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 Museum's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

## AUDITOR GENERAL'S REPORT (continued)

going concern basis of accounting unless management either intends to liquidate the Museum or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Museum'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 is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Museum'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 Museum'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 Museum to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Law (2018 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Sue Winspear  
Auditor General

30 April 2019  
Cayman Islands

# CAYMAN ISLANDS NATIONAL MUSEUM

## Statement of Financial Position

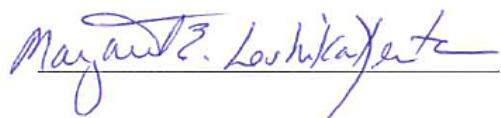
As at 31 December 2018

(expressed in Cayman Islands dollars)

Prior Period Actual		Note(s)	Current Year Actual	Final Budget	Variance
<b>Assets</b>					
<b>Current Assets</b>					
559,712	Cash and cash equivalents	3	843,413	1,030,248	(186,835)
416,788	Accounts receivable	4	210,929	8,000	202,929
12,811	Deposits and prepaid expenses	5	63,792	17,115	46,677
45,643	Inventories	6	71,015	45,000	26,015
<b>1,034,954</b>	<b>Total Current Assets</b>		<b>1,189,149</b>	<b>1,100,363</b>	<b>88,786</b>
<b>Non-Current Assets</b>					
607,278	Property, plant and equipment	7	604,828	1,909,128	(1,304,300)
<b>1,642,232</b>	<b>Total Assets</b>		<b>1,793,977</b>	<b>3,009,491</b>	<b>(1,215,514)</b>
<b>Liabilities and Equity</b>					
<b>Current Liabilities</b>					
55,815	Accounts payable and accrued liabilities	9	69,105	42,239	26,866
<b>55,815</b>	<b>Total Current Liabilities</b>		<b>69,105</b>	<b>42,239</b>	<b>26,866</b>
<b>Equity</b>					
208,214	Accumulated surplus (deficit)		287,145	1,407,582	(1,120,436)
103,292	Restricted funds	8	102,517	-	102,517
200,000	Contingency reserve	10	200,000	287,300	(87,300)
1,074,911	Contributed Capital		1,135,211	1,272,370	(137,159)
<b>1,586,417</b>	<b>Total Equity</b>		<b>1,724,873</b>	<b>2,967,252</b>	<b>(1,242,378)</b>
<b>1,642,232</b>	<b>Total Liabilities and Equity</b>		<b>1,793,977</b>	<b>3,009,491</b>	<b>(1,215,514)</b>

The Notes to the Financial Statements on page 8 to 24 form part of these financial statements.

Approved on behalf of the Board of Control on 30 April, 2019:



Dr. Peggy (Margaret E.) Leshikar- Denton, Director

## CAYMAN ISLANDS NATIONAL MUSEUM

### Statement of Financial Performance

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

Prior Period Actual		Note(s)	Current Year Actual	Final Budget	Variance
<b>Revenue</b>					
1,231,200	Sales of outputs to Cabinet	11	821,000	821,000	-
136,448	Product Sales	12	90,853	100,000	(9,147)
71,233	Admissions		55,116	45,000	10,116
27,000	Rental income		19,050	18,000	1,050
34,437	Fundraising income and donations		24,564	26,000	(1,436)
9,595	Membership dues		5,060	9,000	(3,940)
353	Interest income		1,500	-	1,500
<b>1,510,266</b>	<b>Total Revenue</b>		<b>1,017,143</b>	<b>1,019,000</b>	<b>(1,857)</b>
<b>Expenses</b>					
564,118	Staff costs	15,16,17	389,428	436,364	(46,936)
236,325	Facility expenses	13	141,982	135,000	6,982
222,142	Administration and other expenses	14	174,297	150,955	23,342
174,943	Rent expenses	19	116,629	131,029	(14,400)
81,305	Cost of goods sold		53,070	50,000	3,070
103,028	Depreciation	7	62,806	115,652	(52,846)
<b>1,381,861</b>	<b>Total Expenses</b>		<b>938,212</b>	<b>1,019,000</b>	<b>(80,788)</b>
<b>128,405</b>	<b>Net Surplus for the period/year</b>	<b>CI\$</b>	<b>78,931</b>	<b>-</b>	<b>78,932</b>

The Notes to the Financial Statements on page 8 to 24 form part of these financial statements.

