

Financial Statements of

**NATIONAL TRUST FOR THE CAYMAN  
ISLANDS**

June 30, 2009

## **NATIONAL TRUST FOR THE CAYMAN ISLANDS**

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## **Independent Auditors' Report to the Council and Members of National Trust for the Cayman Islands**

We have audited the accompanying financial statements of National Trust for the Cayman Islands (the "Trust"), which comprise the statement of financial position as at June 30, 2009, and the statements of activities 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 conformity with accounting principles generally accepted in the United States of America. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. Except as discussed in the Basis for Qualified Opinion Paragraph, we conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the Trust's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Basis for Qualified Opinion*

The system of internal controls of the Trust, in common with many other organisations of similar size and purpose, is dependent upon the close involvement of the Trust's management. The Trust derives a substantial portion of its revenue 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, it was not practicable to extend our auditing procedures of such revenue beyond the amounts recorded. This revenue is stated at C\$278,950 on the statement of activities.

### *Opinion*

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary as discussed in the Basis for Qualified Opinion Paragraph the financial statements present fairly, in all material respects, the financial position of the Trust as at June 30, 2009, and its financial performance and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**KPMG**

June 17, 2010



## NATIONAL TRUST FOR THE CAYMAN ISLANDS

### Statement of Financial Position

June 30, 2009

*(stated in Cayman Islands dollars)*

	Note	2009
<b>Assets</b>		
<i>Current assets</i>		
Cash and cash equivalents		2,083,916
Accounts and other receivables		5,186
Inventory		60,359
		<u>2,149,461</u>
Fixed assets	3	236,014
Land	9	6,971,339
		<u>Total assets</u>
		CI\$ 9,356,814
<b>Liabilities and fund balances</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses		16,700
		<u>16,700</u>
		<b>Net assets</b>
		CI\$ 9,340,114
<b>Net assets comprise:</b>		
Unrestricted		1,303,373
Temporarily restricted	8	1,065,402
Permanently restricted	9	6,971,339
		<u>9,340,114</u>
		<u>CI\$ 9,356,814</u>

*See accompanying notes to financial statements.*

Approved on behalf of the Council on June 17, 2010

ROGER CORBIN

Chairman

GARY REDFERN

Treasurer

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

### Statement of Activities

Year ended June 30, 2009

(stated in Cayman Islands dollars)

	Unrestricted	Temporarily Restricted*	Permanently Restricted	Total
<b>Revenue and support from operations</b>				
Government grants	308,000	0	0	308,000
Donations, donated goods and services	278,950	16,583	0	295,533
Fundraising events	94,447	0	0	94,447
Product sales to public	38,691	0	0	38,691
Membership dues – corporate	32,000	0	0	32,000
Membership dues – individuals	17,927	0	0	17,927
Rental income	6,000	0	0	6,000
Insurance proceeds	5,000	0	0	5,000
Interest income	2,505	0	0	2,505
	783,520	16,583	0	800,103
<b>Program service expenses</b>				
Environmental preservation	92,962	0	0	92,962
Historic preservation	65,249	0	0	65,249
Educational programs	2,289	0	0	2,289
	160,500	0	0	160,500
<b>Support service expenses</b>				
Operating and administration	537,142	0	0	537,142
Cost of fundraising events	65,157	0	0	65,157
Depreciation of fixed assets	26,857	0	0	26,857
Pension	14,457	0	0	14,457
	643,613	0	0	643,613
<b>(Decrease)/increase in fund balances for year</b>	<b>(20,593)</b>	<b>16,583</b>	<b>0</b>	<b>(4,010)</b>
Fund balances at beginning of year	1,431,966	1,048,819	6,863,339	9,344,124
Transfers to permanently restricted fund	(108,000)	0	108,000	0
<b>Fund balances at end of year</b>	<b>CI\$ 1,303,373</b>	<b>1,065,402</b>	<b>6,971,339</b>	<b>9,340,114</b>

\* See Note 8.

See accompanying notes to financial statements.

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

### Statement of Cash Flows

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

	2009
<b>Cash provided by/(applied in):</b>	
<b>Operating activities</b>	
Decrease in fund balances for year	(4,010)
Add/(deduct):	
Items not requiring the use of cash:	
Depreciation	26,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Accounts and other receivables	20,824
Inventory	(12,300)
Accounts payable and accrued expenses	(24,590)
	6,781
<b>Cash flows from investing activities</b>	
Purchase of land	(108,000)
Purchase of fixed assets	(95,753)
	(203,753)
<b>Decrease in cash and cash equivalents during year</b>	(196,972)
Cash and cash equivalents at beginning of year	2,280,888
<b>Cash and cash equivalents at end of year</b>	CI\$ 2,083,916

*See accompanying notes to financial statements.*

# NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

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## 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, KY1-1205, George Town, Grand Cayman, Cayman Islands. The Trust had 10 employees at June 30, 2009.

## 2. Significant accounting policies

A summary of the significant accounting policies is as follows:

### *(a) Basis of accounting*

The financial statements are prepared on the accrual basis of accounting whereby revenue is recognized when earned and expenses are recognized when incurred with the exception of membership dues and donations and government grants, which are recorded in the period in which they are received.

