

Financial Statements of

**CAYMAN ISLANDS NATIONAL  
MUSEUM**

June 30, 2007



## **CAYMAN ISLANDS NATIONAL MUSEUM**

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## Auditor General's Report

### To the Board of Control and Trustees of the Cayman Islands National Museum

In accordance with section 52(3) of the *Public Management and Finance Law (2005 Revision)*, we have audited the accompanying financial statements of the Cayman Islands National Museum (the "Museum"), which comprise the statement of financial position as at June 30, 2007, and the statements of financial performance, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

#### *Management's Responsibility for the Financial Statements*

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

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraphs below, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

#### *Bases for Disclaimer of Opinion*

Due to the lack of supporting documentation being available, we were unable to form an opinion on the completeness and accuracy of restricted funds recorded in the statement of financial position as at June 30, 2007 or the completeness, existence and accuracy of the related operating expenses recorded in the statement of financial performance for the year then ended. As a result, we were not able to determine the impact that this would have on the equity of the Museum at June 30, 2007.

Hurricane Ivan caused significant damage to the Museum's fixed assets as discussed in note 1. A complete and accurate fixed asset register was not maintained by the Museum and was therefore not available at June 30, 2007. As a result, we were unable to form an opinion on the completeness and existence of the fixed assets recorded at June 30, 2007 as well as the related depreciation expense for the year then ended.

(continued)

*Bases for Disclaimer of Opinion (continued)*

We did not attend nor observe the inventory counts at June 30, 2007 and we were unable to obtain sufficient appropriate audit evidence regarding the quantities of inventory held. As a result, we were unable to form an opinion on the existence and valuation of inventory stated at CI\$104,791 in the statement of financial position at June 30, 2007 or the related movements recorded in the statement of financial performance for the year then ended.

In addition, the system of internal controls of the Museum, in common with many other organisations of similar size and purpose, is dependent upon the close involvement of the Museum's management. The Museum derives a substantial portion of its income from sources which cannot be fully controlled until they are entered into the accounting records and are therefore not susceptible to independent audit verification. Accordingly, we were unable to form an opinion on the completeness of fundraising income and donations as recorded in the statement of financial performance for the year then ended.

*Disclaimer of Opinion*

Because of the significance of the matters described in the Bases for Disclaimer of Opinion paragraphs, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on these financial statements.

In rendering the Disclaimer of Opinion on the financial statements of the Museum, I have relied on the work carried out on my behalf by a public accounting firm who performed their work in accordance with International Standards on Auditing.

*Other Matters:*

Non-compliance with Laws

The Museum did not comply with the requirements of the *Public Management and Finance Law (2005 Revision)* under the following sections:

- Section 4: The financial statements are to be prepared in accordance with International Public Sector Accounting Standards ("IPSAS"). These financial statements are prepared in accordance with International Financial Reporting Standards. No assessment has been made to determine if significant differences in presentation or disclosures exist if these financial statements had been prepared in accordance with IPSAS.
- Section 52: Annual financial statements are to be prepared, submitted to the Auditor General for auditing, and included in an annual report that is required to be presented to the Legislative Assembly four months and two weeks after the end of the financial year. The Museum's reporting of its financial information to the Legislative Assembly was not in the timeframe or format required to be in compliance with the Law.

No adjustments are made in these financial statements as a result of the non-compliance with the *Public Management and Finance Law (2005 Revision)*.

(continued)

*Other Matters (continued):*

The Museum did not comply with the requirements of the *Museum Law (1999 Revision)* under the following section:

- Section 6 (1): Meetings of the Board of Control are to take place at least quarterly. In the absence of a complete register of the minutes of the meetings held by the Board of Control, there is insufficient evidence that meetings were held at least quarterly.