## CAYMAN ISLANDS NATIONAL MUSEUM

### Statement of Changes in Equity

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

	Accumulated Surplus	Contingency Reserve (Note 8)	Restricted Funds (Note 6)	Contributed Capital	Total	Budget	Variance
<b>Balance at June 30, 2016, as restated</b>	<b>79,809</b>	<b>200,000</b>	<b>99,300</b>	<b>1,074,911</b>	<b>1,454,020</b>	<b>2,967,252</b>	<b>(1,513,232)</b>
Net surplus for the year	128,405	-	-	-	128,405	-	128,405
Contribution to restricted funds	-	-	3,992	-	3,992	-	3,992
<b>Balance at Dec 31, 2017</b>	<b>208,214</b>	<b>200,000</b>	<b>103,292</b>	<b>1,074,911</b>	<b>1,586,417</b>	<b>2,967,252</b>	<b>(1,380,835)</b>
Net surplus for the period	78,932	-	-	-	78,932	-	78,932
Equity Injection				60,300	60,300	60,300	-
Disbursement from restricted funds	-	-	(775)		(775)	-	(775)
<b>Balance at December 31, 2018</b>	<b>287,146</b>	<b>200,000</b>	<b>102,517</b>	<b>1,135,211</b>	<b>1,724,874</b>	<b>3,027,552</b>	<b>(1,302,678)</b>

The Notes to the Financial Statements on page 8 to 24 form part of these financial statements.



# CAYMAN ISLANDS NATIONAL MUSEUM

## Statement of Cash Flows

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

Prior Period Actual		Note	Current Year Actual	Final Budget	Variance
	<b>Cash provided by:</b>				
	<b>Operating Activities</b>				
128,404	Net surplus for the period/ year		78,932	-	78,932
	Use of restricted funds				
	Adjustment for items not involving cash:				
103,028	Depreciation	7	62,806	115,652	(52,846)
	<b>Net changes in operating assets and liabilities:</b>				
(209,038)	Accounts receivable		205,859	(766)	206,625
37,721	Deposits and prepaid expenses		(50,982)	6,262	(57,244)
1,737	Inventories		(25,373)	6,122	(31,495)
(26,657)	Accounts payable and accrued liabilities		13,290	(11,618)	24,908
<b>35,195</b>	<b>Cash provided by operating activities</b>		<b>284,532</b>	<b>115,652</b>	<b>168,880</b>
	<b>Investing Activities</b>				
(35,849)	Purchase of property and equipment	7	(60,356)	-	(60,356)
<b>(35,850)</b>	<b>Cash used in investing activities</b>		<b>(60,356)</b>	<b>-</b>	<b>(60,356)</b>
	<b>Financing Activities</b>				
3,992	Disbursement from restricted fund balances		(775)	-	(775)
-	Additional capital injection		60,300	60,300	-
<b>3,992</b>	<b>Cash provided by financing activities</b>		<b>59,525</b>	<b>60,300</b>	<b>(775)</b>
3,338	<b>Net increase in cash and cash equivalents</b>		283,701	115,652	168,049
556,374	Cash and cash equivalents at beginning of period/year		559,712	914,596	(354,884)
<b>559,712</b>	<b>Cash and cash equivalents at end of period/year</b>		<b>843,413</b>	<b>1,030,248</b>	<b>(186,835)</b>

The Notes to the Financial Statements on page 8 to 24 form part of these financial statements.

# CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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## 1. Background information

The Cayman Islands National Museum (the “Museum”) was established on May 3, 1979 by enactment of the Museum Law, 1979. Its purpose is to establish for posterity a collection of material evidence concerning man and his environment, with primary but not exclusive reference to the Cayman Islands, and to arouse public interest in Caymanian heritage and, through proper use of the collection, to increase knowledge and appreciation of, and respect for Caymanian heritage.

The Museum holds a collection in excess of 9,500 (December 31<sup>st</sup>, 2017: 9,189) artefacts that have been donated, transferred, purchased or found, with the majority being donations. Artefacts are documented in the Museum’s Accession Register, and are used in research or are held in exhibition for public service. The research collections (those that are not on exhibit at the Museum) are kept at the Museum Support Facility in an environmentally controlled vault for preservation. The Museum also operates a gift shop and leases a space to a third party, which operates a cafe.

The Museum is funded primarily by an annual grant from the Cayman Islands Government (the “Government”) through the Ministry of Health, Environment, Culture and Housing (the “Ministry”). The Museum would not be able to continue as a going concern without ongoing support from the Government and as a result the Museum is economically dependent on the Government.

The administrative office of the Museum is located at 10 Cayside, George Town, Grand Cayman.

## 2. Significant accounting policies

### (a) Reporting periods

In compliance with the *Public Management and Finance Law (2018 Revision)*, the current financial statements are prepared for 12 months from January 1, 2018 to December 31, 2018. The prior period financial statements covered an 18-month period from July 1, 2016 to December 31, 2017 as result the current years and the prior period financial statements are not entirely comparable.

### (b) Basis of preparation

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 using the accrual basis of accounting.

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

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 the Museum. The Museums’ assessment of the impact of these new standards are set out below.

