



Annual Report

of

The National Gallery of the Cayman Islands

For the 2006/07 Financial Year

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1. Overview of Performance for the Year

Introduction

This annual report details the performance of the National Gallery of the Cayman Islands (NGCI) for the fiscal year ending 30 June 2007.

It includes information about outputs actually delivered during the year as compared to the planned performance documented in the Annual Budget Statement for the (The National Gallery of the Cayman Islands) for 2006/07, or as amended through the supplementary appropriation process.

It also reports those aspects of ownership performance that were contained in the Annual Budget Statement for 2006/07 or as amended through the supplementary appropriation process.

Summary of Performance

The National Gallery of the Cayman Islands continued to promote and encourage the appreciation and practice of the visual arts, of and in the Cayman Islands. This mandate was achieved through a variety of activities that aimed to reach all members of the Cayman Islands community and the visiting public: outreach programmes, educational programmes, exhibitions, youth programmes, events, workshops, teacher training, school collaborations and educational lectures; and through our art collection (mostly of donated works) and extensive art-based lending library.

These goals were expanded into six outputs this year as follows:

- GAL 1: Visual Art Exhibitions and
- GAL 2: Collections
- GAL 3: Education and Outreach Programmes
- GAL 4: Events
- GAL 5: Visual Art Programmes
- GAL 6: Education/Training

The scope of the *National Gallery of the Cayman Islands* activities for 2006/07 was as follows:

- 60% outreach and educational programming in particular for youth, at-risk populations of our society, and up and coming developing artists, followed by programming for young children and adult art aficionados and finally, for our visitors. Programmes are specific to various groups of people: Inside Art for prisoners, Art Magnet for the elderly, and Art Trek for primary-aged kids, Artists Away for professional Caymanian artists and Art Sisters for women coping with unusual stressful situations, to name a just few.
- 20% exhibitions, plan on approximately 1500 gallery users per exhibition depending upon subject matter and educational focus, duration is a month to three months per exhibition, free entrance. Workshops and lectures are well received by many cross-sections of the community with attendance up to 30 people per session, as they are either one-on-one or small group interactive activities.
- 10% were events: all are public art centred and usually free of charge, are attended by ranges between 300-5000 depending upon the event.
- 10% is maintaining and developing our collections: national collection and library materials and providing services to support the Minister and Executive Council

(Ongoing) Six exhibitions per annum in Grand Cayman and Cayman Brac, Friends of the Gallery volunteer group; full service art & design library (multi-media available); National Gallery workshop series, national gallery lecture series; school tours and classroom visits; work experience and student career development; annual internship programme

(Weekly) Art Magnet, Inside Art Northward and Eagle House, Inside Art Fairbanks, Art Sisters, Art Outreach Frances Bodden, art; Art Outreach Caribbean Haven, continuing education courses, guided art studio; Walkers Art Club; art talks at district centres; Cayman Brac art and craft classes (x3 weekly);

(Monthly) Art Trek Tuesdays (6-11yrs), Art Flix, lunchtime lectures; Sister Islands art lecture series

(Quarterly) Sister Islands art camps

(Annually) Artists Away, Art@Governors, eco art party, Chalkfest, Cayfest art show and sale, work experience,

(Bi-annually) Carifesta art exhibit, international biennials, international art competition participation, international: child art forum participation, 3 annual summer student internships,

(On request) art in the workplace, art consultations;

Customers and Location of Activities

The services provided by the *National Gallery of the Cayman Islands* are provided to the customer (users) as follows: all ages of students, amateur and professional artists, targeted outreach participants - the incarcerated, the recovering institutionalised substance abuser, children in group home care -, and both residents and visitors to the islands in general.

The NGCI Education centre houses the majority of our education programmes, while others are disbursed between the National Gallery's premises in Harbour Place and various locations around all three islands including: the various community halls and civic centres including WB Town Hall, Town Hall, GT, South Sound Community Centre, Savannah School hall, Bodden Town *new location TBD, North Side Community Centre, East End *new location TBD, Cayman Brac Heritage House, Little Cayman Trust House; with some (programmes) being conducted on-site at prisons, youth centres, or overseas and (Events) are at Governors House, Seven Mile Public Beach, or at other locations.