Alastair Swarbrick MA(Hons), CPFA  
Auditor General

February 23, 2012  
Cayman Islands

# CAYMAN ISLANDS NATIONAL MUSEUM

## Statement of Financial Position

June 30, 2007

(expressed in Cayman Islands dollars)

|  | Note | 2007           | 2006      |
|--|------|----------------|-----------|
| <b>Assets</b>                            |      |                |           |
| Cash and cash equivalents                | 3    | 1,662,195      | 1,670,969 |
| Accounts receivable                      | 8    | 573,093        | 383,966   |
| Deposits and prepaid expenses            |      | 14,776         | 17,997    |
| Inventories                              | 4    | 104,791        | 88,855    |
| Fixed assets                             | 5    | 137,981        | 51,897    |
| Collections, exhibits and artifacts      | 1,2  | 0              | 0         |
| <b>Total assets</b>                      |      | CI\$ 2,492,836 | 2,213,684 |
| <b>Liabilities and equity</b>            |      |                |           |
| <b>Liabilities</b>                       |      |                |           |
| Accounts payable and accrued liabilities |      | 15,292         | 45,090    |
|  |      | 15,292         | 45,090    |
| <b>Equity</b>                            |      |                |           |
| Accumulated surplus                      |      | 1,813,173      | 1,493,367 |
| Restricted funds                         | 6    | 63,246         | 74,102    |
| Contingency reserve                      | 7    | 200,000        | 200,000   |
| Contributed capital                      | 9    | 401,125        | 401,125   |
|  |      | 2,477,544      | 2,168,594 |
| <b>Total liabilities and equity</b>      |      | CI\$ 2,492,836 | 2,213,684 |

See accompanying notes to financial statements.

Approved on behalf of the Board of Directors on February 23, 2012

OMAR McLEAN

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Chairperson

TARON L. JACKMAN

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Treasurer

## CAYMAN ISLANDS NATIONAL MUSEUM

### Statement of Financial Performance

For the year ended June 30, 2007 (with comparative figures for the twenty four month period July 1, 2004 to June 30, 2006)

*(expressed in Cayman Islands dollars)*

|  | Note | 2007      | 2006      |
|--|------|-----------|-----------|
| <b>Revenues</b>                                |      |           |           |
| Government grants and contributions            | 8    | 755,492   | 1,431,739 |
| Insurance claim                                | 9    | 200,251   | 686,378   |
| Product sales                                  |      | 95,156    | 226,291   |
| Interest and other income                      |      | 14,520    | 19,738    |
| Rental income                                  |      | 15,600    | 15,450    |
| Fundraising income and donations               |      | 556       | 15,086    |
| Admissions                                     |      | 0         | 7,513     |
| Membership dues                                |      | 0         | 1,220     |
|  |      | 1,081,575 | 2,403,415 |
| <b>Expenses</b>                                |      |           |           |
| Staff costs                                    | 9    | 247,282   | 526,052   |
| Facility expenses                              | 9    | 195,706   | 338,089   |
| Rent expenses                                  |      | 160,900   | 226,210   |
| Administration and other expenses              |      | 84,209    | 159,569   |
| Cost of goods sold                             |      | 55,783    | 97,022    |
| Depreciation                                   | 2,5  | 9,104     | 54,114    |
|  |      | 752,984   | 1,401,056 |
| <b>Restricted funds</b>                        |      |           |           |
| Contributions received                         | 6    | 0         | 50,620    |
| Expenditure                                    | 6    | (10,856)  | (25,895)  |
|  |      | (10,856)  | 24,725    |
| Collection items purchased but not capitalized |      | 8,785     | 11,975    |
| <b>Surplus for the year</b>                    | CI\$ | 308,950   | 1,015,109 |

*See accompanying notes to financial statements.*

## CAYMAN ISLANDS NATIONAL MUSEUM

### Statement of Changes in Equity

For the year ended June 30, 2007 (with comparative figures for the twenty four month period July 1, 2004 to June 30, 2006)

*(expressed in Cayman Islands dollars)*

|   | Accumulated<br>Surplus | Contingency<br>reserve<br>(Note 7) | Restricted<br>Funds<br>(Note 6) | Contributed<br>capital | Total     |
|---|------------------------|------------------------------------|---------------------------------|------------------------|-----------|
| Balance at January 1, 2004  | 502,983                | 200,000                            | 49,377                          | 0                      | 752,360   |
| Surplus for the period  | 1,015,109              | 0                                  | 0                               | 0                      | 1,015,109 |
| Capital contribution (note 9)   | 0                      | 0                                  | 0                               | 401,125                | 401,125   |
| Transfer from unrestricted to<br>restricted funds for the period, net | (24,725)               | 0                                  | 24,725                          | 0                      | 0         |
| Balance at June 30, 2006  | 1,493,367              | 200,000                            | 74,102                          | 401,125                | 2,168,594 |
| Surplus for the period  | 308,950                | 0                                  | 0                               | 0                      | 308,950   |
| Transfer to unrestricted from<br>restricted funds for the period, net | 10,856                 | 0                                  | (10,856)                        | 0                      | 0         |
| <b>Balance at June 30, 2007</b>                                       | CI\$ 1,813,173         | 200,000                            | 63,246                          | 401,125                | 2,477,544 |