IPSAS 40, Public Sector Combinations was issued in January 2017 and shall be applied for annual financial statements covering periods beginning on or after 1 January 2019. It is not anticipated in the future that the Museum will be combined with any other public sector entity and therefore it is anticipated this standard will not be applicable to the Museum in future periods.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 2. Significant accounting policies (continued)

#### *(b) Basis of preparation (continued)*

IPSAS 41, Financial Instruments was issued in August 2018 and shall be applied for financial statements covering periods beginning on or after 1 January 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 the Museum's 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 an impact on the Museum's financial statements, but this will be assessed more fully closer to the effective date of adoption.

These financial statements have been prepared on a going concern basis and the accounting policies set out below have been applied consistently to all periods presented. The financial statements are presented in Cayman Islands dollars using the historical cost basis of accounting.

As outlined in Note 1, the continued existence of the Museum is contingent on the ongoing support from the Government. As management considers that this support will be ongoing and there are no indications which suggest otherwise, management considers the preparation of the financial statements under the going concern assumption to be appropriate.

These financial statements are presented in Cayman Islands dollars ("CI\$"), which is the Museum's functional currency. All amounts have been rounded to the nearest dollar, unless otherwise indicated.

The measurement base applied to these financial statements is the historical cost basis.

#### *(c) Use of estimates*

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to estimating the useful lives of property, plant and equipment and management's assessment of whether an impairment is required to be recognized in respect of property and equipment (Note 7) and whether an impairment provision is required in respect of inventory (Note 6).

#### *(d) New and revised standards and interpretations that are not yet effective*

Certain new, revised and amended standards and interpretations were issued during the current financial period that is not yet effective. No material impact on the financial statements is anticipated as a result of these amendments.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 2. Significant accounting policies (continued)

(e) *Cash and cash equivalents*

The Museum considers all cash and short-term deposits with a maturity of three months or less to be cash or cash equivalents.

(f) *Inventories*

Inventories consist of products sold in the Museum gift shop and are valued at the lower of cost or net realisable value, using an average cost basis less an allowance for obsolete and slow-moving items.

(g) *Property and equipment*

Property and equipment are stated at cost less accumulated depreciation and impairment losses. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance.

Depreciation is charged to write off the cost of the asset over their estimated useful life, using the straight-line method.

Estimated useful lives are as follows:

Computer hardware and software	3-5 years
Furniture, fixtures and equipment	5-8 years
Leasehold improvements	10-25 years
Permanent exhibits	30 years
Vehicles	5 years

Cost comprises the purchase price of an asset and any directly attributable costs of bringing the asset to working condition for its intended use such as import duties, initial delivery and storage cost.

Repairs and maintenance are charged to expenses as incurred.

(h) *Income recognition*

Income on the sale of goods is recognized in the statement of financial performance at the point of the sale. Rental income, interest and other income are recognized on an accrual basis. Income earned from admissions, membership dues, fundraising, and donations are recorded in the period in which the payment is received.

(i) *Government grants*

Government grants are recognised and accrued quarterly. Certain grants cover staff costs and related expenditures of the Museum. Grant income and expenditures are recorded gross in the financial statements.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 2. Significant accounting policies (continued)

(j) *Foreign currency translation*

Transactions during the year and assets and liabilities at the statement of financial position dates denominated in United States dollars are translated into Cayman Islands dollars at a fixed rate of US\$1.00 = CI\$0.80. Gains and losses on foreign currencies, if any, are included in administration and other expenses.

(k) *Collections, exhibits and artefacts*

Consistent with the practice followed by many museums, collections, exhibits (excluding permanent exhibits) and artefacts purchased and donated are not recorded in the statement of financial position. The costs of all objects purchased are recorded as an expense in the statement of financial performance. Objects acquired by gift or donations are not recorded in these financial statements since it is difficult to obtain an objective measurement or valuation of these items.

(l) *Contributed services*

During the course of the period covered by these financial statements, unpaid volunteers make contributions of their time and resources to support the Museum's activities. The value of these contributions is not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

(m) *Financial assets and liabilities*

(i) *Classification*

A financial asset is any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments with another enterprise under conditions that are potentially favourable or an equity instrument of another enterprise. A financial liability is any liability that is a contractual obligation to deliver cash or another financial asset or to exchange financial instruments with another enterprise under conditions that are potentially unfavourable.

(ii) *Recognition*

The Museum recognises financial assets and liabilities on the date it becomes a party to the contractual provisions of the instrument. From this date, any gains and losses arising from changes in financial assets and liabilities measured at amortised cost are recognised in the statement of financial performance.

Financial assets comprise cash and cash equivalents, accounts receivable and deposits. Financial liabilities comprise accounts payable and accrued liabilities. Management determines the classification of its financial assets and liabilities at initial recognition.

(iii) *Measurement*

Financial instruments are measured initially at cost, including transaction costs. For financial assets acquired, cost is the fair value of the consideration given, while for financial liabilities cost is the fair value of consideration received.