Part A
Outputs Delivered During the Year

Statement of Outputs Delivered

GAL 1	EXHIBITIONS		
Description			
Provision of educational Exhibitions of visual arts for students, residents and visitors.			
Measures	2006/07 Actual	2006/07 Budget	Annual Variance
Quantity			
<ul style="list-style-type: none"> • Number of exhibits in Harbour Place • Target of visitors to Harbour Place for each exhibition • Target Total 20,000 Visitors Per Annum 2006/7 	6 2000	5 4000	1 -2000
Quality			
Exhibitions mounted in accordance with international guidelines	100%	100%	
Quality determined by visitor numbers and feedback	100%	100%	0
Timeliness			
<ul style="list-style-type: none"> • Allison Lasley May 4-Aug 25 06 The images form a kind of stop-action mosaic of psychic states and the lyricism of form • From Within 1V Aug 31st- Oct 3rd • The Maze Caymanian artist Aston Ebanks creates public art project extended with outreach programme participants November 2006 • Au Courant Oct 12 06-Jan 25 07 Contemporary Art Favorites. Favorites gleaned from Art Basel Miami and Art Basel Switzerland • Cayman Island juried art exhibition response to Au Courant called 'arreckly' submitted Caymanian artists • Children's Festival of the Arts March 28th April 11th 07 • Cayfest Art and Photo Show April 19th- May 2nd 07 • Cayman : an ever-changing landscape made up of works from the National Gallery, National Museum and Cayman National cultural Foundation May 31- August 31 2007 	100% All	100% all	0
Location			
Harbour Place for the exhibitions. Education Center and other identifiedexhibition spaces/sites in the Cayman Islands. NG land off EsterlyTibbetts Way for Aston Ebanks' Maze	100%	100%	0
Cost (of producing the output)	153,340.00	56,500.00	-
Price (paid by Cabinet for the output)	56,500.00		96,850.00
Related Broad Outcomes: Shortfall: \$96,850.00			

Explanation of Annual Variances:

Increase in exhibitions due to public interest in a post Ivan environment.

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

2. Statement of Outputs Delivered

GAL 2	COLLECTIONS		
Description Provision of expected stewardship of art COLLECTIONS and research materials including: Library Collection: all materials, Art Collections, Membership Database, Volunteer Database			
Measures	2006/07 Actual	2006/07 Budget	Annual Variance
Quantity 1000 -1200 Books & magazines Works of art in the NGCI's National Collection 1 Membership and Volunteer Database 1 Curatorial assisted exhibition 'McCoy Prize' with the winning entrants becoming part of the National Collection	1445 84 1 1	1200-1250 78 1 1	Increase in library art collection 0
Quality <ul style="list-style-type: none"> • Marked increase in new membership and volunteer base • Library holdings through donations and purchase • Accession records of collection brought up to date in hard copy and computer files • Membership and Volunteer Database kept up to date. • Professionally curatorial assisted exhibition 'McCoy Prize' 	100% All	100% all	0
Timeliness Data, collections and files updated continually Curatorial and administrative assistance with Exhibition . McCoy done annually and housed bi-annually	100%	100%	0
Location The Membership database and Collection held at the offices of the National Gallery and the Art Library at the Education Centre, McCoy Prize bi-annually at National Gallery			
Cost (of producing the output)	38,859.00	33,000.00	5,859.00
Price (paid by Cabinet for the output)	33,000.00		
Related Broad Outcomes: Shortfall: \$5,859.00			

Explanation of Annual Variances:

Increase in Library and art collection size due to public donations and public interest.

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

3. Statement of Outputs Delivered

GAL 3	VISUAL ART PROGRAMMES, AND OUTREACH PROGRAMMES		
<p>Description Provision of VISUAL ART PROGRAMMES and OUTREACH PROGRAMMES that promote the practice and appreciation of the visual arts: Art Flix, Art Trek, Art in the Workplace, Lunchtime Lectures, Art Critique Night, Little Artists, Guided Studio, ArtMagnet, Art Zone, Inside Art Northward, Inside Art Fairbanks, Inside Art Eagle House, Art Sisters, Art with Bonaventure Group, Art with Francis Bodden Group, Scrapbooking, Cayman Brac Art Group, and Elderly Artists Brac are conducted by experienced and trained instructors.</p>			
Measures	2006/07 Actual	2006/07 Budget	Annual Variance
<p>Quantity</p> <ul style="list-style-type: none"> • Visual Art Programmes • Outreach Programmes 	<p>10 9</p>	<p>7 8</p>	<p>Increase art program</p>
<p>Quality</p> <p>Visual art programmes: Delivered in accordance with international standards;</p>	<p>100%</p>	<p>100%</p>	<p>0</p>
<p>1. Art Flix 2. Art Trek 3. Art in the Workplace 4. Lunchtime Lectures 5. Art Critique Night 6. Little Artists 7. Guided Studio 8. Scrapbooking 9. Cayman Brac Art Group 10. Elderly artists in the Brac</p> <p>Outreach art programmes:</p> <p>1. Art Magnet 2. Inside Art Northward 3. Inside Art Fairbanks 4. Inside Art Eagle House 5. Art Sisters 6. Art with Bonaventure Group 7. Art with Francis Bodden Group are conducted by experienced and trained instructors 8. Art Zone 9. Caribbean Haven</p>	<p>100%</p>	<p>100%</p>	<p>0</p>

