

NATIONAL TRUST FOR THE CAYMAN ISLANDS

FINANCIAL STATEMENTS

JUNE 30, 2007

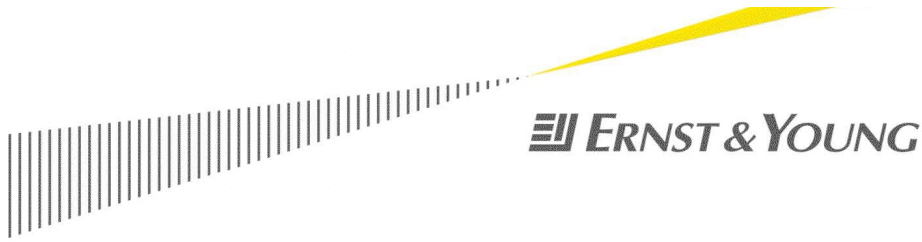
NATIONAL TRUST FOR THE CAYMAN ISLANDS

FINANCIAL STATEMENTS

JUNE 30, 2007

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Report of Independent Auditors

To the Council and Members of
National Trust for the Cayman Islands

We have audited the accompanying balance sheet of National Trust for the Cayman Islands (the “Trust”) as of June 30, 2007, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Council of the Trust. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Trust’s internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust’s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of National Trust for the Cayman Islands at June 30, 2007, the results of its activities and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

August 12, 2009

NATIONAL TRUST FOR THE CAYMAN ISLANDS

BALANCE SHEET

(Expressed in Cayman Islands dollars)

	<u>June 30,</u> <u>2007</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 2,908,817
Other receivables	15,691
Inventory	<u>31,545</u>
Total current assets	<u>2,956,053</u>
Non Current assets	
Fixed assets other than land (Note 4)	150,288
Land	<u>5,922,739</u>
Total assets	\$ <u>9,029,080</u>
LIABILITIES AND FUND BALANCES	
Current liabilities	
Accounts payable and accrued expenses	\$ 20,689
Total current liabilities	\$ <u>20,689</u>
Net Assets	
Unrestricted	2,272,609
Temporarily Restricted	813,043
Permanently Restricted	<u>5,922,739</u>
Total net assets	<u>9,008,391</u>
Total liabilities and net assets	\$ <u>9,029,080</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL TRUST FOR THE CAYMAN ISLANDS

STATEMENT OF ACTIVITIES

(Expressed in Cayman Islands dollars)

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	For the year ended <u>June 30, 2007</u>
Revenue and support from operations				
Fundraising events	\$ 31,717	\$ —	\$ —	\$ 31,717
Donations, donated goods and services	3,501,261	461,045	—	3,962,306
Government grants (Note 2)	235,000	—	—	235,000
Product sales to public	13,132	—	—	13,132
Membership dues – individuals	11,656	—	—	11,656
Membership dues – corporate	4,910	—	—	4,910
Interest income	9,088	—	—	9,088
Total revenue and support from operations	<u>3,806,764</u>	<u>461,045</u>	<u>—</u>	<u>4,267,809</u>
Program service expenses				
Historic preservation	428,554	—	—	428,554
Environmental preservation	1,045,668	—	—	1,045,668
Educational programs	<u>7,661</u>	<u>—</u>	<u>—</u>	<u>7,661</u>
Total service expenses	<u>1,481,883</u>	<u>—</u>	<u>—</u>	<u>1,481,883</u>
Support service expenses				
Operating and administration	432,337	—	—	432,337
Cost of fundraising events	21,756	—	—	21,756
Depreciation of fixed assets (Note 4)	31,288	—	—	31,288
Pension (Note 7)	15,067	—	—	15,067
General (Note 2)	<u>30,000</u>	<u>—</u>	<u>—</u>	<u>30,000</u>
Total support expenses	<u>530,448</u>	<u>—</u>	<u>—</u>	<u>530,448</u>
Net increase/(decrease) in fund balances for year	<u>1,794,433</u>	<u>461,045</u>	<u>—</u>	<u>2,255,478</u>
Net Assets:				
Beginning	<u>478,176</u>	<u>351,998</u>	<u>5,575,739</u>	<u>6,405,913</u>
Increase in permanently restricted	—	—	347,000	347,000
Ending	<u>\$ 2,272,609</u>	<u>\$ 813,043</u>	<u>\$ 5,922,739</u>	<u>\$ 9,008,391</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL TRUST FOR THE CAYMAN ISLANDS