(iv) *Offsetting*

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Museum has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At December 31, 2018 and December 31<sup>st</sup>, 2017, there were no assets or liabilities reported on a net basis.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 2. Significant accounting policies (continued)

#### (m) *Financial assets and liabilities (continued)*

##### (v) *Impairment*

A financial asset is impaired if there is objective evidence indicating that one or more events have had a negative effect on the estimated future cash flows of that asset. The amount of the impairment loss for assets carried at amortised cost is calculated as the difference between the asset's carrying amount and the present value of expected future cash flows discounted at the financial instrument's original effective interest rate. All impairment losses are recognised in the statement of financial performance.

##### (vi) *Derecognition*

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Museum has transferred all the risks and rewards of ownership. A financial liability is derecognised when it is discharged, cancelled or expires.

##### (vii) *Fair value*

The fair value of financial instruments approximates their carrying value principally due to the short-term nature of such instruments.

#### (n) *Restricted funds*

Restricted funds are derived from gifts, grants, and contracts received by the Museum for operating purposes but restricted by donors, grantors, and outside agencies as to the specific purpose for which the funds may be expended. As these funds have traditionally not been reimbursable, and the Museum does not consider there to be a legal or constructive obligation to do so, they form a part of the Museum's equity position as reflected on the statement of financial position. Contributions that are restricted for specific purposes by the donor must be used as intended and cannot fund other activities or general operations without the proper consent of the original donor.

#### (o) *Operating leases*

Operating lease payments are recognised as an expense in the statement of financial performance on a straight-line basis over the lease term.

#### (p) *Budget amounts*

The budget amounts for the financial year are presented in the 2018-19 Ownership Agreement and were approved by the Legislative Assembly on the 27th October 2017. The Final Budget is adjusted for the additional budget amounts approved in The Supplementary Appropriation (January 2018 to December 2018) Law, 2018. The Final Budget also includes appropriations approved by Cabinet on 20th December 2018 that had not yet been ratified by the Legislative Assembly at the date when the financial statements were approved for issuance.

## CAYMAN ISLANDS NATIONAL MUSEUM

### Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

#### 3. Cash and cash equivalents

Prior Period Actual		Current Year Actual	Final Budget	Variance
349,766	Cash	631,966	1,030,248	(398,282)
209,946	Fixed Deposits	211,446	-	211,446
<b>559,712</b>	<b>Total</b>	<b>CI\$ 843,413</b>	<b>1,030,248</b>	<b>(186,835)</b>

#### 4. Accounts Receivable

Prior Period Actual		Current Year Actual	Final Budget	Variance
410,400	Sale of goods and services to Cabinet	205,400	-	205,400
165	Sale of goods and services to SAGCs	168	-	168
1,537	Sale of goods and services to third parties	676	10,000	(9,324)
4,686	Sale of goods and services to Ministries/Portfolios	4,685	-	4,685
	Less: Provision for doubtful debts	-	(2,000)	2,000
<b>416,788</b>	<b>Total</b>	<b>CI\$ 210,929</b>	<b>8,000</b>	<b>202,929</b>

#### 5. Deposits and prepaid expenses

Prior Period Actual		Current Year Actual	Final Budget	Variance
5,115	Property deposits	5,115	5,115	-
-	Deposit on acquisition of artefacts	50,000	-	50,000
-	Prepaid orders for inventory	5,101	5,000	101
7,695	Prepayment for services	3,576	7,000	(3,424)
<b>12,811</b>	<b>Total</b>	<b>CI\$ 63,792</b>	<b>17,115</b>	<b>46,677</b>

#### 6. Inventories

Prior Period Actual		Current Year Actual	Final Budget	Variance
48,233	Inventory at average cost	72,021	45,000	27,021
(2,590)	Less: provision for slow moving stock	(1,006)	-	(1,006)
<b>45,643</b>	<b>Total</b>	<b>CI\$ 71,015</b>	<b>45,000</b>	<b>26,015</b>

**CAYMAN ISLANDS NATIONAL MUSEUM**

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

**7. Property and equipment**

As at December 31, 2018 and 2017, property and equipment consisted of the following:

<b>December 31, 2018</b>	<b>Furniture, fixtures &amp; equipment</b>	<b>Computer &amp; Office Equipment</b>	<b>Leasehold improvements</b>	<b>Permanent exhibits</b>	<b>Vehicles</b>	<b>Total</b>	<b>Budget</b>	<b>Variance</b>
<b>Cost</b>								
Balance at beginning of year	400,677	225,851	679,432	428,855	24,900	1,759,715	3,470,272	(1,710,557)
Additions	-	-	35,056	-	25,300	60,356	-	60,356
Balance at end of year	<b>400,677</b>	<b>225,851</b>	<b>714,488</b>	<b>428,855</b>	<b>50,200</b>	<b>1,820,071</b>	<b>3,470,272</b>	<b>(1,650,201)</b>
<b>Accumulated Depreciation</b>								
Balance at beginning of year	(392,105)	(204,570)	(416,422)	(114,440)	(24,900)	(1,152,437)	(1,445,492)	(293,055)
Depreciation	(2,767)	(6,889)	(36,548)	(14,494)	(2,108)	(62,806)	(115,652)	(52,846)
Balance at end of year	<b>(394,872)</b>	<b>(211,459)</b>	<b>(452,970)</b>	<b>(128,934)</b>	<b>(27,008)</b>	<b>(1,215,243)</b>	<b>(1,561,144)</b>	<b>(345,901)</b>
<b>Net Book value at December 31, 2018</b>	<b>CI\$ 5,805</b>	<b>14,392</b>	<b>261,518</b>	<b>299,921</b>	<b>23,192</b>	<b>604,828</b>	<b>1,909,128</b>	<b>(1,304,300)</b>



