

**CAYMAN ISLANDS
NATIONAL MUSEUM**



**NATIONAL
MUSEUM**

**ANNUAL REPORT
2015-2016**

Cayman Islands National Museum

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Foreword

This Annual Report is for the Cayman Islands National Museum (the 'Museum'). The report outlines the Museum's performance during the 2015/16 fiscal year and compares it to the budgeted performance for the corresponding period.

The requirement for an Annual Report is prescribed under section 52 of the Public Management and Finance Law (2013 Revision) (PMFL). Section 52 states:

“(1) In respect of each financial year, each statutory authority and government company shall prepare an annual report.

(2) An annual report shall report the performance of the authority or company and compare it with that proposed in the ownership agreement for that financial year and shall include -

(a) a summary of the nature and scope of the activities of the authority or company during that financial year;

(b) a summary of the extent to which the strategic goals and objectives of the authority or company described in the annual ownership agreement were achieved;

(c) a summary of the extent to which the ownership performance targets set out in the authority's or company's annual ownership agreement for that financial year have been achieved in that financial year;

(d) for the financial years -

(i) 2004/5 to 2007/8, unaudited financial statements; or

(ii) 2008/9 and onwards, audited financial statements,

which shall be prepared on a basis consistent with the forecast financial statements in the authority's or company's annual ownership agreement for that financial year and contain the statements and information set out in Schedule 4.

(e) the amount of any equity investment made by the Governor in Cabinet in the authority or company during the financial year;

(f) the amount of any capital withdrawals made by the Governor in Cabinet from the authority or company during the financial year;

(g) the amount of any dividends or profit distributions paid by the authority or company during the financial year;

(h) the amount of any loans to the authority or company by the Governor in Cabinet during the financial year; and

(i) details of any guarantees relating to the authority or company made by the Governor in Cabinet during the financial year.

(3) The financial statements referred to in subsection (2)(d) shall be prepared within two months of the end of the financial year.

(3A) The financial statements referred to in subsection (2)(d)(ii) shall be submitted to the Auditor General for auditing, and the Auditor General shall express an opinion within two months of receipt of the financial statements.

(4) The annual report shall be presented to the Governor in Cabinet by the relevant minister or official member no later than four months after the end of the financial year.”

The annual report covers three main areas:

- Service Delivery;
- Financial performance; and
- Governance.

The service delivery section outlines the contributions made by the Museum in furtherance of the Government’s policy outcome goals. It also provides commentary which explains material variances in performance when compared to budget.

The financial performance section shows the financial resources the Museum was afforded in the 2015/16 budget and the inputs purchased to provide services. The financial performance is presented in the form of financial statements prepared in accordance with International Public Sector Accounting Standards (IPSAS) and the supporting notes to those financial statements.

The report also includes a section on Governance which outlines the Museum’s efforts in the areas of risk management, audit, freedom of information and answers to parliamentary question.



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Message from the Chairman

I am pleased to present the annual report for the Cayman Islands National Museum for the fiscal year ended June 30th, 2016.

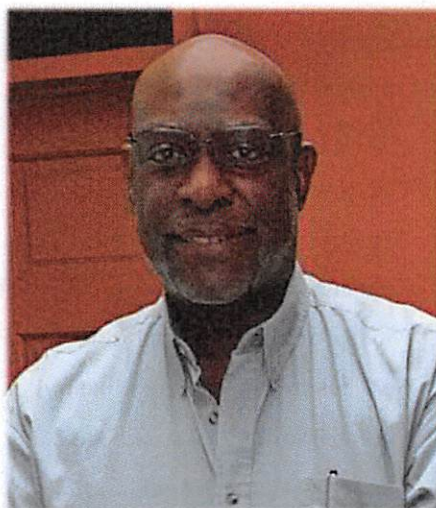
The report highlights the achievements of the Museum and outlines the progress made to deliver on our legislative mandate while supporting the Government's policy outcome goals.

As stewards of the records and artefacts which showcases our Islands' history, the Museum's Board of Directors is honoured to contribute to the continuing success of this vital institution and to provide an account for the public resources that were entrusted to our care during the 2015-16 fiscal year.

2015-16 was an eventful year for the Museum as the organisation marked its 25th Anniversary. From the humble beginnings of items collected by Mr. Ira Thompson as a hobby, the Museum has experienced tremendous growth and is proud of the 9,396 items which are presently in its collection.

These items are a record of who and what we are as a people. They represent evidence of our journey and preserve our history for the benefit of future generations.

It therefore gives me great privilege to support the Museum on this amazing journey, and I am fortunate to have the support of my distinguished colleagues on the Board, who share a common vision for the preservation of these vital links to our educational, cultural and inspirational legacies.



Whilst much has been accomplished, there is still much work to be done. In 2015, the Board approved the 2015-2020 Strategic Plan which sets the strategic context for the organisation over a five-year period.

Under the able leadership of the Museum's Director, the plan is designed to steer the Museum towards fiscal sustainability, and the revitalisation of the institution for the benefit of education, culture and tourism.

I would like to take this opportunity, on behalf of the Board, to recognise the management and staff of the Museum for their stellar work in 2015-16; thank you for a job well done.

Yours sincerely,

Alfonso Wright
Chairman



Message from the Director

The Museum's annual report is an important aspect of providing accountability to the public we serve for the resources that were provided to our organisation. It outlines the programmes delivered and shows how funds were utilised to purchase resources to deliver those programmes.

The Museum contributes to the Government's policy outcome goal of creating "a Center of Excellence in Education." We do this through our various programmes and exhibits, which provide a glimpse back in time, for the road we travelled as a people.

By preserving and providing records of past events, the Museum offers a rich learning experience which current and future generations can use to chart better paths for the future.

Our History is important; it tells us who we are, and it has the ability to significantly influence our daily lives. As an institution of history, the Museum is uniquely positioned to serve in the vital role of recording and preserving records of our past for the benefit of educating our people.

Our 25th anniversary celebrations offered a great opportunity for us to showcase the vibrant items collected by the Museum since it first opened in 1990, and created awareness and appreciation for the Museum in the community.

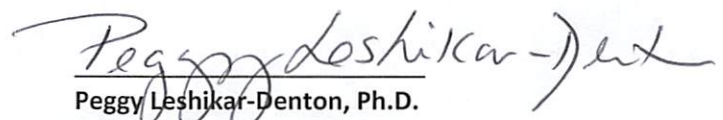
The programmes were well received by private citizens and our Corporate partners who continue to provide invaluable support to the Museum.



Through prudent financial management and the hard-work and dedication of our staff, the Museum was able to deliver a robust year filled with cultural events and exhibits to inform and entertain our residents and visitors.

I am profoundly grateful for the support of our Board and for the hardworking staff at the Museum. Without their efforts, we would not have been able to achieve the results which are highlighted in this report.

