Financial Statements of

CAYMAN ISLANDS NATIONAL MUSEUM

June 30, 2006

CAYMAN ISLANDS NATIONAL MUSEUM

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Auditor General's Report

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

In accordance with section 52(3) of the *Public Management and Finance Law (2005 Revision)*, we were engaged to audit the accompanying financial statements of the Cayman Islands National Museum (the "Museum"), which comprise the statement of financial position as at June 30, 2006, and the statements of financial performance, changes in equity and cash flows for the twenty four month period from July 1, 2004 to June 30, 2006 and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. 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
My responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with International Standards on Auditing. Because of the matter described in the Basis for Disclaimer of Opinion paragraphs, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Bases for Disclaimer of Opinion
Due to the lack of supporting documentation being available, we were unable to form an opinion on the completeness and accuracy of accounts payable and accrued liabilities and restricted funds recorded in the statement of financial position at June 30, 2006 or the completeness, existence and accuracy of the related operating expenses recorded in the statement of financial performance for the twenty four month period then ended. As a result, we were not able to determine the impact that this would have on the equity of the Museum at June 30, 2006.

Hurricane Ivan caused significant damage to the Museum's fixed assets as discussed in note 1. A complete and accurate fixed asset register was not maintained by the Museum and was therefore not available at June 30, 2006. As a result, we were unable to form an opinion on the completeness and existence of the fixed assets recorded at June 30, 2006 as well as the related depreciation expense for the twenty four month period then ended.

(continued)

Bases for Disclaimer of Opinion (continued)

We did not attend nor observe the inventory counts during the period ended June 30, 2006 and we were unable to obtain sufficient appropriate audit evidence regarding the quantities of inventory held. As a result, we were unable to form an opinion on the existence and valuation of inventory recorded in the statement of financial position at June 30, 2006 or the related movements recorded in the statement of financial performance for the twenty four month period then ended.

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

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

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

Other Matters:

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

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

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

(continued)

Other Matters (continued):

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

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

Non-Compliance with International Financial Reporting Standards

IAS 1 "Presentation of Financial Statements" requires that an entity presents a complete set of financial statements at least annually. These financial statements have been prepared for a twenty four month period and are therefore not in compliance with the requirements of International Financial Reporting Standards.



Alastair Swarbrick MA(Hons), CPFA
Auditor General

February 23, 2012
Cayman Islands

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Position

June 30, 2006
(expressed in Cayman Islands dollars)

	Note		2006	2004
Assets				
Cash and cash equivalents	3		1,670,969	622,278
Accounts receivable	8		383,966	10,920
Deposits and prepaid expenses			17,997	12,215
Inventories	4		88,855	63,374
Fixed assets	5		51,897	64,820
Collections, exhibits and artifacts	1,2		0	0
Total assets		CI$	2,213,684	773,607
Liabilities and equity				
Liabilities				
Accounts payable and accrued liabilities			45,090	21,247
			45,090	21,247
Equity				
Accumulated surplus			1,493,367	502,983
Restricted funds	6		74,102	49,377
Contingency reserve	7		200,000	200,000
Contributed capital	9		401,125	0
			2,168,594	752,360
Total liabilities and equity		CI$	2,213,684	773,607

See accompanying notes to financial statements.

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

OMAR McLEAN
_____ Chairperson

TARON L. JACKMAN
_____ Treasurer

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Financial Performance

For the twenty four month period from July 1, 2004 to June 30, 2006 (with comparative figures for the eighteen month period January 1, 2003 to June 30, 2004)
(expressed in Cayman Islands dollars)

	Note		2006	2004
Revenues				
Government grants and contributions	8		1,431,739	1,223,038
Insurance claim	9		686,378	0
Product sales			226,291	224,913
Interest and other income			19,738	8,213
Rental income			15,450	16,150
Fundraising income and donations			15,086	13,363
Admissions			7,513	54,151
Membership dues			1,220	5,150
			2,403,415	1,544,978
Expenses				
Staff costs	9		526,052	715,108
Facility expenses	9		338,089	222,223
Rent expenses			226,210	126,069
Administration and other expenses			159,569	93,809
Cost of goods sold			97,022	121,705
Depreciation	2,5		54,114	66,876
			1,401,056	1,345,790
Restricted funds				
Contributions received	6		50,620	19,415
Expenditure	6		(25,895)	0
			24,725	19,415
Collection items purchased but not capitalised			11,975	10,094
Surplus for the period		CI$	1,015,109	208,509

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Changes in Equity

For the twenty four month period from July 1, 2004 to June 30, 2006 (with comparative figures for the eighteen month period January 1, 2003 to June 30, 2004)
(expressed in Cayman Islands dollars)

		Accumulated Surplus	Contingency reserve (Note 7)	Restricted Funds (Note 6)	Contributed capital	Total
Balance at January 1, 2003		313,889	200,000	29,962	0	543,851
Surplus for the period		208,509	0	0	0	208,509
Transfer from unrestricted to restricted funds for the period		(19,415)	0	19,415	0	0
Balance at July 1, 2004		502,983	200,000	49,377	0	752,360
Surplus for the period		1,015,109	0	0	0	1,015,109
Capital contribution (note 9)		0	0	0	401,125	401,125
Transfer from unrestricted to restricted funds for the period		(24,725)	0	24,725	0	0
Balance at June 30, 2006	CI$	1,493,367	200,000	74,102	401,125	2,168,594

See accompanying notes to financial statements.