**CAYMAN ISLANDS NATIONAL MUSEUM**

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

**7. Property and equipment (continued)**

<b>December 31, 2017</b>	<b>Furniture, fixtures &amp; equipment</b>	<b>Computer Hardware &amp; software</b>	<b>Leasehold improvements</b>	<b>Permanent exhibits</b>	<b>Vehicles</b>	<b>Total</b>
Balance at beginning of period	392,521	133,741	678,361	428,855	24,900	1,658,378
Additions	8,156	26,622	1,071	-	-	35,849
Balance at end of period	<b>400,677</b>	<b>160,363</b>	<b>679,432</b>	<b>428,855</b>	<b>24,900</b>	<b>1,694,227</b>
<b>Accumulated Depreciation</b>						
Balance at beginning of period	(381,221)	(128,604)	(356,496)	(92,700)	(24,900)	(983,921)
Depreciation	(10,884)	(10,478)	(59,926)	(21,740)	-	(103,028)
Balance at end of period	<b>(392,105)</b>	<b>(139,082)</b>	<b>(416,422)</b>	<b>(114,440)</b>	<b>(24,900)</b>	<b>(1,086,949)</b>
<b>Net Book value at December 31, 2017</b>	<b>CI\$ 8,572</b>	<b>21,281</b>	<b>263,010</b>	<b>314,415</b>	<b>-</b>	<b>607,278</b>

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 8. Restricted funds

Fund balances are restricted for:

#### Acquisitions

On February 3<sup>rd</sup>, 2017, the Museum received US\$5,000 from the Prize Charitable Trust for the acquisition of local carvings, artwork and craftwork for the national collection. \$775 (2017 nil) of these funds were expended during the 2018 fiscal year, the balance is restricted until the intent of the donor has been fulfilled. At December 31, 2018, CI\$3,217 remained in the restricted funds account.

#### Archaeology

During the period ended December 31, 1994, a fundraiser was held to provide funds for marine archaeological research and equipment. The net proceeds from the fundraiser were placed in a restricted account for similar expenditures. At December 31, 2018 and 2017, CI\$12,812 remained in the restricted funds account.

#### Powell's

During the period ended June 30, 1998, the Museum received a government grant of CI\$25,000 for specific projects including creating a business plan, architectural surveys, condition reports, and maintenance planning. At December 31, 2018 and 2017, CI\$20,250 remained in the restricted funds account.

#### McCoy Prize Award

During the period ended June 30, 2003, Harris McCoy donated CI\$1,000 to hold for the winner of the McCoy prize. A further CI\$20,900 was donated by the chairman during the period ended June 30, 2006. At December 31, 2018 and 2017, CI\$1,918 remained in the restricted funds account.

#### New Building

During the period ended June 30, 2004, the Museum received donations in the amount of CI\$9,840 for the new museum building. At December 31, 2018 and 2017, CI\$9,840 remained in the restricted funds account.

#### Maritime Heritage Trail

During the period ended June 30, 2004, the Department of Tourism donated CI\$20,000 for the Maritime Heritage Trail. At December 31, 2018 and 2017, CI\$191 remained in the restricted funds account.

#### Educational Programme

During the period ended June 30, 2012, the Museum received a donation of CI\$3,041. This was to be applied to the Museum's Educational Fund. At December 31, 2018 and 2017, CI\$1,588 remained in the restricted funds account.

#### Renovations and Recovery

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$20,701 for the recovery of any material evidence of artistic, historic or scientific significance to Cayman Islands. At December 31, 2018 and 2017, CI\$20,701 remained in the restricted funds account.

**CAYMAN ISLANDS NATIONAL MUSEUM**

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

**8. Restricted funds (continued)**

Webster Foundation

During the period ended June 30, 2012, the Museum received a donation of CI\$20,000 for the acquisition of artefacts, and the costs of displaying such artefacts. At December 31, 2018 and 2017, CI\$20,000 remained in the restricted funds account.

Collections Preservation

During the period ended June 30, 2016, the Museum received CI\$12,000 for collections preservation. At December 31, 2018 and 2017, CS\$12,000 remained in the restricted funds account.