Yours sincerely,


Peggy Leshikar-Denton, Ph.D.
Director

General Information



2015-16 at a Glance

Financial Performance Measures	2015-16 Target	2015-16 Actual
Revenue from Cabinet	820,800	820,800
Revenue from others	224,018	209,444
Total Revenue	1,044,818	1,030,244
Expenses	1,044,818	1,003,947
Surplus	-	26,297

Net-Worth	2015-16 Target	2015-16 Actual
Net Worth	2,854,724	2,767,833

Cash Performance	2015-16 Target	2015-16 Actual
Cash Flow from Operating activities	161,588	173,276
Cash Flows from Investing activities	-	(6,262)
Cash Flows from Financing activities	-	12,000
Change in cash balances	161,588	179,014

Financial Performance Ratios	2015-16 Target	2015-16 Actual
Current Assets: Current Liabilities	5:1	10:1
Total Assets: Total Liabilities	14:1	35:1

Human Capital Measures	2015-16 Target	2015-16 Actual
Total Full Time Equivalent Staff Employed	7	8 FTE

Physical Capital Measures	2015-16 Target	2015-16 Actual
Value of total assets	1,969,167	1,988,270
Asset replacements: total assets	-	<1%
Book value: initial cost	-	62%
Depreciation: cash flow on asset purchases	-	25:1



Profile of the Cayman Islands National Museum

The Cayman Islands National Museum was created via The Museum Law (1979, 1999 Revision), which mandates the Museum to collect “historical, natural, and scientific objects of interest.” Opened to the public in 1990, the Museum is the only institution in the Cayman Islands officially entrusted to preserve, research, and disseminate all aspects of the Caymanian heritage and culture.

The Ira Thompson Collection, consisting of artefacts which Ira Thompson collected as a hobby back in the 1930's, is the nucleus of the National Museum's Collection. The Natural History segment of the Collection includes fossils from the sea which were discovered on land, forms of land-life retrieved from the sea and everything in between. The Art Collection showcases an extensive collection of Caymanian arts and crafts. The Cultural History Collection offers tangible evidence of our social development; it includes objects as diverse as shipbuilding tools and equipment, cannons, writing implements, furniture and hats.

The Museum's current collection contains over 9,300 items ranging from tiny coins to a 14-foot catboat, to natural history specimens and rare documents.

The Museum is governed by an appointed Board of Control, and is classified as a charitable organisation, owned by the Cayman Islands Government (CIG) on behalf of the people of the Cayman Islands.

The Museum achieves additional income through Museum admissions, gift shop sales, lease of the Old Gaol Café, membership, sponsorship and donations.

Currently, there are seven full-time, and two part-time employees, as well as numerous volunteers and members who contribute to the on-going success of the Museum.

Purpose:

The National Museum was established as a permanent institution committed to the preservation of the tangible and intangible cultural and natural heritage of the Cayman Islands: to collect, care for, conserve, research, interpret and display objects of historical, cultural, environmental, artistic, or scientific value to the Cayman Islands, both terrestrial and underwater, for the benefit of present and future generations.

Our Mission Statement:

Through our dynamic programmes, exhibits and collections, the National Museum is the living connection to Cayman's past; it ensures that future generations have the opportunity to experience the territory's unique, natural and cultural heritage.



ORGANISATIONAL VISION

The Museum's vision is to be a bustling, vital cultural centre for Caymanians and residents, and a must-see destination spot for visitors to the Islands. It will be recognised as the cornerstone cultural institution, providing leadership in the preservation and awareness of Caymanian heritage and culture.

VISION STATEMENTS



1. Cultivate pride and celebrate Caymanian cultural heritage and natural history by educating Caymanians, residents, and visitors of all ages about the uniqueness and commonalities of the three Cayman Islands.



2. Nurture children to become the caretakers and architects of preservation for Caymanian culture and the natural history of the Cayman Islands.



3. Present the many voices of the people of the Cayman Islands in order to reflect the Islands' diverse cultures and cultural values.



4. Participate in honest and open dialogue with community and visitors.



5. Synthesise and present the diverse influences impacting Caymanian culture, including the natural history, prehistoric and early historic eras, as well as contemporary issues.



6. Aid in the inevitable evolution of Caymanian society by helping people understand the importance of interpreting cultural values and beliefs in order to make informed decisions for the future.

Customers and Location of Activities:

The Museum serves the general public of the Cayman Islands, and also provides support to the Ministry of Culture.

The Museum's exhibitions are housed in one of Cayman's oldest public buildings in central George Town. Almost 200 years old, this landmark structure is one of the few surviving 19th century structures in the country. The present Museum Support Facility is located in a leased building at Pasadora Place, which serves as a support, storage and conservation facility for the extensive National Collection of objects.

The Administration & Education Centre is located across the street from the National Museum in the Cayside Complex.



Scope of Activities

The Museum's scope of activities is as follows:

Collection and preservation of material evidence to our culture, history and heritage, including:

- collection, documentation and preservation of material evidence to our culture, history and heritage
- protection, scientific research of, and limited public access to Museum collections, and materials of Caymanian Heritage

Public access to, and educational services from, displays, exhibitions, library, publications, research collections and programmes of the Museum including:

- providing exhibitions and displays and general public access to them and Museum facilities;
- provision of a land-based Maritime Heritage Trail and Shipwreck Preserves
- provision of restaurants, shops and other facilities for the use by the public and in furtherance of the mission and purposes of the Museum
- Liaising with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information.

Services to the Ministry and to Government generally in:

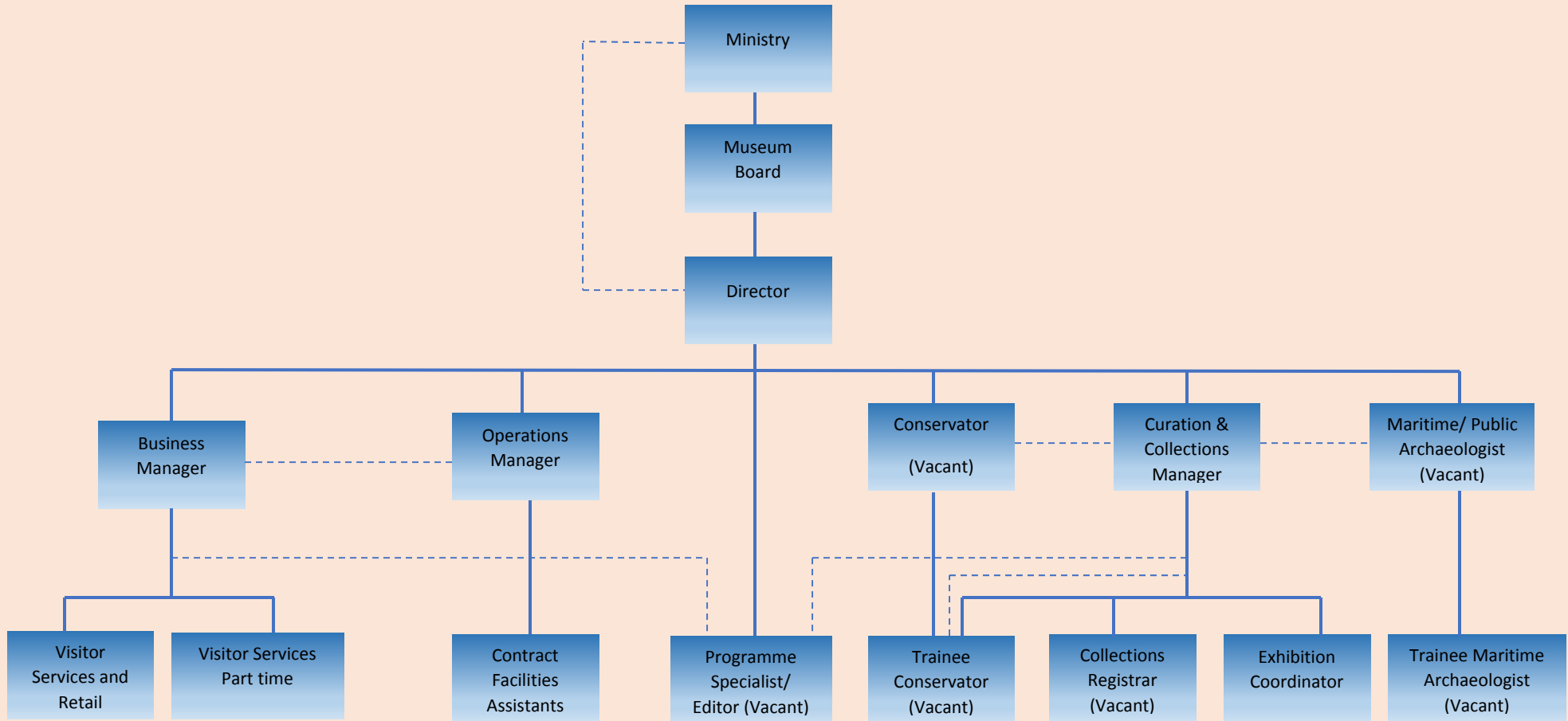
- overseeing that the Museum fulfils its mission and purposes
- providing requests for information to further the cultural well-being of the Cayman Islands
- assisting in the creation of National Culture Policies and plans; and any necessary legislation
- providing reports and other documentation requested specifically by our Ministry, Cabinet and other Government Departments generally.