*See accompanying notes to financial statements.*

## CAYMAN ISLANDS NATIONAL MUSEUM

### Statement of Cash Flows

For the year ended June 30, 2007 (with comparative figures for the twenty four month period July 1, 2004 to June 30, 2006)

*(expressed in Cayman Islands dollars)*

|   | Note | 2007             | 2006             |
|---|------|------------------|------------------|
| <b>Cash provided by/(used in):</b>                          |      |                  |                  |
| <b>Operating activities</b>                                 |      |                  |                  |
| Surplus for the year  |      | 308,950          | 1,015,109        |
| Adjustments for items not involving cash:                   |      |                  |                  |
| Depreciation  |      | 9,104            | 54,114           |
| Movement in provision for slow moving inventory             |      | 0                | (24,845)         |
| Net changes in operating assets and liabilities:            |      |                  |                  |
| Accounts receivable   |      | (189,127)        | (373,046)        |
| Deposits and prepaid expenses                               |      | 3,221            | (5,782)          |
| Inventories   |      | (15,936)         | (636)            |
| Accounts payable and accrued expenses                       |      | (29,798)         | 23,843           |
|   |      | <u>86,414</u>    | <u>688,757</u>   |
| <b>Investing activities</b>                                 |      |                  |                  |
| Purchase of fixed assets                                    | 5    | (95,188)         | (41,191)         |
|   |      | <u>(95,188)</u>  | <u>(41,191)</u>  |
| <b>Financing activities</b>                                 |      |                  |                  |
| Capital contribution  |      | 0                | 401,125          |
|   |      | <u>0</u>         | <u>401,125</u>   |
| <b>Net (decrease)/increase in cash and cash equivalents</b> |      | <u>(8,774)</u>   | <u>1,048,691</u> |
| Cash and cash equivalents, beginning of year                |      | 1,670,969        | 622,278          |
| <b>Cash and cash equivalents at end of year</b>             | CI\$ | <u>1,662,195</u> | <u>1,670,969</u> |

*See accompanying notes to financial statements.*

# CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements

June 30, 2007

*(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 7,500 artifacts that have been donated, transferred, purchased or found, with the majority being donations. Artifacts 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 a purpose built, environmentally controlled vault for preservation.

The Museum operates a gift shop and leases a space to third party, which operates a cafeteria that serves as an information centre for the visitors and the public.

On September 12, 2004, the island of Grand Cayman was directly impacted by the effects of Hurricane Ivan which caused widespread and significant damage. The Museum suffered damage to its building and support facilities, as a result of which, the Museum was closed to the public from September 2004.

During November 2004, the National Museum Gift Shop was reopened to the public. However, the Museum exhibition area was not reopened until September 2009.

The Museum falls under the ownership of the Ministry of Education, Human Resources and Culture of the Cayman Islands Government.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards.

### *(a) Reporting periods*

The financial statements as of June 30, 2007 are prepared for the twelve month period from July 1, 2006 to June 30, 2007. The financial performance and cash flows of the Museum is not entirely comparable with the prior year financial statements as of June 30, 2006, which are prepared for the twenty four month period from July 1, 2004 to June 30, 2006.

### *(b) 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.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### **2. Significant accounting policies (continued)**

#### *(c) Accounts Receivable*

Receivables are measured at cost less any allowance for doubtful accounts.

The allowance for doubtful accounts is calculated using specific identification by management of accounts which are long overdue.

#### *(d) Inventories*

Inventories consist of products sold in the Museum shop and are valued on an average cost basis less an allowance for obsolete and slow moving items.

#### *(e) Fixed Assets*

Fixed assets 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 assets over their estimated useful life of 5 years, using the straight-line method. Leasehold improvements in the current year are depreciated over the remaining period of the lease.

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.