Timeliness			
Visual Art Programmes	100%	100%	0
<ul style="list-style-type: none"> 1. Art Flix – once a month ongoing annually 2. Art Trek Tuesday - once a month ongoing annually 3. Art in the Workplace - on request, expect 2. Annually 4. Lunch Time Lectures - once a month ongoing annually 5. Art Critique Night – once a quarter ongoing annually 6. Little Artists -weekly all year long 7. Guided Studio – weekly all year long 8. Scrapbooking –once weekly 9. Cayman Brac Art Group- held monthly 10. Elderly Artist in the Brac-2 hours weekly 			
Outreach art programmes	100%	100%	0
<ul style="list-style-type: none"> 1. Art Magnet - weekly for two hours ongoing annually 2. Inside Art Northward - weekly for two hours ongoing annually 3. Inside Art Fairbanks - weekly for two hours ongoing annually 4. Inside Art Eagle House - weekly for four hours ongoing annually (with both Young Offenders group, and Juvenile group 2 hours each) 5. Art Sisters- weekly for two hours ongoing annually 6. Art Outreach with Bonaventure group - weekly for two hours 7. Art Outreach with Francis Bodden group - weekly for two hours ongoing annually 8. Art Zone – weekly for two hours ongoing annually 9. Caribbean Haven-weekly for one and half hours 			
Location			
Visual Art programmes:			
NG = National Gallery			
NGEC = National Gallery Education Centre			
<ul style="list-style-type: none"> 1. Art Flix - NG 2. Art Trek Tuesdays - NGEC 3. Art in the Workplace - on location at places of business 4. Lunchtime Lectures - NG 5. Art Critique Night - NGEC 6. Little Artists – NGEC 7. Guided Studio – NGEC 8. Scrapbooking-NGEC 9. Cayman Brac Art Group- fresh air group 10. Elderly Artists in the Brac- Kirkconnell's Community Care 			

Outreach art programmes:			
1. Art Magnet – NGEC			
2. Inside Art Northward – at Northward Prison			
3. Inside Art Fairbanks- at Fairbanks Prison			
4. Inside Art Eagle House – at Eagle House Prison			
5. Art Sisters- at NGEC			
6. Art with Bonaventure Group for boys – at BBH			
7. Art Outreach with Francis Bodden group – at FBGH			
8. Art Zone – at NGEC			
9. Held at Caribbean Haven			
Cost (of producing the output)	167,639.00	66,335.00	- 101,304.0 0
Price (paid by Cabinet for the output)	66,335.00		
Related Broad Outcomes: Shortfall: \$101,304.00			

Explanation of Annual Variances:

Increase in art programme due to demand for art activities for girls. Caribbean Haven requests a programme for its drug rehabilitation programmes. Cayman Brac art programmes created due to public demand.

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

4. Statement of Outputs Delivered

GAL 4	EVENTS		
<p>Description Provision of public visual arts EVENTS to promote greater awareness of and participation in the visual arts in the Cayman Islands: Art@Governors, Chalkfest, Eco-Art Party, Maze installation event, Mosaic tiles Event, Brick Project Event, Quilt Against Child Abuse Event, Art Parties at NGEC</p>			
<p>Measures</p>	<p>2006/07 Actual</p>	<p>2006/07 Budget</p>	<p>Annual Variance</p>
<p>Quantity</p>			
<p>Community visual arts events:</p> <p>Art@Governors an art fair held at the grounds of the Governor;s house</p> <p>Major event held at the 'Maze' by Aston Ebanks during April and May 2007</p> <p>(Some of our events are now bi-annual hence Sandsculpting competition, sand yard competition hence difference from last year)</p> <p>Mosaic School tiles Project for all schools on island to bring about awareness of the National Gallery Building Project</p> <p>Brick Project another project to bring about the awareness of building the purpose built National Gallery</p> <p>Quilt against Child Abuse</p> <p>Art Parties held at the NGEC as an alternative place to give children's parties for a fee</p>	<p>6</p>	<p>3</p>	<p>3</p>
<p>Quality</p>			
<ul style="list-style-type: none"> Art@Governors2007 targets to attract more than 3000 people to view more than 100 artists demonstrating/displaying artwork at Government House 	<p>100%</p>	<p>100%</p>	<p>0</p>
<ul style="list-style-type: none"> Chalkfest, an interactive event geared to the general public and targeted to draw 75-100 participants. In conjunction with CNCF and Cayfest 	<p>100%</p>	<p>100%</p>	<p>0</p>
<ul style="list-style-type: none"> Eco-Art Party in conjunction with Dept. of Environment creating art from recycled, reused objects and materials Aston Ebanks internationally noted installation artist Name a Brick project naming opportunities for various sponsors for the Building Project Mosaic School Tiles Project welcomed at all schools in the Cayman Islands 			