The movements in restricted fund balances during the year ended December 31, 2018 and period from July 1, 2016 to December 31, 2017 were as follows:

	Archaeology	Powell's	McCoy Prize	New Building	Maritime Heritage Trail	Educational Programme	Renovations & Recovery	Webster Foundation	Collections Preservation	Acquisitions	Total
<b>Balance at June 30, 2016</b>	12,812	20,250	1,918	9,840	191	1,588	20,701	20,000	12,000	-	99,300
Additions / (Disbursements)	-	-	-	-	-	-	-	-	-	3,992	3,992
<b>Balance at December 31, 2017</b>	<b>12,812</b>	<b>20,250</b>	<b>1,918</b>	<b>9,840</b>	<b>191</b>	<b>1,588</b>	<b>20,701</b>	<b>20,000</b>	<b>12,000</b>	<b>3,992</b>	<b>103,292</b>
Additions / (Disbursements)	-	-	-	-	-	-	-	-	-	(775)	(775)
<b>Balance at December 31, 2018</b>	<b>CI\$ 12,812</b>	<b>20,250</b>	<b>1,918</b>	<b>9,840</b>	<b>191</b>	<b>1,588</b>	<b>20,701</b>	<b>20,000</b>	<b>12,000</b>	<b>3,217</b>	<b>102,517</b>

## CAYMAN ISLANDS NATIONAL MUSEUM

### Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

#### 9. Accounts Payable and Accrued Liabilities

Prior Period Actual		Current Year Actual	Final Budget	Variance
10,504	Third party creditors	11,591	15,239	(3,648)
1,500	Refundable Deposit	1,500	-	1,500
25,000	Accrued Expenses	37,714	15,000	22,714
16,671	Accrued Leave	16,528	12,000	4,528
368	Health insurance withholding	-	-	-
1,772	Pension Withholding	1,772	-	1,771
<b>55,815</b>	<b>Total</b>	<b>CI\$ 69,105</b>	<b>42,239</b>	<b>26,866</b>

#### 10. Contingency reserve

At December 31, 2018, the Museum's equity includes a contingency reserve of CI\$ 200,000 (2017: CI\$200,000). The contingency reserve was established by the Board of Control as a precautionary measure to meet the costs of overcoming any disaster that might befall the Museum in the future. Management intends to increase the contingency reserve to \$250,000 in the 2019 fiscal year. This amount better reflects the potential cash flow that would be required to keep the Museum operational in the event of an unforeseen disaster.

#### 11. Sales of outputs to cabinet

During the year ended December 31, 2018, grants totalling CI\$821,000 (18-month end December 31<sup>st</sup>, 2017: CI\$1,231,200) were received from Government, of which CI\$206,000 (2017: CI\$410,400) is included in accounts receivable at December 31, 2018.

As noted in Note 1, the Museum would not be able to continue as a going concern without ongoing support from the Government and as a result the Museum is economically dependent on the Government.

#### 12. Product Sales

Prior Period Actual		Current Year Actual	Final Budget	Variance
100	Outputs to other government agencies	14,141	-	14,141
815	Outputs to others	-	-	-
24,192	Outputs to others: Merchandise Sales	2,346	-	2,346
112,971	Output to others: Gift shop sales	74,366	100,000	(25,634)
<b>136,448</b>	<b>Total</b>	<b>CI\$ 90,853</b>	<b>100,000</b>	<b>(9,147)</b>

# CAYMAN ISLANDS NATIONAL MUSEUM

## Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

### 13. Facility Expenses

Prior Period		Current Year	Final Budget	Variance
Actual		Actual		
19	Supplies and consumables	30	50	(20)
74,454	Electricity	60,042	53,010	7,032
28,268	Insurance	18,329	18,274	55
18,955	Janitorial Services	12,566	12,000	566
2,700	Landscaping	1,800	1,800	-
1,125	Pest control	1,554	1,500	54
81,348	Repairs & Maintenance	33,763	37,366	(3,603)
7,523	Security Services	4,747	5,000	(253)
18,359	Telephone	7,287	4,500	2,787
3,574	Water	1,864	1,500	364
<b>236,325</b>	<b>Total</b>	<b>CI\$ 141,982</b>	<b>135,000</b>	<b>6,982</b>

### 14. Administration and other expenses

Prior Period		Current Year	Final Budget	Variance
Actual		Actual		
8,068	Advertising	9,247	9,000	247
25,000	Audit Fees	20,000	25,000	(5,000)
52,500	Accounting Services	42,000	42,000	-
5,335	Bank service charges	4,427	5,000	(573)
372	Bottled water	258	250	8
1,342	Emergency preparedness	-	-	-
223	Fuel	274	250	24
18,680	IT expenses	18,306	12,000	6,306
11	Kitchen Supplies and Consumables	-	-	-
2,269	Meals and Entertainment	608	500	108
787	Membership Fees	1,136	1,000	136
684	Membership services	-	-	-
507	Motor Vehicle Operations	125	125	-
5,257	Office Supplies	2,260	2,500	(240)
294	Postage & Courier	358	400	(42)
93,264	Programme Expenses	68,286	50,000	18,286
4,200	Professional Services	1,050	1,000	50
1,056	Shop Supplies	798	1,000	(202)
1,315	Web Hosting	235	430	(195)
100	Write-offs	2,005	500	1,505
1,065	Cash (over)/short	(79)	-	(79)
(1,112)	Gains/(losses) on forex transactions	2,785	-	2,785
272	Miscellaneous	218	-	218
<b>221,487</b>	<b>Total</b>	<b>CI\$ 174,297</b>	<b>150,955</b>	<b>23,342</b>