CAYMAN ISLANDS
**NATIONAL
MUSEUM**

Remember yesterday today.

Organisational Chart





Achievements for the year

The Museum had a very active 2015-16 punctuated by changing exhibitions; curation of new and existing acquisitions; delivery of educational programmes; and events to mark the 25th anniversary. We curated 9,396 artefacts & new acquisitions, to be preserved, conserved, managed and maintained in a digital Collection Management Programme, with on-going research, photos, and condition reports.

The 2014/15 Audit was completed & the Museum supplemented the 2015/16 Grant through increased Fundraising, Admissions, Shop Sales, Café rental, and Memberships. Our 25th Anniversary exhibitions and building preservation plans led to a significant fundraising drive.

The Museum adopted a Strategic Plan 2015/2020 for vision alignment in addressing policy development, staffing, curation, collections, conservation, exhibitions, education, programmes, archaeology, finance, operations and management.

In addition to an exceptional audiovisual experience, interpreted garden, and permanent Natural and Cultural History Galleries, the Museum also provided 5 changing exhibitions (*Towards 2050: A Sustainable Cayman; Reduce, Reuse, Recycle; Georgette Ebanks; Twenty-Five Years: Piece by Piece; and Museum Dress-Up*).

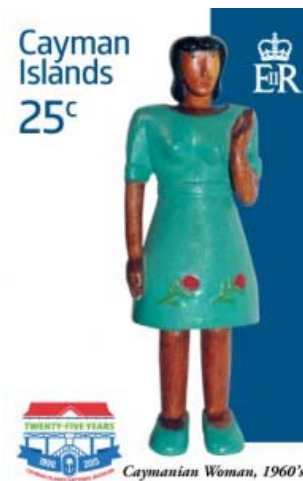
Twenty-Five Years: Piece by Piece

In November 2015, the Museum launched “Twenty-Five Years: Piece by Piece,” an exhibit to mark the 25th anniversary of the Museum since opening to the public in 1990. The exhibit featured 25 objects that showcase the richness, diversity, and complexity of the Cayman Islands’ heritage, history and culture.

Some of these objects included a crocodile, an olive jar, onion bottle, Wreck of Ten Sail cannon encrustation, pistol, blue willow plate, militia button, church spire, baby rocking cradle, wompers, sextant, the first telephone switchboard and a World War II jacket.

Georgette Ebanks

Miss Georgette Ebanks is one of two surviving ladies, of the 24, who petitioned in 1948 for women’s right to vote. The Museum was honoured to display an exhibit which opened on October 22nd, 2015 depicting the life of this remarkable woman. The display was part of an overall tribute to the older persons within our community titled “60+ and shining.” It featured the sale and display of crafts made by seniors in all districts on Grand Cayman and provided a social opportunity to discuss various facets of our history.





Museum Dress-Up

The manner in which we present ourselves has always been an important part of Caymanian Culture. The Museum was therefore excited to launch a new exhibit for the children's gallery which invites our visitors of all ages to act, learn and dress up in numerous costumes relating to our cultural and natural history.

The Museum provided Education & Programmes via complimentary school and special partner tours, a Speaker Series, a "See Wha Ah Sayin" radio programme, and launched a 25th Anniversary publication *Twenty-Five Years: Piece by Piece*;

Assisted with the National Culture & Heritage Policy (CHP): Director served on Ministry's CHP Steering Committee and Chaired the Maritime Subcommittee; Board Chair, Board Member (also on Steering Committee) and Collections & Curation Manager served on the Land-Based Heritage Subcommittee.

Collaborated with the Monetary Authority to launch the Museum's 25th Anniversary commemorative coin. The coin features the Museum's 25th Anniversary logo in full colour with the Museum building on the reverse side and the Cayman Islands Coat of Arms and the words "Cayman Islands Five Dollars" on the obverse.



Figure 1-25th Anniversary Commemorative coin



Collection and Preservation of Significant Material Evidence:

Output Code	Description	Quantity	2015/16		
			Budget	Actual	Variance
CNM 1	Collection and Preservation of Significant Material Evidence- Collection and preservation of material evidence significant to our culture, history and heritage, including: <ul style="list-style-type: none"> • Collection, documentation and preservation of material • Protection, scientific research of, and limited public access to Museum collections, and materials of Caymanian heritage 	• Number of artefacts collected and processed	50-100	96	-
		• Number of new accessions registered	20-40	21	-
		• General care and preservation of all the Museum's collections	8,700	9,396	696
		• Number of artefacts conserved	50-100	64	-
		• Number of artefacts de-accessioned	1-5	-	(1)
		• Number of new terrestrial sites	1-3	-	(1)
		• Number of new underwater sites	1-3	-	(1)
		• Number of site visits	1-5	5	-
		• Number of sites having data processed	1-5	-	(1)
		• Research into natural/ cultural history topics	1-2	2	-
		• Reports, papers, films, lectures	1-2	1	-
		• Documentary Research and Field Work	4-8 Weeks	4 Weeks	-
Total Cost			\$ 147,744	\$ 147,744	\$ -
Related Broad Outcomes		8. A Centre of Excellence in Education			



Museum Facilities, Exhibitions and Displays:

Output Code	Description	Quantity	2015/16		
			Budget	Actual	Variance
CNM 2	Museum Facilities, Exhibitions and Displays: Public access to the educational services from, displays, exhibitions, library, publications, research collections and programmes of the Cayman Islands National Museum including: • Providing museum facilities, exhibitions, displays and general public access to them • Provision of a land-based Maritime Heritage Trail and Shipwreck Preserves • Provision of restaurants, shops and other facilities for the use by the public and in furtherance of the mission and purposes of the Cayman Islands National Museum • Liaising with local and international groups having similar objectives, for loan or exchange of artefacts and exhibits, and the exchange of knowledge and information	• Permanent cultural history exhibition	1	1	-
		• Permanent natural history exhibition	1	1	-
		• Travelling exhibition	1	1	-
		• Special displays and exhibitions	4-6	5	-
		• Protection and security for:			
		o visitors	15,000-20,000	28,000	8,000
		o artefacts	8,900	9,396	496
		o buildings	3	3	-
		• Land-based maritime heritage trail	2	2	-
		• Shipwreck preserves	0-1	-	-
		• Number of visitors to the museum and shop	15,000-20,000	28,000	8,000
		• Number of tours	50-100	34	(16)
		• Number of library users	5-20	5	-
		• Number of researchers accessing research collections	1-5	-	(1)
		• Number of participants in programmes	50-100	50	-
		• Membership plan that offers a range of benefits	1	1	-
		• Number of weeks staff are available to participate in conferences, meetings, delivering speeches and lectures	4-8 weeks	8 weeks	-
• Number of responses to public enquiries	30-50 per day	30	-		
• Number of special events and activities	5-12	8	-		
• Restaurant, shop and other facilities	3	3	-		
• Newsletters	1-4	-	(1)		
Total Cost			\$ 541,728	\$ 541,728	\$ -
Related Broad Outcomes		8. A Centre of Excellence in Education			



Services to Support the Ministry, Cabinet and Other Departments:

Output Code	Description	Quantity	2015/16		
			Budget	Actual	Variance
CNM 3	Services to Support the Ministry, Cabinet and Other Departments- Provision of services to support the Ministry: <ul style="list-style-type: none"> • Direct, manage and assist the Cayman Islands National Museum to fulfill its mission and purposes • Support Government's request for information to further the cultural well-being of the Cayman Islands • Assist the Ministry in creating national culture policies and plans; and any necessary legislation • Provide reports and other documentation requested by the Ministry, Cabinet and other Government Departments 	• Replies to questions from Cabinet, Legislative Assembly and others	1-10	-	(1)
		• Draft replies to correspondence	1-10	10	-
		• Information requests	25-50	30	-
		• Quarterly and annual reports	4/1	4/1	-
		• Briefings for meetings	1-6	3	-
		• Specified and additional papers	1-6	1	-
Total Cost			\$ 131,328	\$ 131,328	\$ -
Related Broad Outcomes		8. A Centre of Excellence in Education			



TWENTY-FIVE YEARS

Piece by Piece



TWENTY-FIVE YEARS

Piece by Piece



TWENTY-FIVE YEARS

Piece by Piece

CAYMAN ISLANDS NATIONAL MUSEUM ANNIVERSARY PUBLICATION
CAYMAN ISLANDS NATIONAL MUSEUM ANNIVERSARY PUBLICATION
CAYMAN ISLANDS NATIONAL MUSEUM ANNIVERSARY PUBLICATION

MUSEUM ANNIVERSARY PUP



Future Priorities

The Museum will be seeking to further pursue the development of a proposed collections storage facility that will be owned, rather than rented by the Government. The Museum Board prepared an initial business case to acquire a proposed facility for the Museum Collection and is now hoping for Cabinet's support through designated funding.

We will also be pursuing opportunities to expand and strengthen our human resources capacity to continue producing outstanding exhibitions. This effort will be carried out in tandem with efforts to increase fundraising, educational programming, and events.

The Museum Law (1979, 1999 Revision) requires modernisation and revision to bring it into agreement with all current Cayman Islands legislation. In particular, to align the stated purpose and functions of the Museum with current practices, as reflected in the language that was first drafted for the Institute of Caymanian Heritage Law (1991). There is also a necessity to review and redraft the Abandoned Wreck Law (1966, 1997 Revision).

Through the support of our Board and our Ministry, we hope to make substantial progress in the upcoming 2016-17 fiscal year.



Human Resource Management



Leadership Profile



Name: Mr. Alfonso Wright
Title: Board Chairman



Name: Dr. Peggy Leshikar-Denton, Ph.D.
Title: Director



Name: Mrs. Debra Barnes-Tabora
Title: Curation and Collections Manager



Name: Mr. Doss Solomon
Title: Operations Manager



Name: Mr. Lee Maragh
Title: Finance Manager



Internship Opportunities with the Museum

The Museum supports lifelong learning and staff development as important components of capacity building to ensure optimal service delivery. As engaged members of our local community, we also engage in youth development activities through our internship programme. In 2015, we welcomed our two newest interns to experience the day-to-day activities of running a Museum by providing hands on experience.

Brian Watler Jr.

Brian is a bright energetic and talented young Caymanian. During his internship programme, Brian worked on the Museum's 25th anniversary logo, the design and layout of commemorative publications, and two of the year's featured exhibitions. Describing his experience at the Museum, Brian said "Working with the National Museum has been one of my best internships thus far. I definitely appreciate all that goes into carrying out day-to-day activities, exhibition design, environmental graphics, promotions, etc. at the Museum. I would love to work for the Cayman Islands National Museum in the near future. For me, being able to work within an organisation which focuses on the preservation and conservation of our history and culture, and still being able to be creative, it was a dream job".

Shenice McField

Shenice has an amazing enthusiasm and appreciation for our local culture, which she shares effortlessly and with flair as she interacts with guests of the Museum during her internship programme. One of her major responsibilities was assisting in putting together "Twenty-Five



Figure 2 Brian and Shenice at one of our cultural events

Years: Piece by Piece" to mark our 25th anniversary. Shenice enjoyed working on the project and says the most difficult part was helping to decide which pieces would be selected for the exhibition and book from the thousands of items curated by the Museum.

We are grateful for the contributions of these two young Caymanians. Their time with us was thoroughly enjoyed and we look forward to welcoming them back for future internship opportunities and potential future employment.





Committee Member Anita Ebanks speaking at our 25th Anniversary Celebration.

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Committee Member Anita Ebanks speaking at our 25th Anniversary Celebration.