Timeliness			
Art@Governors – January 27 th 2007			
Chalkfest – April 19 th 2007			
Eco-Art Party April 2007			
Aston Ebanks 'Maze' held during the month of April and May 07			
Location			
Art@Governors2006 - Governors House gardens			
Chalkfest- sidewalks of George Town			
Eco-Art Party – Terrace NG			
Cost (of producing the output)	113,504.00	40,335.00	-
Price (paid by Cabinet for the output)	40,335.00		73,169.00
Related Broad Outcomes: Shortfall: \$73,169.00			

Explanation of Annual Variances:

Increase in Events due to increased interest by the public in the development and potential growth of the National Gallery in the community.

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

5. Statement of Outputs Delivered

GAL 5	VISUAL ART INFORMATION		
Description Provision of published visual arts information and recognition of excellence in visual arts, National Gallery Lecture Series, Lunchtime Lectures			
Measures Quantity Information delivered through: 1 Website 1 newsletter (bi annually) TV-Daybreak appearances RADIO-Radio Cayman FM Morning Edition TV-Artist of the Month recognitions award Quality -Visual art information prepared accurately, professionally and in a timely manner -Quality determined by visitor and participants comments and feedback, and by attendees improved skill level and increased knowledge base Timeliness -Website - updated monthly -Newsletter - produced in May and November. -Regular columns in the Cayman free press, The Observer, the Journal -CITN TV - monthly appearances on Daybreak -Radio Cayman – regular slots on FM Morning Edition. -Demos/lectures – Lunch Time lectures and demos showcasing the current exhibitions -Consultation with the C. I. Government regarding artwork and installations in new government buildings -International publications regarding arts in the Cayman Islands ie. International Journal of Art Location Delivered from the National Gallery's Harbour Place locations are the following: Website, Newsletter, Demos/lectures held at the National Gallery and the Education Centre, and various publications island-wide and world-wide.	2006/7 Actual	2006/7 Budget	Annual Variance
	1	1	
	1	1	
	10	10	0
	14	14	
	12	12	
	100%	100%	0
	100%	100%	0
	100%	100%	
	all	all	
	47,907.00	20,915.00	26,992.00
	20,915.00		
Related Broad Outcomes: Shortfall: \$26,992.00			

Explanation of Annual Variances:

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

6. Statement of Outputs Delivered

GAL 6	EDUCATION/TRAINING		
Description Provision of targeted visual arts training and skills development programmes. Participation in biennials, competitions, and other events that disseminate knowledge on Caymanian art internationally			
Measures	2006/07 Actual	2006/07 Budget	Annual Variance
Quantity			
Walkers Children's Art Review Club			
<ul style="list-style-type: none"> • National Gallery Art Lessons for 7-9 year olds 	40	40	
<ul style="list-style-type: none"> • Number of biennials featuring Caymanian art and artists 	16	16	
<ul style="list-style-type: none"> • 1-2 public art projects 	2	2	0
<ul style="list-style-type: none"> • Education delivered through: Caymanian Art Award Programme, the McCoy done in conjunction with the National Museum of the Cayman Islands. 	1	1	all
<ul style="list-style-type: none"> • Number of lectures/demos on general art subjects 	1	1	
<ul style="list-style-type: none"> • Number of continuing education courses at NGECC 	8	8	
(each of the below offered each term as demand warrants)			
Intro to Drawing – three terms of eight weeks each	3 school terms	3 school terms	
Intro to Printmaking- three terms of eight weeks each			0
Intro to Life Drawing- three terms of eight weeks each			all
Intro to Photography- three terms of eight weeks each			
Intro to Acrylic Painting- three terms of eight weeks each			
Intro to Ceramics- three terms of eight weeks each			
Intro to Sculpture/Assemblage- three terms of eight weeks each	20	20	
Number of school tours			
Annual National Gallery internship	1	1	

Quality			
Lectures/demos prepared and delivered accurately and professionally	100%	100%	0
Workshops and training sessions delivered by qualified personnel	100%	100%	all
Timeliness			
<ul style="list-style-type: none"> Walkers Children's Art Review Club 2 hours per week Fridays throughout school terms National Gallery Art Lessons for 7-9 year olds 2 hours a week Saturdays throughout school terms Continuing Education Courses each run 2 hours a week, each of the three terms also the summer Public art project – NG/D.O.T Artist Trail Map Public Art Project – NG/D.O.T. Artist's Notecards. Workshops – Cayman Brac Art Lecture Series, Life Drawing once per week for 2 hours Tours – upon request 			
Location			
Public Art - various formats			
Workshops - NGEC			
Continuing education courses at NGEC			
School tours at the exhibitions held at Harbour Place and alternative exhibition spaces			
Cost (of producing the output)	115,057.00	76,915.00	- 38,142.00
Price (paid by Cabinet for the output)	76,915.00		
Related Broad Outcomes: Shortfall: \$38,142.00			

Explanation of Annual Variances:

Please note that *Actual* figures represent total expenditures for the output and *Budget* figures represent the total as per our Purchase Agreement with Government. The variance total is supported by the Gallery's other income streams.