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 15. Related party transactions

#### Controlling entity

The Museum is a wholly owned statutory entity of the Government within the Ministry.

#### Museum building

Under the terms of a fifty-year agreement with the Governor of the Cayman Islands dated June 5, 1990, the Museum leases its building, the Old Courts Building, and the accompanying land for annual consideration of a nominal amount.

#### Property insurance

The Government determines the insurance premium payable by the Museum, which covers the building and its contents, of the Old Courts Building in Grand Cayman.

During the year ended December 31, 2018, total insurance premium determined for the Museum amounted to CI\$18,329 (2017: CI\$28,268). This amount is included in facility expenses in the statement of financial performance.

At December 31, 2018, there were no outstanding amounts (2017, nil).

#### Ministry employees

The Curations Manager, who is an employee of the Ministry, works for the Museum on a secondment contract. A portion of the Curations Manager's remuneration, the details of which are not available to the Museum, formed part of the Ministry's expenditures and are not reflected in the statement of financial performance of the Museum.

The total salary and benefits paid by the Museum to the Curations Manager during the year ended December 31, 2018 amounted to CI\$16,725 (18-month to December 2017: CI\$24,388).

#### Gift shop sales

During the year ended December 31, 2018, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI\$14,141 (2017: CI\$65,207).

### 16. Pension plan

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law (2012 Revision). Contributions for the year ended December 31, 2018 included in staff costs in the statement of financial performance amounted to CI\$15,750 (2017: CI\$22,990). Pension contributions consist of 5% of the employee's salary made by the employee and are matched by the employer (2017: 5% employer 5% employee).

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

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### 17. Key management remuneration

Total remuneration paid to the 3 (2017: 4) personnel considered to be key management during the year ended December 31, 2018 and from July 1, 2016 to December 31, 2017 was:

	Salaries CI\$	Pension CI\$	Health Insurance CI\$	Other CI\$	Total CI\$
2018 Actual	167,444	9,035	24,780	-	201,258
2018 Budget	155,156	7,757	22,428	-	185,341
Variance	(12,288)	(1,278)	(2,352)	-	(15,917)
2017 Actual	260,803	12,191	36,823	-	309,817

Members of the Board of Control are voluntary and do not receive any type of remuneration for services rendered. There were no loans to key management at December 31, 2018 (2017: none). The terms of the board membership expired on December 31, 2018 for all members and no board has been appointed at the date these financials were approved for issuance.

### 18. Financial risk management

The Museum's activities expose it to various types of risk that are associated with the financial instruments and markets in which it operates. The Museum's Board of Control has overall responsibility for the establishment and oversight of its risk management framework. The Museum's risk management policies are established to identify and analyse the risks, set appropriate risk limits and controls, and to monitor risks and adherence to limits. The most important types of financial risk to which the Museum is exposed to are credit risk and liquidity risk. This note presents information about the Museum's exposure to each of these risks and the Museum's objectives, policies and processes for measuring and managing risk.

#### *Credit risk*

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Museum. To mitigate this risk, the Museum has adopted a policy of dealing only with counterparties which it believes to be credit worthy. Financial assets which potentially subject the Museum to credit risk consist principally of cash and cash equivalents and accounts receivable.

At December 31, 2018, the Museum held CI\$843,143 (2017: CI\$559,712) in cash and cash equivalents at CIBC First Caribbean International Bank, a financial institution in the Cayman Islands and CI\$210,929 (2017: CI\$416,788) of accounts receivable, of which CI\$206,000 (2017: CI\$410,400) was due from the Government. As such, the Museum is exposed to credit related losses in the event of non-performance by these parties. Given the high credit rating of the financial institution and the Museum's relationship with the Government, the Board of Control does not anticipate any material losses as a result of these concentrations.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

(expressed in Cayman Islands dollars)

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### 18. Financial risk management (continued)

#### *Liquidity risk*

Liquidity risk is the risk that the Museum will not be able to meet its financial obligations as they fall due.

Prudent liquidity risk management implies maintaining sufficient cash, ensuring the availability of funding from the Government and the ability to predict and manage the Museum's expected cash outflows. Throughout the year and subsequent to the year end, the Museum has relied significantly on the support from the Government, to provide funds in the form of grants. The ability of the Museum to meet its obligations is dependent on the ongoing financial support provided by the Government (refer Note 11).