STATEMENT OF CASH FLOWS

(Expressed in Cayman Islands dollars)

	For the year ended <u>June 30, 2007</u>
Cash flows from operating activities	
Net increase in fund balance	\$ 2,255,478
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	31,288
Other receivables	(15,617)
Inventory	(6,261)
Accounts payable and accrued expenses	<u>19,096</u>
Net cash provided by operating activities	2,283,984
Cash flows from investing activities	
Purchase of fixed assets	<u>(29,734)</u>
Cash flows from financing activities	
Repayment of demand loan	<u>(205,000)</u>
Increase in cash and cash equivalents for year	2,049,250
Cash and cash equivalent at beginning of year	<u>859,567</u>
Cash and cash equivalents at end of year	\$ <u>2,908,817</u>

The accompanying notes are an integral part of these financial statements.

NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements

(Expressed in Cayman Islands dollars)

1. Background information

The National Trust for the Cayman Islands (the "Trust") was formed on September 14, 1987 by the enactment of the National Trust for the Cayman Islands Law, 1987 (the "Trust Law").

The purpose of the trust is the preservation of the historic, natural and maritime heritage of the Cayman Islands, the conservation of lands, natural features and submarine areas of beauty with historic or environmental importance and, the protection of native flora and fauna. The registered office of the Trust is P.O. Box 31116 SMB, George Town, Grand Cayman, Cayman Islands. The Trust had 10 employees at June 30, 2007.

2. Summary of Significant Accounting Policies

Basis of presentation: The Trust's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and are stated in United States Dollars. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America may require management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates. The financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, The National Trust for the Cayman Islands is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Trust and changes therein are classified and reported as follows:

Unrestricted net assets: Net assets that are not subject to any donor-imposed stipulations.

Temporarily restricted net assets: Net assets subject to donor-imposed restrictions on their use that may be met either by actions of the Trust or the passage of time.

Permanently restricted net assets: Net assets subject to donor-imposed or other legal restrictions requiring that the principal be maintained permanently by the Trust. Generally, the donors permit the Trust to use all or part of the income earned for either general or donor-specified purposes. For the year ended June 30, 2007, no such income was restricted.

The following is a summary of the significant accounting and reporting policies used in preparing the financial statements:

Membership dues and donations: Membership dues and donations are recorded in revenue in the period in which they are received.

Government grants: Government grants are received for financial support on a quarterly basis and are recorded when received. Grants may also be received for special projects and these are matched with project expenditure over the term of the project and recorded in the unrestricted fund balance statement of operations when the expenditure is incurred.

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities in the financial statements. Estimates and assumptions may also affect disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses. Actual results could differ from management's estimates.

NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

(Expressed in Cayman Islands dollars)

2. Summary of Significant Accounting Policies (continued)

Donated materials and services: A number of unpaid volunteers have made significant contributions of their time and resources to manage and carry out the Trust's activities. The value of these contributions is not reflected in these financial statements since they are not susceptible to objective measurement or valuation. In addition, the Trust has received certain goods as donations. The value of these donated goods and services are reflected in the financial statements at their estimated value at the date of receipt.

As of June 30, 2007, the services of Ernst & Young in connection with the audit of these financial statements at an estimated cost of CI\$30,000 were donated and are reflected herein included in the statement of activities as donations and "general" support service expenses.

Pension and other post-retirement benefits: Pension and other post-retirement benefits are recorded on an accrual basis based on the contribution rate.

Inventory: Inventory is valued at the lower of cost and net realisable value. Goods purchased for resale are recorded at cost. Contributed inventories are recorded at their estimated value at the date of receipt. The trust uses FIFO for all inventory sales.

Fixed assets: Fixed assets are initially valued at purchased cost and then depreciated by the straight line method over the estimated useful lives of the assets as follows:

Trust house and Visitors' centre	20 years
Fixtures	5 years
Office equipment	3 years
Vehicles	5 years
Iguana captive breeding facility	10 years

Heritage properties: The Trust owns certain properties, which have been either acquired by gift or acquisition, and are important to the Trust in carrying out its historic and environmental preservation programs. The Trust includes in its assets the cost or appraised value at the date of acquisition of those heritage properties.