#### *(f) 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 accruals basis. Income earned on admissions, membership dues, fundraising, and donations are recorded in the period in which the payment is received.

#### *(g) Government Grants*

Government grants are provided and accrued for on a quarterly basis for financial support. 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 (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### 2. Significant accounting policies (continued)

#### *(h) 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\$0.82. Gains and losses on foreign currencies, if any, are included in administration and other expenses.

#### *(i) Use of Estimates*

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts in the financial statements. Actual results could differ from those estimates.

#### *(j) Collections, Exhibits and Artifacts*

Consistent with the practice followed by many museums, collections, exhibits and artifacts 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.

#### *(k) Contributed Services*

During the course of the period covered by these financial statements, unpaid volunteers have made significant contributions of their time and resources to manage 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.

#### *(l) Fair value of financial instruments*

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

#### *(m) 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.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

### 3. Cash and cash equivalents

|                  | 2007           | 2006      |
|------------------|----------------|-----------|
| Current accounts | 1,333,328      | 1,356,523 |
| Fixed deposits   | 328,867        | 314,446   |
|                  | CI\$ 1,662,195 | 1,670,969 |

Included in cash and cash equivalents are temporary restricted funds of CI\$63,246 (2006: CI\$74,102) which may only be used as described in Note 6. In addition, CI\$200,000 of the fixed deposit balance is considered to comprise part of the Museum's contingency reserve (see Note 7).

### 4. Inventories

|                                       | 2007         | 2006   |
|---------------------------------------|--------------|--------|
| Inventory at average cost             | 104,791      | 88,855 |
| Less: provision for slow moving items | 0            | 0      |
|                                       | CI\$ 104,791 | 88,855 |

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

(expressed in Cayman Islands dollars)

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### 5. Fixed assets

Fixed assets consist of the following:

|   | Furniture,<br>fixtures &<br>equipment | Computer<br>hardware &<br>software | Leasehold<br>improvements | Total       |
|---|---------------------------------------|------------------------------------|---------------------------|-------------|
| Cost:                                   |                                       |                                    |                           |             |
| Balance at beginning of year            | 351,962                               | 57,011                             | 774,896                   | 1,183,869   |
| Additions during the year               | 17,500                                | 5,567                              | 72,121                    | 95,188      |
|   | 369,462                               | 62,578                             | 847,017                   | 1,279,057   |
| Accumulated depreciation:               |                                       |                                    |                           |             |
| Balance at beginning of year            | (349,130)                             | (52,072)                           | (730,770)                 | (1,131,972) |
| Depreciation expense during<br>the year | (2,949)                               | (2,623)                            | (3,532)                   | (9,104)     |
|   | (352,079)                             | (54,695)                           | (734,302)                 | (1,141,076) |
| Net book value at June 30, 2007         | 17,383                                | 7,883                              | 112,715                   | 137,981     |
| Net book value at June 30, 2006         | 2,832                                 | 4,939                              | 44,126                    | 51,897      |

During the year ended June 30, 2007, refurbishment to the Museum building (Old Courts Building) commenced and was only completed by late 2008. The Museum building is owned by the Cayman Islands Government (refer note 9). During the year ended June 30, 2007, refurbishment costs of CI\$68,837 are included in leasehold improvements. As such, there was no depreciation on the leasehold improvements building during the current year.

### 6. Restricted funds

Fund balances are restricted for:

#### 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 June 30, 2007 and 2006, CI\$12,812 remained in the restricted account.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### 6. Restricted funds (continued)

#### Powell's

During the period ended December 31, 1997, 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 for the Powell Heritage Museum in West Bay. As at June 30, 2007 and 2006, CI\$20,250 remained in the restricted account.

#### McCoy Prize Award

During the period ended December 31, 2002, Harris McCoy donated CI\$1,000 to hold for the winner of the McCoy prize. A further CI\$20,900 was donated by the McCoy family during the twenty four month period ending June 30, 2006. As at June 30, 2007 and 2006, CI\$4,168 remained in the restricted 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. As at June 30, 2007 and 2006, CI\$9,840 remained in the restricted account.

#### Maritime Heritage Trail

During the period ended June 30, 2004, the Department of Tourism donated CI\$20,000 for the Maritime Heritage Trail. As at June 30, 2007 and 2006 CI\$1,412 remained in the restricted account.