CAYMAN ISLANDS NATIONAL MUSEUM

Statement of Cash Flows

For the twenty four month period from July 1, 2004 to June 30, 2006 (with comparative figures for the eighteen month period January 1, 2003 to June 30, 2004)
(expressed in Cayman Islands dollars)

	Note		2006	2004
Cash provided by/(used in):				
Operating activities				
Surplus for the period			1,015,109	208,509
Adjustments for items not involving cash:				
Depreciation			54,114	66,876
Movement in provision for slow moving inventory			(24,845)	905
Net changes in operating assets and liabilities:				
Accounts receivable			(373,046)	(5,582)
Deposits and prepaid expenses			(5,782)	(9,715)
Inventories			(636)	4,814
Accounts payable and accrued expenses			23,843	(12,538)
			688,757	253,269
Investing activities				
Purchase of fixed assets	5		(41,191)	(24,135)
			(41,191)	(24,135)
Financing activities				
Capital contribution			401,125	0
			401,125	0
Net increase in cash and cash equivalents			1,048,691	229,134
Cash and cash equivalents, beginning of period			622,278	393,144
Cash and cash equivalents at end of period	3	CI$	1,670,969	622,278

See accompanying notes to financial statements.

1. Background information

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

The Museum holds a collection in excess of 7,500 artifacts that have been donated, transferred, purchased or found, with the majority being donations. Artifacts are documented in the Museum's Accession Register, and are used in research or are held in exhibition for public service. The research collections (those that are not on exhibit at the Museum) are kept at the Museum Support Facility in a purpose built, environmentally controlled vault for preservation.

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

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

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

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

2. Significant accounting policies

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

(a) Reporting periods

The financial statements as of June 30, 2006 have been prepared for the twenty four month period from July 1, 2004 to June 30, 2006. The financial performance and cash flows of the Museum is not entirely comparable with the prior period financial statements as of June 30, 2004, which have been prepared for the eighteen month period from January 1, 2003 to June 30, 2004.

(b) Cash and cash equivalents

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

2. Significant accounting policies (continued)

(c) Accounts Receivable

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

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

(d) Inventories

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

(e) Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses.

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

Depreciation is charged to write off the cost of the asset over their estimated useful life of 5 years, using the straight-line method. Leasehold improvements in the current year are depreciated over the remaining period of the lease.

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

Repairs and maintenance are charged to expenses as incurred.

(f) Income Recognition

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

(g) Government Grants

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

(h) Foreign Currency Translation

Transactions during the year and assets and liabilities at the statement of financial position dates denominated in United States dollars are translated into Cayman Islands dollars at a fixed rate of US$1.00 = CI$0.82. Gains and losses on foreign currencies, if any, are included in administration and other expenses.

2. Significant accounting policies (continued)

(i) Use of Estimates

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

(j) Collections, Exhibits and Artifacts

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

(k) Contributed Services

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

(l) Fair value of financial instruments

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

(m) Restricted funds

Restricted funds are derived from gifts, grants, and contracts received by the Museum for operating purposes but restricted by donors, grantors, and outside agencies as to the specific purpose for which the funds may be expended. As these funds have traditionally not been reimbursable, and the Museum does not consider there to be a legal or constructive obligation to do so, they form a part of the Museum's equity position as reflected on the Statement of Financial Position. Contributions that are restricted for specific purposes by the donor must be used as intended and cannot fund other activities or general operations without the proper consent of the original donor.

(n) Comparative figures

Certain of the prior period figures have been reclassified to conform with the current period's presentation

3. Cash and cash equivalents

		2006	2004
Current accounts		1,356,523	322,094
Fixed deposits		314,446	300,184
	CI$	1,670,969	622,278

Included in cash and cash equivalents are temporary restricted funds of CI$74,102 (2004: CI$49,377) which may only be used as described in Note 6. In addition, CI$200,000 of the fixed deposit balance is considered to comprise part of the Museum's contingency reserve (see Note 7).

4. Inventories

		2006	2004
Inventory at average cost		88,855	88,219
Less: provision for slow moving items		0	(24,845)
	CI$	88,855	63,374

5. Fixed assets

Fixed assets consist of the following:

	Furniture, fixtures & equipment	Computer hardware & software	Leasehold improvements	Total
Cost:				
Balance at beginning of period	351,962	53,941	736,774	1,142,677
Additions during the period	0	3,069	38,122	41,191
	351,962	57,010	774,896	1,183,868
Accumulated depreciation:				
Balance at beginning of period	(326,500)	(47,492)	(703,865)	(1,077,857)
Depreciation expense during the period	(22,630)	(4,579)	(26,905)	(54,114)
	(349,130)	(52,071)	(730,770)	(1,131,971)
Net book value at June 30, 2006	2,832	4,939	44,126	51,897
Net book value at June 30, 2004	25,462	6,449	32,909	64,820

During the period ended June 30, 2006, an improvement to the Museum building (Old Courts Building), which includes replacement of flat roofs and metals, was completed in October 2005 and expensed under facility expenses in the statement of financial performance. The Museum building is owned by the Cayman Islands Government and therefore is not considered an asset of the Museum (see Note 9).