At June 30, 2007, the Trust's heritage properties comprised:

Dr. Roy's Ironshore - George Town
Fort George - George Town
Heritage Beach - Frank Sound
The Brac Parrot Reserve - Cayman Brac Bluff
The Salina Reserve - Queens Highway
The Mastic Reserve - North Side
The Queen Elizabeth II Park (50%) - North Side
Watler's Cemetery - Prospect
The Governor Gore Bird Sanctuary - Spotts
The Bodden Town Guard House - Bodden Town
The Booby Pond Nature Reserve - Little Cayman
The Central Mangrove Wetland
The Mission House - Bodden Town
Miss Izzy's Schoolhouse - West Bay
Jackson's Wall - Savannah
The Mass Grave Site - Cayman Brac
Brac Splits - Eldemire House - Cayman Brac
Nurse Leila's House - West Bay

NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

(Expressed in Cayman Islands dollars)

2. Summary of Significant Accounting Policies (continued)

Heritage properties (continued): The Trust is not able to sell or borrow against these properties.

Cash and cash equivalents: For the purposes of the statement of cash flows, the Trust considers all short-term investments with a maturity date of three months or less to be cash equivalents. Cash and cash equivalents include Cayman Islands dollar fixed deposits, money market funds and current accounts with two banks in the Cayman Islands.

The money market fund is valued at the prevailing net asset value per share as supplied by the relevant fund manager in accordance with industry practice.

Cash allocated to temporary restricted fund balances is restricted for use only in temporarily restricted fund balances.

Foreign exchange: Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated to Cayman Islands dollars at the exchange rates ruling at the time of those transactions. Assets and liabilities included in these financial statements are translated to Cayman Islands dollars at the rates of exchange prevailing at the balance sheet date. Gains and losses on exchange, if any, are taken to the statement of activities.

3. Related Party Transactions

Due to Hurricane Ivan, the National Trust of the Cayman Islands' office was vacated due to the damages. It was decided that the National Trust would temporarily relocate. The location that was decided upon was owned by the father of Frank Roulstone, General Manager of the Trust. The monthly rent was CI\$1,500. The location was rented from July 1, 2005 until July 31, 2006.

4. Fixed assets

	<u>Trust house & Visitor's centre</u>	<u>Fixtures & equipment</u>	<u>Iguana captive breeding facility</u>	<u>Total</u>
Cost:				
Balance at beginning of year	\$ 229,468	\$ 156,543	\$ 98,419	\$ 484,430
Additions during year	<u>-</u>	<u>18,186</u>	<u>11,548</u>	<u>29,734</u>
Balance at end of year	<u>229,468</u>	<u>174,729</u>	<u>109,967</u>	<u>514,164</u>
Accumulated depreciation:				
Balance at beginning of year	165,499	137,394	29,695	332,588
Depreciation during year	<u>11,473</u>	<u>11,442</u>	<u>8,373</u>	<u>31,288</u>
Balance at end of year	<u>176,972</u>	<u>148,836</u>	<u>38,068</u>	<u>363,876</u>
Net book value at June 30, 2007	<u>\$ 52,496</u>	<u>\$ 25,893</u>	<u>\$ 71,899</u>	<u>\$ 150,288</u>

In July 2006 the Trust moved to its present location at 558A South Church Street located on crown land in George Town. The major expenses for the upkeep of this building will be met by the Government. The estimated fair value of the original donated house and expenses incurred in bringing the house to operational use were capitalised and recorded as a fixed asset during the year ended August 31, 1990. Currently the Trust is not charged a monthly rent for use of the property.

NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

(Expressed in Cayman Islands dollars)

5. Concentration of credit risk

At June 30, 2007 the Trust had 76% of its cash and cash equivalents in one financial institution in the Cayman Islands. As such, the Trust is exposed to credit-related losses in the event of non-performance by the financial institution. However, the Council of the Trust does not anticipate any material losses as a result of this concentration.

6. Commitments and contingent liabilities

The Trust leases certain properties under operating leases. Expiry dates together with future minimum lease payments under the terms of these leases are as follows:

As of June 30, 2007:

<u>Description</u>	<u>Expiry date</u>	<u>Future annual minimum lease payment</u>
Lease on land used for the Old Savannah School House	August 1, 2090	_____84
Total future minimum lease payment		\$ <u>_____84</u>

7. Pension scheme

The Trust participates in the Colonial Private Trust Pension Plan, a defined contribution pension fund. Cayman Islands law requires all employees to participate in a pension scheme. The Trust is required to match each employee's contributions on a one to one basis up to 5% of the employee's annual salary. During the period ended June 30, 2007, the Trust contributed C\$15,067 for all employees.

8. Subsequent Events

No items noted.