#### Exhibitions

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$4,920 for exhibitions. As at June 30, 2007 and 2006 CI\$4,920 remained in the restricted account.

#### Recovery

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$20,700 for the recovery of any material evidence of artistic, historic or scientific significance to Cayman Islands. As at June 30, 2007 and 2006, CI\$20,700 remained in the restricted account.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

(expressed in Cayman Islands dollars)

### 6. Restricted funds (continued)

Following is the movement of restricted fund during the year:

|                                 | Archaeology   | Powell's      | McCoy Prize  | New Building | Maritime Heritage Trail | Exhibitions  | Recovery     | Total         |
|---------------------------------|---------------|---------------|--------------|--------------|-------------------------|--------------|--------------|---------------|
| <b>Balance at July 1, 2006</b>  | 12,812        | 20,250        | 4,168        | 9,840        | 1,412                   | 4,920        | 20,700       | 74,102        |
| Temporary restricted:           |               |               |              |              |                         |              |              |               |
| Receipts:                       |               |               |              |              |                         |              |              |               |
| Donations                       | 0             | 0             | 0            | 0            | 0                       | 0            | 0            | 0             |
|                                 | 0             | 0             | 0            | 0            | 0                       | 0            | 0            | 0             |
| Disbursements:                  |               |               |              |              |                         |              |              |               |
| Prizes and awards               | 0             | 0             | 0            | 0            | 0                       | 0            | 0            | 0             |
| Advertising                     | 0             | 0             | 0            | 0            | 0                       | 0            | 0            | 0             |
|                                 | 0             | 0             | 0            | 0            | 0                       | 0            | 0            | 0             |
| Debit balances:                 |               |               |              |              |                         |              |              |               |
| Renovations                     |               |               |              |              |                         |              | (5,388)      | (5,388)       |
| Conservation                    |               |               |              |              |                         |              | (5,468)      | (5,468)       |
| <b>Balance at June 30, 2007</b> | <b>12,812</b> | <b>20,250</b> | <b>4,168</b> | <b>9,840</b> | <b>1,412</b>            | <b>4,920</b> | <b>9,844</b> | <b>63,246</b> |

### 7. Contingency reserve

At June 30, 2007, the Museum's equity includes a contingency reserve of CI\$200,000 (2006: CI\$200,000). The contingency reserve was established by the Board of Control and Trustees as a precautionary measure to meet costs of overcoming any disaster that might befall the Museum in the future and is equal to the estimated operating costs of the Museum for a six month period. The contingency reserve is in the form of fixed deposits included in cash and cash equivalents (see note 3).

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### **8. Government grants**

During the year ended June 30, 2007, grants totalling CI\$755,492 (2006: CI\$1,431,739) were received from the Cayman Islands Government during the financial period, of which CI\$566,289 (2006: CI\$377,526) is included in accounts receivable at period end.

### **9. Related party transactions**

#### Controlling Entity

The Museum is a wholly owned statutory entity of the Cayman Islands Government and is controlled by the Ministry of Education, Human Resources and Culture (the “Ministry”).

#### Contributed Capital

On April 4, 2005, the Museum received funding from the Ministry in the form of equity injections amounting to CI\$401,125 for the refurbishment of the Old Courts Building owned by the Cayman Islands Government. This amount is shown as contributed capital in the statement of financial position.

#### 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 Cayman Islands Government allocates the insurance premium, which covers the building and its contents, of the Old Courts Building in Grand Cayman and the Cayman Brac Museum.

During the year ended June 30, 2007, total insurance premium allocated to the Museum amounted to CI\$35,801 (2006: CI\$11,479). This amount is shown as facilities expenses in the statement of financial performance.

On November 7, 2006, the Museum received funds from the Cayman Islands Government amounting to CI\$200,251 (2006: CI\$686,378) as part of the hurricane insurance payments. This amount is shown as revenue in the statement of financial performance.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### **9. Related party transactions (continued)**

#### Ministry employees

During the year ended June 30, 2007, the Director for the Museum was employed under the Ministry. The total remuneration paid by the Ministry to the Director amounted to CI\$79,716 (2006: CI\$143,790 for the twenty four month period) during the year.

The Collections Manager, who is an employee of the Ministry, works for the Museum on a secondment contract. The total remuneration paid by the Ministry to the Collections Manager amounted to CI\$43,872 (2006: CI\$79,416 for the twenty four month period) during the year.