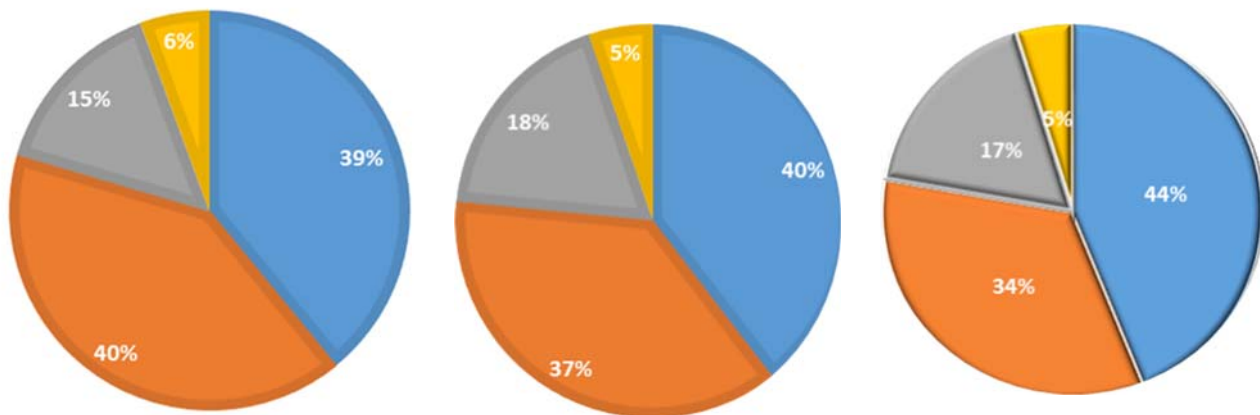
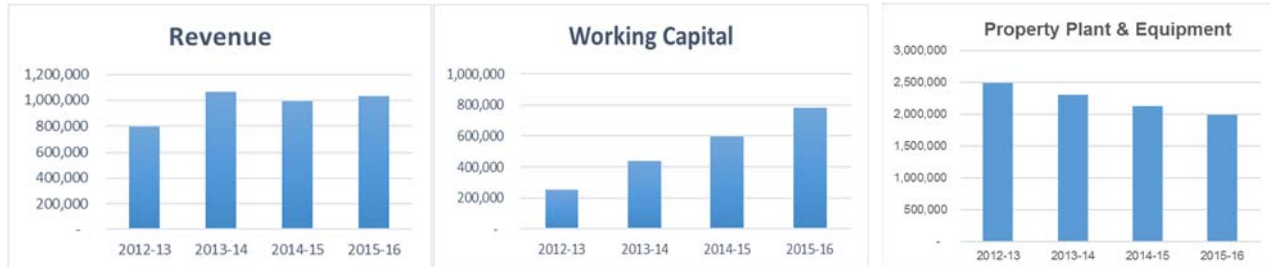
LOOKY YA!

TWENTY-FIVE YEARS
1990 2015
BY ISLAND NATIONAL MUSEUM

Financial Statements



Financial Trends



The Museum’s finances have been stable and improving in recent financial years. Consistent with the Government’s fiscal strategy of constrained expenditures, the Museum saw a reduction in revenue from Cabinet in 2014-15. However, since that period, the Government’s annual support has stabilised and the Museum remains confident of ongoing support.

The Organisation’s working capital has steadily improved since 2012. The working capital is an indicator of the Museum’s ability to settle its obligations and meet other short term commitments.

Investment in property plant and equipment has declined in recent years. Management and the Board has been advocating for increased investment to construct a purpose-built facility for the Museum’s collection. Management is hopeful that this will occur within the next two fiscal years. This will result in an uplift to property plant and equipment values.

Annual expenditures for staff costs decreased as a percentage of the overall budget from 44% in 2013-14 to 39% in 2015-16. This is largely the result of unfilled vacancies and increased direct expenditures on programme delivery. The increased direct costs of programme delivery is reflected in supplies and consumables.



Cost of Goods sold has remained consistent at 5% of overall cost since 2013.

Management Discussion and Analysis of Financial Results

Analysis of operating results:

2015-16 was a robust financial year for the Museum. Compared to the previous fiscal year, the organisation was able to generate increased **revenue** from admissions, rental, fundraising, and donations. This resulted in an overall revenue increase of some \$34,455 over the 2014-15 results.

Through prudent fiscal management, the Museum was also able to deliver an enhanced programme of activities during its 25th anniversary year while keeping a tight rein on **operating expenditures**. Consequently, savings were realised in staff costs, facility expenses and depreciation when compared to the 2015-16 Budget. Some of these savings were used to commemorate the 25th anniversary and fund other special cultural events during 2015-16.

Overall, the Museum spent less in 2015-16 than in the previous fiscal year with expenses being \$40,871 lower than what the budget anticipated for the period.

The combined result of improved revenue and lowered expenses resulted in a net operating **surplus** of \$26,297 for the period. Whilst the Museum does not operate with a profit motive, management's goal is to deliver programmes at optimal efficiency and to realise savings to the public purse whenever possible.

Closing Financial Position:

Closing **cash** as at June 30th, 2016 was \$556,374. This amount represented an increase of some \$179,014 over the previous year's results.

Accounts receivable was \$207,750 at the close of the Financial year. This is consistent with the normal lag associated with payment of the Museum's quarterly billing to Cabinet.

Deposits and prepaid expenses of \$50,531 were largely the result of overseas orders placed towards the end of the fiscal year, and changes to the insurance billing cycle by the Government's Risk Management Unit.

Property Plant and Equipment closed at \$2.0 million for the year. This value has been declining in recent years due to annual depreciation and revaluation. The Museum plans to carry out a full inventory and valuation exercise for its fixed assets in 2016-17.

Accounts payable and accrued liabilities showed an increase over the previous year but was lower than the amount shown in the 2015-16 budget. The Museum's policy is to settle all financial obligations when they fall due. The increased amount is due to invoices received during the final month of the fiscal year and in some cases, after the close of the period.

The Museum's closing Net Equity was \$2.9 million. This is an increase of \$38,297 which is attributable to the surplus for the period and restricted donations made to the Museum.

Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Cayman Islands National Museum in accordance with the provisions of the *Public Management and Finance Law (2013 Revision)*.

We 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 (2013 Revision)*.

As Chairman and Director, we are responsible for establishing; and have established and maintained a system of internal controls designed to provide reasonable assurance that the transactions recorded in the financial statements are authorised by law, and properly record the financial transactions of the Cayman Islands National Museum.

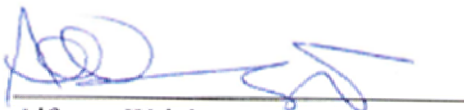
As Chairman and Director we are responsible for the preparation of the Cayman Islands National Museum's financial statements and for the judgements made in them.

The financial statements fairly present the financial position (except for property, plant and equipment), financial performance (except for the completeness of revenue), changes in equity and cash flows for the financial year ended June 30, 2016.

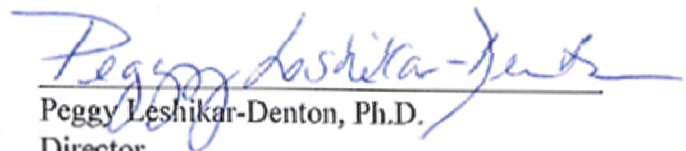
To the best of our knowledge we represent that these financial statements:

- (a) are complete and reliably reflect the financial transactions of the Cayman Islands National Museum for the year ended June 30, 2016;
- (b) fairly reflect the financial position as at June 30, 2016 and performance for the year ended June 30, 2016;
- (c) comply with International Public Sector Accounting Standards (IPSAS).

The Office of the Auditor General conducts an independent audit and expresses an opinion on the accompanying financial statements. The Office of the Auditor General and its agent have been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.



Alfonso Wright
Chairman
Cayman Islands National Museum



Peggy Leshnikar-Denton, Ph.D.
Director
Cayman Islands National Museum

Date: 26 OCTOBER 2016

Date: 26 October 2016

Auditor General's Report

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

In accordance with section 60(1)(a)(ii) of the Public Management and Finance Law (2013 Revision) (the "Law"), I 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, 2016, and the statements of financial performance, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor General's responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with International Standards on Auditing. Those Standards require that I comply with 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 upon the auditor's 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 the auditor considers internal controls relevant to the Museum'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion. In rendering my qualified 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.