### *(b) Basis of presentation*

The financial statements are prepared in conformity with the accounting principles generally accepted in the United States of America (“U.S. GAAP”) and specifically follow 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 Trust 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:

#### *(i) Unrestricted net assets*

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

#### *(ii) 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.

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

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### 2. Significant accounting policies (continued)

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

##### *(iii) 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. Any property acquired by the Trust by any means which is eligible for placement on the Heritage Register under the bye-laws of the Trust may be declared inalienable by the Council.

#### *(c) 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.

#### *(d) 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.

#### *(e) 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 when 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.

#### *(f) Pension and other post-retirement benefits*

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



## NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

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### 2. Summary of Significant Accounting Policies (continued)

#### *(g) 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.

#### *(h) Fixed assets*

Fixed assets are recorded at cost and 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

#### *(i) 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. The Trust is precluded from selling or pledging these properties as securities for borrowings.

#### *(j) 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.

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.

#### *(k) Foreign exchange*

Revenue and expense transactions involving currencies other than Cayman Islands dollars are translated 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 date of the statement of financial position. Gains and losses on exchange, if any, are taken to the statement of activities.

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

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### 3. Fixed assets

	Trust house & Visitor's centre	Fixtures & equipment	Vehicles	Iguanas captive breeding facility	Total
Cost:					
Balance at beginning of year	237,864	184,166	10,000	128,258	560,288
Additions during year	26,896	29,521	0	39,336	95,753
Balance at end of year	264,760	213,687	10,000	167,594	656,041
Accumulated depreciation:					
Balance at beginning of year	188,445	157,467	2,000	45,258	393,170
Depreciation during year	7,657	8,900	2,000	8,300	26,857
Balance at end of year	196,102	166,367	4,000	53,558	420,027
Net book value at June 30, 2009	CI\$ 68,658	47,320	6,000	114,036	236,014

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 are 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)

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

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### **4. Concentration of credit risk**

At June 30, 2009 the Trust had 69% 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.

### **5. Commitments and contingent liabilities**

The Trust leases certain properties under operating leases. In 1991 the Trust entered into a lease on land used for the Old Savannah School House. The annual commitment is CI\$1 and the duration of the lease is 99 years.

### **6. 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 year ended June 30, 2009, the Trust contributed CI\$14,457 for all employees.

### **7. Economic dependence**

The nature of the Trust's operations is such that there can be considerable fluctuations in its cash flows. The Trust's ability to continue as a going concern is dependent on receiving sufficient government funding and donations in order to meet ongoing expenses. Accordingly, the Trust is economically dependent on the Cayman Islands government.

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

Year ended June 30, 2009

*(stated in Cayman Islands dollars)*

### 8. Temporarily restricted net assets

	2009
Mission House	438,431
Land Reserves Fund	269,332
Little Cayman	184,579
Species Conservation <sup>(2)</sup>	82,810
Endowment Fund	19,983
Public Awareness CWC Campaign <sup>(1)</sup>	14,566
Biodiversity Study	11,526
West Bay	11,061
North Side	6,801
Miss Izzy's Schoolhouse	5,642
Mahogany Forest	5,450
Cayman Brac	3,585
Legal Fund	3,537
Environmental Education	3,000
George Town	2,681
Historic Pres Awards	1,043
Governor Gore Bird Sanctuary	923
Watler's Cemetery	452
	CI\$ 1,065,402

<sup>(1)</sup> Central Mangrove Wetland

<sup>(2)</sup> Blue Iguana Species Conservation inclusive of prior years Central Florida Zoo & Environmental Fund of Territory fund balances.

Funds released from restrictions that result in a project specific fund balance to be in deficit are recouped from funds in the unrestricted general fund and restricted district committees' fund.

## NATIONAL TRUST FOR THE CAYMAN ISLANDS

Notes to Financial Statements (continued)

Year ended June 30, 2009

(stated in Cayman Islands dollars)

### 9. Permanently restricted net assets

At June 30, 2009, the Trust's heritage properties comprise:

	2009
The Booby Pond Nature Reserve – Little Cayman	1,232,424
The Brac Parrot Reserve – Cayman Brac Bluff	1,177,931
The Mastic Reserve – North Side	1,133,315
The Salina Reserve – Queens Highway	997,440
Breakers	516,600
The Central Mangrove Wetland	501,400
Uncle Sammy's Pond	315,000
The Governor Gore Bird Sanctuary - Sportts	223,862
Brac Splits - Eldemire House - Cayman Brac	222,220
Dr. Roy's Ironshore – George Town	178,252
Nurse Leila's House - West Bay	142,000
Heritage Beach – Frank Sound	84,647
The Mission House – Bodden Town	70,000
The Mass Grave Site - Cayman Brac	66,000
The Queen Elizabeth II Park (50%) – North Side	45,000
Jackson's Wall - Savannah	20,248
Fort George – George Town	30,000
The Bodden Town Guard House – Bodden Town	10,000
Miss Izzy's Schoolhouse – West Bay	5,000
	CIS 6,971,339