Accounts payable and accrued liabilities are expected to mature within 12 months of the date of the statement of financial position.

### 19. Commitments and contingencies

The Museum entered into a contract with LaLev Construction on December 20<sup>th</sup>, 2018 for the repair of the Museum's roof. The total contract sum was \$114,161. As at December 31<sup>st</sup>, 2018 \$102,745 remain outstanding on the contract.

The Museum leases premises at Pasadora Place to store its collection and artefacts. As at December 31, 2018, the lease is being finalized.

The Museum leases premises at 10 Cayside House for administration, education and library purposes. The lease expired on December 31, 2018.

Prior Period Actual		Current Year Actual	Final Budget	Variance
	Minimum lease payments			
116,629	Payable within one year	-	116,629	116,629
116,629	Payable from one to two years	-	116,629	116,629
116,629	Payable from two to three years	-	116,629	116,629
349,887		CI\$ -	349,887	349,887

### 20. Explanations of material variance against budget

#### *Statement of financial position*

Variances in cash and cash equivalents, and accounts receivable are due to delays in the receipt of output payments from the Ministry. Deposits and prepaid expenses were higher due to payments made for items not received at the fiscal year-end (Alvin McLaughlin Collection).



## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

For the year ended December 31, 2018

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### 20. Explanations of material variance against budget (continued)

The variance in inventory reflects increased amounts carried to maximize sales opportunities from the high season.

Property and equipment were lower than budgeted due to reclassification of leasehold improvements as part of the 2017 audit and also because the Museum did not receive its approved Equity Injection for 2016-17. This meant that planned works and acquisitions could not be carried out. The Ministry required the Museum to have signed contractual commitments prior to the release of the funding; however, this requirement was not explicitly communicated until after the fiscal year closed.

Variances in accounts payable and accrued liabilities is due to the accrual of the audit fees for 2018 and invoices received for settlement after the fiscal year end.

Accumulated surplus, restricted funds and contributed capital were due to reclassifications resulting from 2017 where the Museum received an unqualified audit opinion.

The variance in Contributed Capital is directly linked to the non-payment of the Equity Injection for the Museum that was approved in the 2016-17 Budget and the receipt of contributed capital in 2018.

#### *Statement of financial performance*

Revenues were largely in line with budget expectations. Staff costs were lower than expected due to vacancies carried during the year. Savings in lease costs is due to effective renegotiation of the lease for the Pasadora place whereby the Museum was able to secure an extension at nil increase in cost.

The variance in depreciation is partially due to the assets planned but not acquired stemming from the non-payment of the Museum's Equity Injection. The Museum also updated its fixed asset register during the period and made material adjustments for leasehold improvements and permanent exhibits.

Variance shown for facility expense reflects increased activities in 2018 where several air-condition replacement projects were carried out along with repairs to the museum building. Variances in cost-of goods sold and "Administration and other expenses" are due to budget classification errors.

#### *Statement of Cash Flows*

Operating cash was \$168,880 higher than budget due to an operating surplus of \$78,932 and a reduction in accounts receivables of \$206,625 from timely settlement of Output invoices by the Ministry of Health. These increases were partially offset by increases in prepaid expenses (\$57,244) largely relating to the acquisition of artefacts, and increased investment in inventories (\$31,495) due to changes in the year-end where the Museum keeps higher levels of stock on hand to match the high season. Cash flow from depreciation was lower due to a reduction in the plant asset base and consequential lower depreciation expense.

The Museum replaced its transport van along with several major pieces of air-condition equipment in 2018. The acquisition of these new assets resulted in expenditures of \$60,356 which were not initially budgeted.

The Museum also received \$60,300 in equity injection from the Ministry of Health during 2018. This was not part of the originally approved budget. Funds were used towards acquisition of artefacts, and replacement of the Museum's transport van.

## **CAYMAN ISLANDS NATIONAL MUSEUM**

### Notes to Financial Statements

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On December 20, 2018, Cabinet authorized a reallocation of \$60,3k from the Ministry of Health, Environment, Culture & Housing to the Museum under Section 11 (5) of the Public Management and Finance law (2018 Revision). A supplementary Appropriation Bill with the proposed changes had not been introduced in the Legislative Assembly at the date the financial statements were approved for issuance.

#### **21. Capital**

The Museum's objective when managing its working capital is to safeguard the ability to continue as a going concern, (through the on-going support from the Government (Notes 1 and 2), and to ensure that adequate cash flows are generated to fund its programmes. Management assesses the Museum's capital needs by evaluating financial risk and responding to changes in those risks and the market. The Museum is not subject to any externally imposed working capital requirements by third parties or the Government. There have been no changes to the strategy adopted by management to control capital of the Museum since the previous year.

#### **22. Subsequent events**

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to April 30, 2019, being the date that the financial statements were available to be issued.