Auditor General's Report (continued)

Basis for qualified opinion

During the year ended June 30, 2012, the Museum changed the system that maintained the property, plant and equipment register, which resulted in a material adjustment to accumulated depreciation and accumulated surplus. I was unable to verify the accuracy of the adjustment at that time and this issue still has not been resolved. Therefore I am unable to conclude on the accuracy of the property, plant and equipment and the related impact on accumulated surplus and equity of the Museum as at June 30, 2016. My audit report on the financial statements for the year ended June 30, 2015 also included a qualification in respect of the same matter.

In common with many not-for-profit oriented organizations, the Museum derives a portion of its cash receipts from various sources, the completeness of which is not susceptible to independent audit verification. Accordingly, my verification of such cash receipts was limited to the amounts recorded in the records of the Museum and I was not able to determine whether any adjustments might be necessary to cash receipts from fundraising income and donations, the increase in cash and cash equivalents for the year ended June 30, 2016, opening cash as at July 1, 2015 and closing cash as at June 30, 2016. In addition, the audit report on the financial statements for the year ended June 30, 2015 included a qualification in respect of the same matter.

Qualified opinion

In my opinion, except for the possible effects of the matters described in the basis for qualified opinion paragraphs above, the financial statements present fairly, in all material respects, the financial position of the Museum as at June 30, 2016 and its financial performance and its cash flows for the year then ended in accordance with International Public Sector Accounting Standards.

Emphasis of matter

I draw attention to note 1, which discloses that the Museum is dependent upon the financial support of the Cayman Islands Government to enable it to meet its obligations as they fall due. Without this ongoing support a material uncertainty exists that casts significant doubt about the Museum's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.



Sue Winspear, CPFA
Auditor General

Cayman Islands
26 October 2016



Statement of Financial Position

**CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2016**

	Note	Fiscal Year Ended 30th June, 2016			2014/15 Actual
		Actual	Budget	Variance	
<i>expressed in Cayman Islands Dollars and in thousands</i>					
Current Assets					
Cash and cash equivalents	3	556,374	1,021,209	(464,835)	377,360
Accounts receivable		207,750	20,000	187,750	215,285
Deposits and prepaid expenses		50,531	18,000	32,531	19,717
Inventories	4	47,380	50,000	(2,620)	41,039
Total Current Assets		862,035	1,109,209	(247,174)	653,401
Non-Current Assets					
Property, plant and equipment	5	1,988,270	1,969,167	19,103	2,130,875
Collections, exhibits and artefacts	1,2	-	-	-	-
Total Non-Current Assets		1,988,270	1,969,167	19,103	2,130,875
Total Assets		2,850,305	3,078,376	(228,071)	2,784,276
Current Liabilities					
Accounts payable and accrued liabilities	9	82,472	223,652	(141,180)	54,740
Total Current Liabilities		82,472	223,652	(141,180)	54,740
Equity					
Accumulated surplus		1,436,163	1,389,587	46,576	1,409,866
Restricted funds	6	99,300	87,300	12,000	87,300
Contingency reserve	7	200,000	200,000	-	200,000
Contributed Capital		1,032,370	1,177,837	(145,467)	1,032,370
Total Equity		2,767,833	2,854,724	(86,891)	2,729,536
Total Liabilities and Equity		2,850,305	3,078,376	(228,071)	2,784,276

The accounting policies and notes on pages 36-48 form part of these financial statements.



Statement of Financial Performance

**CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF FINANCIAL PERFORMANCE
AS AT 30 JUNE 2016**

	Note	Fiscal Year Ended 30th June, 2016			2014/15 Actual
		Actual	Budget	Variance	
<i>expressed in Cayman Islands Dollars and in thousands</i>					
Revenue					
Sales of outputs to Cabinet	8	820,800	820,800	-	820,800
Product Sales	9	77,860	95,903	(18,043)	94,140
Admissions		53,122	40,000	13,122	45,259
Rental income		18,000	18,000	-	16,210
Fundraising income and donations		54,801	61,000	(6,199)	11,840
Membership dues		5,652	9,000	(3,348)	7,200
Interest income	9	115	115	(106)	340
Total Revenue		1,030,244	1,044,818	(14,574)	995,789
Expenses					
Staff costs	9,10,11	392,788	435,500	(42,712)	397,546
Facility expenses	9	162,691	148,130	14,561	185,381
Depreciation	5	148,867	161,588	(12,721)	183,387
Rent expenses		116,679	115,900	779	116,186
Administration and other expenses		126,605	127,300	(695)	70,351
Cost of goods sold		56,317	56,400	(83)	52,585
Total Expenses		1,003,947	1,044,818	(40,871)	1,005,436
Net Surplus / (Deficit) for the year		26,297	-	26,297	(9,647)

The accounting policies and notes on pages 36-48 form part of these financial statements.



Statement of Changes in Equity

CAYMAN ISLANDS NATIONAL MUSEUM
STATEMENT OF CHANGES IN EQUITY
AS AT 30 JUNE 2016

	Fiscal Year Ended 30th June, 2016						
	Accumulated Surplus	Contingency Reserve (Note 7)	Restricted Funds (Note 6)	Contributed Capital	Total	Budget	Variance
<i>expressed in Cayman Islands Dollars and in thousands</i>							
Balance at 30th June 2014	1,419,513	200,000	87,800	1,032,370	2,739,683	2,754,724	(15,041)
Net deficit for the year	(9,647)	-	-	-	(9,647)	-	(9,647)
Equity investment from Cabinet	-	-	-	-	-	100,000	(100,000)
Use of restricted funds	-	-	(500)	-	(500)	-	(500)
Balance at 30th June, 2015	1,409,866	200,000	87,300	1,032,370	2,729,536	2,854,724	(125,188)
Net surplus for the year	26,297	-	-	-	26,297	-	26,297
Contribution to restricted funds	-	-	12,000	-	12,000	-	12,000
Balance at 30th June 2016	1,436,163	200,000	99,300	1,032,370	2,767,833	2,854,724	(86,891)

The accounting policies and notes on pages 36-48 form part of these financial statements.



Statement of Cash Flows

CAYMAN ISLANDS NATIONAL MUSEUM

STATEMENT OF CASH FLOWS

AS AT 30 JUNE 2016

	Note	Fiscal Year Ended 30th June, 2016			2014/15 Actual
		Actual	Budget	Variance	
<i>expressed in Cayman Islands Dollars and in thousands</i>					
Cash provided by:					
Operating Activities					
Net (loss)/surplus for the year		26,297	-	26,297	(9,647)
Adjustment for items not involving cash:					
Depreciation	5	148,867	161,588	(12,721)	183,387
Net changes in operating assets and liabilities:					
Accounts receivable		7,535	-	7,535	10,149
Deposits and prepaid expenses		(30,814)	-	(30,814)	13,688
Inventories		(6,341)	-	(6,341)	12,489
Accounts payable and accrued liabilities		27,732	-	27,732	(89,822)
Cash generated/(used) in operating activities		173,276	161,588	11,688	120,244
Investing Activities					
Purchase of property, plant and equipment	5	(6,262)	-	(6,262)	(12,317)
Disposal of property, plant and equipment	5	-	-	-	1,750
Cash used in investing activities		(6,262)	-	(6,262)	(10,567)
Financing Activities					
Contribution to (use of) restricted fund balances	6	12,000	-	12,000	(500)
Cash generated by financing activities		12,000	-	12,000	(500)
Net increase in cash and cash equivalents		179,014	161,588	17,424	109,177
Cash and cash equivalents at beginning of period		377,360	859,621	(482,261)	268,183
Cash and cash equivalents at end of year		556,374	1,021,209	(464,835)	377,360

The accounting policies and notes on pages 36-48 form part of these financial statements.