The Director and Collections Manager remuneration and other expenditures, 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.

#### Accounting Services

A member of the Museum's Board of Control is a partner at Deloitte in the Cayman Islands. Deloitte provides accounting services to the Museum.

The total accounting fees paid to Deloitte during the year amounted to CI\$11,019 (2006: CI\$29,300 for the period).

#### Gift Shop Sales

During the year ended June 30, 2007, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI\$9,327 (2006: CI\$12,820).

### **10. Pension plan**

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law. Contributions for the year ended June 30, 2007 included in staff costs in the statement of financial performance amounted to CI\$17,827 (2006: CI\$24,213).

### **11. Concentration of credit risk**

At June 30, 2007, the Museum held CI\$1,662,195 (2006: CI\$1,670,969) in financial instruments represented by cash and cash equivalents at one financial institution in the Cayman Islands. As such, the Museum is exposed to credit related losses in the event of non-performance by the financial institution. However, given the high credit rating of this financial institution, the Board of Control does not anticipate any material losses as a result of this concentration.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### 12. Commitments and contingencies

On April 1, 2005, the Museum began leasing its Support Facility under an operating lease which expired on March 31, 2008. The Museum also leases a gift shop under an operating lease which expired on April 1, 2008.

|                               | 2007         | 2006    |
|-------------------------------|--------------|---------|
| Minimum lease payments        |              |         |
| Payable within one year       | 116,480      | 150,000 |
| Payable from one to two years | 0            | 112,500 |
|                               | CI\$ 116,480 | 262,500 |

The Museum also leases storage and parking premises under an operating lease. During the year ended June 30, 2007 the Museum made lease payments of CI\$2,940 (2006: CI\$38,170).

### 13. Subsequent events

#### Museum Building Refurbishment

The Museum has entered into various contracts for the refurbishment of the Old Courts Building and conservation programs.

On March 26, 2008, the Museum entered into a contract with Wilderness Graphics, Inc., to plan, design, produce and install new, high quality, durable interpretive exhibits and displays using innovative ideas and state of the art technology as outlined in the "Conceptual Plan for Interpretation" prepared by the Museum on August 2007. The total project cost amounted to CI\$463,233 (US\$555,880).

On December 8, 2008, Cayman Surveying & Property Consultants Ltd., quantity surveyor, issued a report on the final completion cost of the refurbishment works for the Old Courts building. The report showed the final completion cost for the refurbishment works is estimated at CI\$1.3 million. Cost of refurbishment works have increased by 175% over the pre-construction estimate in 2007.

## CAYMAN ISLANDS NATIONAL MUSEUM

Notes to Financial Statements (continued)

June 30, 2007

*(expressed in Cayman Islands dollars)*

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### 13. Subsequent events (continued)

#### Government Funding

The Museum has received additional funding from the Cayman Islands Government for the refurbishment of the Museum (Old Courts Building) and conservation programs.

On January 1, 2009, the Museum received additional funding, in the form of equity injections from the Cayman Islands Government amounting to CI\$475,000, for the completion of the refurbishment works at the Old Courts Building.

#### Museum Re-opening

The Museum authorities held a “soft opening” in January 2009 in conjunction with Chamber of Commerce “Business After Hours” event, which informed the general public that the Museum had reopened its doors. The refurbishment of the Old Courts Building was completed on September 2009. At this time, permanent exhibits were also installed.

#### Controlling Entity

As a result of the Cayman Islands Government reorganization in 2010, the Museum’s control was transferred from the Ministry of Education, Human Resources and Culture to the Ministry of Health, Environment, Youth, Sports and Culture.

#### Extension of Support Facility lease agreement

The Museum Administration and Support Facility lease expired on March 31, 2008 and subsequently the Museum has continued to lease the premises on a monthly basis. The Museum is entered into a new 3 year lease which was effective July 1, 2011.

### 14. Comparative information

#### Financial year ending June 30, 2006

The financial statements as of June 30, 2006, reflect the Museum’s financial performance for the period of twenty four months.

The Museum’s management had elected to combine the financial statements for the twenty four month period as majority of the transactions during the period related to the rebuilding of the Museum following Hurricane Ivan in September 2004.