Part B

Ownership Performance Achieved During the Year

3 Nature and Scope of Activities

Approved Nature and Scope of Activities

To promote and encourage the development and appreciation of the visual arts in the Cayman islands through the hosting of regular art exhibitions and a education programme targeted all age groups.

Compliance during the Year

The NGCI continued to successfully carry out a wide reaching, well instructed education and outreach programme, in conjunction with their exhibition schedule, to a high professional standard.

5 Ownership Performance Targets

5.1 Financial Performance

Financial Performance Measures	2006/7 Actual \$	2006/7 Budget \$	Annual Variance \$
Revenue from Cabinet	294000	294000	-
Revenue from ministries, portfolios, statutory authorities, government companies			
Revenue from others	278125	239000	39125
Surplus/deficit from outputs			
Ownership expenses	606050	533000	73050
Operating Surplus/Deficit	(33925)	0	
Net Worth	1914325	963714	
Cash flows from operating activities	957144	365259	
Cash flows from investing activities	(139066)	(26555)	
Cash flows from financing activities			
Change in cash balances	818078	338704	

Financial Performance Ratios	2006/7 Actual	2006/7 Budget	Annual Variance
Current Assets: Current Liabilities (Working Capital)	1760175:0	65000	
Total Assets: Total Liabilities	1914325:0	397000:00	

5.2 Maintenance of Capability

Human Capital Measures	2006/7 Actual	2006/7 Budget	Annual Variance
Total full time equivalent staff employed	10	4	
Staff turnover (%)		0%	
Managers			
Professional and technical staff		6	
Clerical and laborer staff		2	
		8	
Average length of service (number of years in current position)			
Managers			
Professional and technical staff			
Clerical and laborer staff			
Changes to personnel management system:			

Physical Capital Measures	2006/7 Actual \$	2006/7 Budget \$	Annual Variance \$
Value of total assets	1914325	397000	
Asset replacements: total assets	No	no	
Book value of assets: initial cost of those assets		8000	
Depreciation: cash flow on asset purchases		800	
Changes to asset management policies	Nil	NIL	

Major <u>New</u> Entity Capital Expenditures for the Year	2006/7 Actual \$	2006/7 Budget \$	Annual Variance \$

Major Entity Capital Expenditures continuing from previous years	2006/7 Actual \$	2006/7 Budget \$	Annual Variance \$

5.3 Risk Management

Risk	Status of Risk	Action Taken During 2006/07 to Manage Risk	Financial Value of Risk
Ability to raise donation	NO	Director Responsibility for donations for annual NG operation and time spent on Capital Fund Raising Project	175000
Ability to raise donation	NO	Management Boards Fund Raising Committee Responsibility for Capital Project	

Appendix: Financial Statements for the Year

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Statement of Responsibility
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The National Gallery of the Cayman Islands

STATEMENT OF RESPONSIBILITY FOR FINANCIAL STATEMENTS

These financial statements have been prepared by National Gallery of the Cayman Islands in accordance with the provisions of the Public Management and Finance Law (2005 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 (2005 Revision).

To the best of my knowledge the financial statements are:

- (a) complete and reliable;
- (b) fairly reflect the financial position as at the end of each of the first three quarters and as at 30 June 2007 and the financial performance for each of the first three quarters and for the year ended 30 June 2007; and
- (c) comply with generally accepted accounting practice.

[insert signature]

[insert name]

Chief Officer

National Gallery of the Cayman Islands

[insert date financials completed]

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

		2006/7 Actual	2006/7 Budget	2005/6 Actual
Revenue				
Outputs to Cabinet		294000	294000	294000
Outputs to other government agencies				
Outputs to others		278125	239000	265389
Interest Revenue				
Total Operating Revenue		<u>572125</u>	<u>533000</u>	<u>559389</u>
Operating Expenses				
Personnel costs	1	290651	252000	223763
Supplies and consumables	2	223294	240000	202509
Depreciation	3	59908	16000	48923
Capital charge				
Other operating expenses		32197	4000	32413
Total Operating Expenses		<u>606050</u>	<u>512000</u>	<u>507608</u>
Surplus from operating activities		<u>(33925)</u>	<u>21000</u>	<u>51781</u>
Gains/losses on foreign exchange transactions		0		0
Gains/losses on disposal or revaluation of non-current assets				
Surplus before extraordinary items				
Extraordinary items				
Net Surplus				