Notes to the Financial Statements

For the year ended 30 June 2016

Note 1: Background Information

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

The Museum holds a collection in excess of 9,400 (2015: 9,300) artefacts that have been donated, transferred, purchased or found, with the majority being donations. Artefacts are documented in the Museum’s Accession Register, and are used in research or are held in exhibition for public service. The research collections (those that are not on exhibit at the Museum) are kept at the Museum Support Facility in an environmentally controlled vault for preservation. The Museum also operates a gift shop and leases a space to a third party, which operates a cafe.

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

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

Note 2: Significant accounting policies

(a) Reporting periods

The financial statements presented are for the year ended June 30, 2016 with comparable information for the financial year ended June 30, 2015.



2. Significant accounting policies (continued)

(b) Basis of preparation

In compliance with the *Public Management and Finance Law (2013 Revision)* these financial statements, for the year ended June 30, 2015, are prepared in accordance with International Public Sector Accounting Standards (“IPSAS”).

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

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

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

(c) Use of estimates

The preparation of financial statements in accordance with IPSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to these financial statements, relate to management's assessment of whether an impairment provision is required in respect of property, plant and equipment (Note 5) and whether an impairment provision is required in respect of inventory (Note 4).

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

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

(e) Cash and cash equivalents

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

(f) Accounts receivable

Accounts receivable are measured at cost less any allowance for doubtful accounts.

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

(g) Inventories

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



2. Significant accounting policies (continued)

(h) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of financial performance.

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

Useful lives are as follows:

Computer hardware and software	3-5 years
Furniture, fittings & equipment	5-8 years
Leasehold improvements	3-30 years
Permanent exhibits	30 years
Vehicles	5 years

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

Repairs and maintenance are charged to expenses as incurred.

(i) Income recognition

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

(j) Government grants

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

(k) 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.



2. Significant accounting policies (continued)

(l) Collections, Exhibits and Artefacts

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

(m) Contributed services

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

(n) Financial assets and liabilities

(i) Classification

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

(ii) Recognition

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

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

(iii) Measurement

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



2. Significant accounting policies (continued)

(n) Financial assets and liabilities (continued)

(iv) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Museum has a legally enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis. At June 30, 2016 and 2015, there were no assets or liabilities reported on a net basis.

(v) Impairment

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

(vi) Derecognition

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

(vii) Fair value

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

(o) 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.

(p) Operating leases

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

(q) Budget amounts

The budget amounts for the financial year are presented in the 2015/16 Ownership Agreement and approved by the Minister of Home Affairs, Health and Culture (formerly the Minister of Health, Sports, Youth and Culture).



3. Cash and cash equivalents

Description	Fiscal Year Ended 30th June, 2016			2014/15
	Actual	Budget	Variance	Actual
Cash	346,679	811,209	(464,530)	167,763
Fixed Deposits	209,695	210,000	(305)	209,597
Total	556,374	1,021,209	(464,835)	377,360

4. Inventories

	Fiscal Year Ended 30th June, 2016			2014/15
	Actual	Budget	Variance	Actual
Inventory at average cost	49,970	50,000	(30)	46,781
Less: provision for slow moving stock	(2,590)	-	(2,590)	(5,742)
Total	47,380	50,000	(2,620)	41,039

5. Property, plant and equipment

<i>As at 30 June, 2016 and 2015, property, plant and equipment consisted of the following:</i>						
<i>expressed in Cayman Islands Dollars and in thousands</i>						
2016	Furniture, fixtures & equipment	Computer Hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Balance at beginning of year	388,611	133,741	2,207,885	442,804	24,900	3,197,941
Additions	3,910	-	1,160	1,192	-	6,262
Disposals	-	-	-	-	-	-
Balance at end of year	392,521	133,741	2,209,045	443,996	24,900	3,204,203
Accumulated Depreciation						
Balance at beginning of year	(323,685)	(133,741)	(510,734)	(74,006)	(24,900)	(1,067,066)
Depreciation	(38,539)	-	(95,527)	(14,801)	-	(148,867)
Balance at end of year	(362,224)	(133,741)	(606,261)	(88,807)	(24,900)	(1,215,933)
Net Book value at 30 June						
2016	30,297	-	1,602,784	355,189	-	1,988,270



5. Property, plant and equipment (continued)

<i>expressed in Cayman Islands Dollars and in thousands</i>						
2015	Furniture, fixtures & equipment	Computer Hardware & software	Leasehold improvements	Permanent exhibits	Vehicles	Total
Balance at beginning of year	386,844	131,941	2,200,885	442,804	24,900	3,187,374
Additions	1,767	3,550	7,000	-	-	12,317
Disposals	-	(1,750)	-	-	-	(1,750)
Balance at end of year	388,611	133,741	2,207,885	442,804	24,900	3,197,941
Accumulated Depreciation						
Balance at beginning of year	(272,545)	(111,822)	(415,207)	(59,205)	(24,900)	(883,679)
Depreciation	(51,140)	(21,919)	(95,527)	(14,801)	-	(183,387)
Balance at end of year	(323,685)	(133,741)	(510,734)	(74,006)	(24,900)	(1,067,066)
Net Book value 30 June						
2016	64,926	-	1,697,151	368,798	-	2,130,875

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, 2016 and 2015, CI\$12,812 remained in the restricted funds account.

Powell's

During the period ended June 30, 1998, the Museum received a government grant of CI\$25,000 for specific projects including creating a business plan, architectural surveys, condition reports, and maintenance planning. As at June 30, 2016 and 2015, CI\$20,250 remained in the restricted funds account.

McCoy Prize Award

During the period ended June 30, 2003, Harris McCoy donated CI\$1,000 to hold for the winner of the McCoy prize. A further CI\$20,900 was donated by the chairman during the period ending June 30, 2006. As at June 30, 2016 and 2015, CI\$1,918 remained in the restricted funds account.

New Building

During the period ended June 30, 2004, the Museum received donations in the amount of CI\$9,840 for the new Museum building. As at June 30, 2016 and 2015, CI\$9,840 remained in the restricted funds account.



6. Restricted funds (continued)

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, 2016, CI\$191 (2015: CI\$191) remained in the restricted funds account.

Educational Programme

During the period ended 30 June 2012, the Museum received a donation of CI\$3,041. This was to be applied to the Museum's educational Fund. As at 30 June 2016 and 2015, CI\$1,588 remained in the restricted funds account.

Renovations & Recovery

During the period ended June 30, 2006, the Museum received donations in the amount of CI\$20,701 for the recovery of any material evidence of artistic, historic or scientific significance to Cayman Islands. As at June 30, 2016 and 2015, CI\$20,701 remained in the restricted funds account.

Webster Foundation

During the period ended 30 June 2012, the Museum received a donation of CI\$20,000 to be used to acquire artefacts and the costs of displaying such artefacts. As at 30 June 2016, and 2015 CI\$20,000 remained in the restricted funds account.