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF CHANGES IN NET WORTH
FOR THE YEAR ENDED 30 JUNE 2007**

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Opening balance net worth	963714		525768
Net surplus	(33925)		31508
Property revaluations	984536		406438
Investment revaluations			
Net revaluations during the period			
Total recognised revenues and expenses	1914325		963714
Equity investment from Cabinet			
Repayment of surplus to Cabinet			
Capital withdrawal by Cabinet			
Closing balance net worth	<u>1914325</u>		<u>963714</u>

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
BALANCE SHEET
AS AT 30 JUNE 2007**

		2006/7 Actual	2006/7 Budget	2005/6 Actual
Current Assets				
Cash and cash equivalents	4	1367719		549641
Accounts receivable	5	85114		81128
Inventories	6	1629		3206
Other Current Assets		305713		291359
Total Current Assets		<u>1761750</u>		<u>925334</u>
Non-Current Assets				
Property, plant and equipment	7	154150		38380
Other non-current assets		-		-
Total Non-Current Assets		<u>154150</u>		<u>38380</u>
Total Assets		<u>1914325</u>		<u>963714</u>
Current Liabilities				
Accounts payable	8	0		0
Unearned revenue				
Employee entitlements	9	0		0
Other current liabilities				
Total Current Liabilities		<u>0</u>		<u>0</u>
Non-Current Liabilities				
Employee entitlements	10	0		0
Other non-current liabilities	11	0		0
Total Non-Current Liabilities		<u>0</u>		<u>0</u>
Total Liabilities		<u>0</u>		<u>0</u>
TOTAL ASSETS LESS TOTAL LIABILITIES		<u>1914325</u>		<u>963714</u>
NET WORTH				
Contributed capital				
Asset revaluation reserve				
Accumulated surpluses				
Total Net Worth		<u>1914325</u>		<u>963714</u>

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2007**

		2006/7 Actual	2006/7 Budget	2005/6 Actual
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Outputs to Cabinet				
Outputs to other government agencies				
Outputs to others				
Interest received				
Payments				
Personnel costs				
Suppliers				
Other payments				
Net cash flows from operating activities	12	957144		365259
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of non-current assets		(126755)		(34139)
Proceeds from sale of non-current assets				
Purchase of fixed deposits		(300217)		(287906)
Proceeds from maturity of fixed Deposits		287906		295490
Net cash flows from investing activities		(139066)		(26555)
CASH FLOWS FROM FINANCING ACTIVITIES				
Equity investment		0		0
Repayment of surplus		0		0
Capital withdrawal		0		0
Net cash flows from financing activities		0	0	0
Net increase/(decrease) in cash and cash equivalents		818078		338704
Cash and cash equivalents at beginning of period		549641		210937
Cash and cash equivalents at end of period	4	1367719		549641

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF COMMITMENTS
AS AT 30 JUNE 2007**

Type	One year or less	One to five years	Over five years	Total
	\$000	\$000	\$000	\$000
Capital Commitments				
Land and buildings				
Other fixed assets				
Other commitments [list separately if material]				
Total Capital Commitments	<hr/>			
Operating Commitments				
Non-cancellable accommodation leases				
Other non-cancellable leases				
Non-cancellable contracts for the supply of goods and services				
Other operating commitments				
Total Operating Commitments	<hr/>			
Total Commitments	<hr/>			

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF CONTINGENT LIABILITIES
AS AT 30 JUNE 2007**

Summary of Quantifiable Contingent Liabilities

	\$000
Legal Proceedings and Disputes	-
Item 1 description	-
Item 2 description	-
Total Legal Proceedings and Disputes	<hr/> - <hr/>
 Other Contingent Liabilities	
Item 1 description	-
Item 2 description	-
Total Other Contingent Liabilities	<hr/> - <hr/>

Summary of Non-Quantifiable Contingent Liabilities

Item 1 description
Item 2 description

The accounting policies and notes on pages [29 to 30] form part of these financial statements.

**(NATIONAL GALLERY OF THE CAYMAN ISLANDS
STATEMENT OF ACCOUNTING POLICIES
FOR THE YEAR ENDED 30 JUNE 2007**

General Accounting Policies

Reporting entity

These financial statements are for the National Gallery of the Cayman Islands

Basis of preparation

The financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSASs) using the accrual basis of accounting. Where there is currently no IPSAS, other authoritative pronouncements such as International Accounting Standards and United Kingdom reporting standards applicable to the public sector have been used. The measurement base applied is historical cost adjusted for revaluations of certain assets.

The financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently.

Reporting Period

The annual reporting period is for the twelve months ended 30 June 2007.

As this is the first year in which financial statements have been prepared on an accruals basis no comparative figures are available or provided.

Specific Accounting Policies

Revenue

Output revenue

Output revenue, including entity revenue resulting from user charges or fees, is recognised when it is earned.

Interest revenue

Interest revenue is recognised in the period in which it is earned.

Expenses

General

Expenses are recognised when incurred.

Depreciation

Depreciation of non-financial physical assets is provided on a straight-line basis at rates based on the expected useful lives of those assets.

Assets

Cash and cash equivalents

Cash and cash equivalents include cash held in the (insert name of Ministry/Portfolio) bank account and any money held on deposit with the Portfolio of Finance and Economics (Treasury).

Receivables and advances

Receivables and advances are recorded at the amounts expected to be ultimately collected in cash.

Inventory

Inventories are recorded at the lower of cost and net current value. Where inventories are valued at cost, specific identification or the FIFO method has been used. Appropriate allowance has been made for obsolescence.

Property, Plant and Equipment (including Infrastructure Assets)

Buildings are recorded at historical cost (or fair value as at time of first recognition) or valuation.

Other plant and equipment, which includes motor vehicles and office equipment, is recorded at cost (or fair value if acquired prior to 2007) less accumulated depreciation.

Computer Hardware and Software

Computer hardware and software are recorded at cost, and depreciated in accordance with the policy on depreciation.

Liabilities

Accounts Payable

Accounts payable are recorded at the amount owing after allowing for credit notes and other adjustments.

Provisions

Provisions are recognised in accordance with IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets.

Employee entitlements

Amounts incurred but not paid at the end of the reporting period are accrued. Annual leave due, but not taken, is recognised as a liability.

Long service leave liabilities are measured as the present value of estimated leave service entitlements.

**NATIONAL GALLERY OF THE CAYMAN ISLANDS
NOTES TO THE FINANCIAL STATEMENTS**

NOTE 1: PERSONNEL COSTS

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Salaries and wages (including employee pension contributions)			
Employer pension expense			
Other personnel costs			
Total Personnel Costs	290651		223763

NOTE 2: SUPPLIES AND CONSUMABLES

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Supply of goods and services	223294		202509
Operating lease rentals			
Other			
Total Supplies and Consumables	223294		202509

NOTE 3: DEPRECIATION

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Buildings	-		-
Vehicles	1,800		0
Aeroplanes	-		-
Boats	-		-
Furniture and fittings	34205		33288
Computer hardware and software	11418		7067
Office equipment	7852		3062
Other plant and equipment	4633		5506
Other assets	-		-
Total Depreciation	59908		48923

Assets are depreciated on a straight-line basis as follows:

	Years
Buildings	-
Vehicles	5
Aeroplanes	-
Boats	-
Furniture and fittings	5
Computer hardware and software	3
Office equipment	5
Other plant and equipment	5
Other assets	-

NOTE 4: CASH AND CASH EQUIVALENTS

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Cash on hand			
Bank accounts	1367719		925334
Deposits with Portfolio Finance and Economic (Treasury)			
Total Cash and Cash Equivalents	1367719		925334

NOTE 5: ACCOUNTS RECEIVABLE

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Outputs to Cabinet			
Outputs to other government agencies			
Outputs to others	76298		76298
Interest receivable	8822		4830
Prepayments			
Interest Receivable			
Other Receivables			
Total Gross Accounts Receivable	85114		81128
Less provision for doubtful debts	0		
Total Net Accounts Receivable	85114		81128

NOTE 6: INVENTORIES

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Raw Materials (including Consumable Stores)			
Work in Progress			
Finished Goods	1629		3206
Total Inventories	1629		3206

NOTE 7: PROPERTY, PLANT AND EQUIPMENT

	Cost or Revalued Amount	Accumulated Depreciation	30 June 2007 Book Value Actual	30 June 2006 Book Value Actual
Buildings				
Vehicles	9000	1800	7200	0
Aeroplanes				
Boats				
Furniture and fittings	38533	34205	4328	4910
Computer hardware and software	18650	11418	7232	3915
Office equipment	11852	4633	7219	5638
Other plant and equipment	15061	7852	7209	8917
Construction in progress	120962	0	120962	0
Other assets (list if material)				
Total	214058	59908	154150	38380

NOTE 8: ACCOUNTS PAYABLE

	2006/7 Actual \$000	2006/7 Budget \$000	2005/6 Actual \$000
Trade Creditors	-	-	-
Operating lease rental	-	-	-
Accruals	-	-	-
Total	-	-	-

NOTE 9: EMPLOYEE ENTITLEMENTS (CURRENT)

	2006/7 Actual \$000	2006/7 Budget \$000	2005/6 Actual \$000
Long service leave and other leave entitlements	-	-	-
Other salary related entitlements	-	-	-
Total Employee Entitlements	-	-	-

NOTE 10. EMPLOYEE ENTITLEMENTS (NON-CURRENT)

	2006/7 Actual \$000	2006/7 Budget \$000	2005/6 Actual \$000
Long service leave and other leave entitlements			
Other salary related entitlements			
Total	0		0

NOTE 11: OTHER NON-CURRENT LIABILITIES

	2006/7 Actual \$000	2006/7 Budget \$000	2005/6 Actual \$000
Provision for agency revenue repayable	-	-	-
Provision for restructuring	-	-	-
Accounts payable	-	-	-
Unearned revenue	-	-	-
Other	-	-	-
Total	-	-	-

**NOTE 12: RECONCILIATION OF OPERATING SURPLUS TO CASH FLOWS FROM
OPERATING ACTIVITIES**

	2006/7 Actual	2006/7 Budget	2005/6 Actual
Operating surplus/(deficit)	950611		437946
Non-cash movements			
Depreciation	10985		9266
Increase in provision for doubtful debts			
(Decrease)/increase in payables/accruals			
Net (gain)/loss from sale of fixed assets			
Net gain/loss from sale of investments			
Increase in other current assets	(2043)		(3453)
(Increase)/decrease in receivables	(3986)		(78480)
(Increase)/decrease in inventory	1577		(20)
Net cash flows from operating activities	<u>957144</u>		<u>365259</u>

Important Background Information

1. The National Gallery of the Cayman Islands was established on April 23, 1999 in accordance with the National Gallery Law. Prior to this date, the Gallery operated as an unincorporated entity. The gallery through its governing Board, acquires artworks and collects materials to be held in trust for the purpose of preserving them for posterity and promoting their usefulness in the development of the arts, exhibition, research and education for the public benefit. Through organizing and maintaining permanent and temporary public exhibitions of works of art, the Gallery promotes and encourages the awareness, appreciation and practice of the visual arts in these Islands. The property of the Gallery is vested in three trustees appointed by the Governor in Cabinet, one of whom is also a member of the Management Board. The Gallery is located at P.O. Box 10197, Harbour Place, Grand Cayman KY1-1002, Cayman Islands
2. The Gallery relies on public and private grants and donations to cover a substantial portion of its operating expenses. Funding shortfalls could therefore lead to a reduction in the number of workshops, programs and exhibition.s However, due to a healthy, grassroots operative policy, the Gallery management and staff have enabled the continuous growth of the organization. Even in the current economic climate, the Gallery has managed to continue over thirty robust programs by enacting policies such as the outsourcing of the instruction of a number of visual arts workshops and revamping the format of a few other programs.
3. Consistent with the practice followed by many galleries, collections and exhibits purchased and donated are not included in the balance sheets. The cost of all objects purchased are recorded as an expense in the statements of operations. Objects acquired by gift or donations are not recorded in these financial statements since it is difficult to obtain an objective measurement or valuation. The Gallery has 78 works of art in its permanent collection with an insured value of \$102,191.
4. A substantial number of unpaid volunteers make significant contributions of their time to develop the Gallery's programs. The value of this contributed time is not reflected in these financial statements since it is not susceptible to objective measurement or valuation. The services of KPMG in connection with the Gallery's audited statements are donated, at the applicable cost of CI \$22,500.
5. Effective August 1, 2005 the Gallery entered into a two year operating lease in respect of the education centre premises at \$27,500. The Gallery's education centre premises lease expires August 1, 2007 at which time, the Gallery management intends to renew this lease.
6. During the year ended December 31, 1998, a parcel of land was donated to a trust for a period of 80 years, for the exclusive use of the Gallery and for a National Art Gallery to be built upon. The property is not to be subdivided or combined with the surrounding land, and will at all times be held by the trustees, as separate and apart from the adjacent lots. The land which is valued at US \$543,367 is not reflected in these financial statements.
7. The restricted building fund has been set aside for the development of a new Gallery building. Funds raised for the development of the new Gallery building (\$984,536) cannot be used for any other purpose.

8. The board of directors manages the Gallery's market risk. The investment portfolio is managed within the scope of the Gallery's investment guidelines. The Gallery invests only in US\$ and CI\$ denominated fixed deposits. As the Cayman Islands dollar is fixed to the UAS dollar, the Gallery is not exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse affect on the value of that portion of the Gallery's assets or liabilities denominated in currencies other than the Cayman Islands dollars.