Collections Preservation

During the period ended 30th June 2016, the Museum received CI\$12,000 for collections preservation.

The movements in restricted fund balances during the years ended June 30, 2016 and 2015 were as follows:

<i>The movements in restricted fund balances during the years ended 30 June 2016 and 2015 were as follows:</i>										
<i>expressed in Cayman Islands Dollars and in thousands</i>										
	Archaeology	Powell's	McCoy Prize	New Building	Maritime Heritage Trail	Educational Programme	Renovations & Recovery	Webster Foundation	Collections Preservation	Total
Balance at 30 June 2014	12,812	20,250	1,918	9,840	691	1,588	20,701	20,000	-	87,800
Disbursements	-	-	-	-	(500)	-	-	-	-	(500)
Balance at 30 June 2015	12,812	20,250	1,918	9,840	191	1,588	20,701	20,000	-	87,300
Additions	-	-	-	-	-	-	-	-	12,000	12,000
Balance at 30 June 2016	12,812	20,250	1,918	9,840	191	1,588	20,701	20,000	12,000	99,300



7. Contingency reserve

At June 30, 2016, the Museum's equity includes a contingency reserve of CI\$ 200,000 (2015: CI\$200,000). The contingency reserve was established by the Board of Control as a precautionary measure to meet costs of overcoming any disaster that might befall the Museum in the future.

8. Sales of Outputs to Cabinet

During the year ended June 30, 2016, grants totalling CI\$820,800 (2015: CI\$820,800) were received from Government, of which CI\$205,200 (2015: CI\$205,200) is included in accounts receivable at June 30, 2016.

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

9. Related party transactions

Controlling entity

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

Museum building

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

Property insurance

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

During the year ended June 30, 2016, total insurance premium determined for the Museum amounted to CI\$26,936 (2015: CI\$34,076). This amount is included in facility expenses in the statement of financial performance.

At June 30, 2016, CI\$31,675 (2015: CI\$7,456) was payable to the Government in respect of insurance and is included in accounts payable and accrued liabilities in the statement of financial position.



9. Related party transactions (continued)

Ministry employees

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

The total salary and benefits paid by the Museum to the Curations Manager during the year ended June 30, 2016 amounted to CI\$16,598 (2015: CI\$15,785).

Gift shop sales

During the year ended June 30, 2016, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI\$5,205 (2015: CI\$12,959).

10. Pension plan

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law (2012 Revision). Contributions for the year ended June 30, 2016 included in staff costs in the statement of financial performance amounted to CI\$13,479 (2015: CI\$13,447). Pension contributions consist of 5% of the employee's salary made by the employee and are matched by the employer (2015: 5% employer 5% employee).

11. Key management remuneration

Total remuneration paid to the 4 (2015: 4) personnel considered to be key management during the years ended June 30, 2016 and 2015 was:

	Salaries	Pension	Health Insurance	Total
<i>expressed in Cayman Islands Dollars and in thousands</i>				
2016 Actual	218,266	8,127	26,318	252,711
2016 Budget	218,266	8,127	26,318	252,711
Variance	-	-	-	-
2015 Actual	206,967	7,890	24,139	238,996

Members of the Board of Control are voluntary and do not receive any type of remuneration for services rendered. There were no loans to key management at June 30, 2016 (2015: none).



12. Financial risk management

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

Credit risk

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

At June 30, 2016, the Museum held CI\$556,374 (2015: CI\$377,360) in cash and cash equivalents at one financial institution in the Cayman Islands and CI\$207,750 (2015: CI\$215,285) of accounts receivable, CI\$205,200 (2015: CI\$214,449) of which was due from the Government. As such, the Museum is exposed to credit related losses in the event of non-performance by these parties. Given the high credit rating of this financial institution and the Museum's relationship with the Government, the Board of Control do not anticipate any material losses as a result of these concentrations.

Liquidity risk

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

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding from the Government and the ability to predict and manage the Museum's expected cash outflows. Throughout the year and subsequent to the year end, the Museum has relied significantly on the support from the Government, to provide funds in the form of grants. The ability of the Museum to meet its obligations is dependent on the ongoing financial support provided by the Government (refer Note 8).

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



13. Commitments and contingencies

The Museum leases premises at Pasadora Place to store its collection and artefacts. The lease expires on November 30, 2017.

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

	Fiscal Year Ended 30th June, 2016			2014/15
	Actual	Budget	Variance	Actual
Minimum Lease Payments				
Payable within one year	104,810	104,810	-	45,960
Payable from one to two years	60,999	60,999	-	-
Payable from two to three years	14,897	14,897	-	-
Total	180,706	180,706	-	45,960

14. Explanations of material variance against budget

Statement of financial position

The majority of the cash and cash equivalent and accumulated surplus variances are the result of the budget having been prepared assuming a break-even performance for the year ended June 30, 2013. The net deficit for the year ended June 30, 2013 was CI\$371,116. There was a further variance/decrease of CI\$100,000 in contributed capital in the year ended June 30, 2015 as the result of Government reallocating budgeted capital funding to another entity.

Accounts Receivable was higher because of the outstanding receipt of the quarterly grant from the Ministry.

Deposits and prepaid expenses are higher than expected due to the purchase of a replacement server for CI\$14,000 that had not been delivered as at the year-end along with a change in timing of the receipt of the insurance invoice for 2016.

Property, plant & equipment are higher than budgeted due to a significant amount of assets being fully depreciated in the year, leading to a lower depreciation charge.

Accounts payable are lower than budgeted as a result of the plans to increase the gift shop stock and improve displays, along with the planned delay of the replacement, instalment and maintenance costs of the new server which were delayed until after the accounting period. These items combined with an accumulated surplus variance of CI\$90,000 from previous years' budgets lead to an overall surplus of CI\$141,000.

Statement of financial performance

Gift shop sales were lower than budgeted as the Museum had planned to make improvements to the displays and increase their marketing efforts leading to a forecast improvement in gift shop sales. These plans however did not materialise, leading to a lower actual sales compared to the budgeted figure.

Staff costs were lower than budgeted as the Museum operated with several vacancies during the fiscal year. This was a deliberate management strategy to build a reserve and identify target areas for new or renewed services.



15. Capital

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

16. Subsequent events

In preparing these financial statements, management has evaluated and disclosed all material subsequent events up to October 26, 2016, being the date that the financial statements were available to be issued.

Appendices



Governance and Risk Management

The Museum is subject to normal risks associated with most Public Agencies. For 2015-16 those risks include:

- Loss or damage to the non-renewable National Collection either by fire, hurricane, severe storm, or pest infection;
- Inadequate shelving and storage facilities and an inactive conservation programme resulting in gradual deterioration of the National Collection; and
- Proper succession planning to ensure the Museum has an adequate amount of specialised staff in the areas of conservation, curation, collections management, design, archaeology, business, public relations, programmes and operations.

The Museum has measures in place to manage these risks. As such, these risks did not materially impact operations during the 2015-16 fiscal year. The Museum will continue to implement appropriate risk management strategies as part of an overall risk management framework.

Legal Framework

Legal Framework for the Cayman Islands National Museum

- The Museum Law (1999 Revision);
- The Public Management and Finance Law (2013 Revision); and
- The Cayman Islands Labor Law



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