6. Temporary restricted funds

Fund balances are temporarily 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, 2006, CI$12,812 (June 30, 2004: CI$8,712) remained in the temporary restricted account.

6. Temporary restricted funds (continued)

Powell's

During the period ended December 31, 1997, the Museum received a government grant of CI$25,000 for specific projects including creating a business plan, architectural surveys, condition reports, and maintenance planning for the Powell Heritage Museum in West Bay. As at June 30, 2006 and 2004, CI$20,250 remained in the temporary restricted account.

McCoy Prize Award

During the period ended December 31, 2002, Harris McCoy donated CI$1,000 to hold for the winner of the McCoy prize. A further CI$20,900 was donated by the chairman during the period ending June 30, 2006. As at June 30, 2006, CI$4,168 (June 30, 2004: CI$430) remained in the temporary restricted account.

New Building

During the period ended June 30, 2004, the Museum received donations in the amount of CI$9,840 for the new museum building. As at June 30, 2006 and 2004, CI$9,840 remained in the temporary restricted account.

Maritime Heritage Trail

During the period ended June 30, 2004, the Department of Tourism donated CI$20,000 for the Maritime Heritage Trail. As at June 30, 2006, CI$1,412 (June 30, 2004: CI$10,145) remained in the temporary restricted account.

Exhibitions

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

Recovery

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

6. Temporary restricted funds (continued)

Following is the movement of temporary restricted fund during the period:

	Archaeology	Powell's	McCoy Prize	New Building	Maritime Heritage Trail	Exhibitions	Recovery	**Total**
Balance at July 1, 2004	8,712	20,250	430	9,840	10,145	0	0	49,377
Temporary restricted:								
Receipts:								
Donations	4,100	0	20,900	0	0	4,920	20,700	50,620
	4,100	0	20,900	0	0	4,920	20,700	50,620
Disbursements:								
Prizes and awards	0	0	17,162	0	0	0	0	17,162
Advertising	0	0	0	0	8,733	0	0	8,733
	0	0	17,162	0	8,733	0	0	25,895
Balance at June 30, 2006	**12,812**	**20,250**	**4,168**	**9,840**	**1,412**	**4,920**	**20,700**	**74,102**

7. Contingency reserve

At June 30, 2006, the Museum's equity includes a contingency reserve of CI$200,000 (2004: CI$200,000). The contingency reserve was established by the Board of Control and Trustees as a precautionary measure to meet costs of overcoming any disaster that might befall the Museum in the future and is equal to the estimated operating costs of the Museum for a six month period. The contingency reserve is in the form of fixed deposits included in cash and cash equivalents (see Note 3).

8. Government grants

During the period ended June 30, 2006, the Museum received grants totalling CI$1,431,739 (2004: CI$1,223,038) from the Cayman Islands Government, of which CI$377,526 is included in accounts receivable at period end (2004: CI$Nil).

9. Related party transactions

Controlling Entity

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

Contributed Capital

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

Museum Building

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

Property Insurance

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

During the period ended June 30, 2006, total insurance premium allocated to the Museum amounted to CI$11,479 (2004: CI$24,574). This amount is shown as facilities expenses in the statement of financial performance.

On May 25, 2006, the Museum received funds from the Cayman Islands Government amounting to CI$686,378 as part of the first hurricane insurance payment. This amount is shown as revenue in the statement of financial performance.

Ministry employees

During the period ended June 30, 2006, the Director for the Museum was employed under the Ministry. The total remuneration paid by the Ministry to the Director amounted to CI$143,790 (2004: CI$112,068).

The Collections Manager, who is an employee of the Ministry, works for the Museum on a secondment contract. The total remuneration paid by the Ministry to the Collections Manager amounted to CI$78,216 (2004: CI$60,610) during the period.

The Director and Collections Manager remuneration and other expenditures, the details of which are not available to the Museum, formed part of the Ministry's expenditures and are not reflected in the statements of financial performance of the Museum.

9. Related party transactions (continued)

Donations

During the period ended June 30, 2006, the Chairperson of the Board of Control made donations to Museum amounting to CI$20,900 for the McCoy prize award.

Accounting Services

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

The total accounting fees paid to Deloitte during the period amounted to CI$4,412.

Gift Shop Sales

During the period ended June 30, 2006, total Museum sales to other Government entities for the provision of items such as national flags, pins and coat of arms amounted to CI$12,820.

10. Pension plan

The Museum participates in a defined contribution pension plan in accordance with the provisions of the Cayman Islands National Pensions Law. Contributions for the period ended June 30, 2006 included in staff costs in the statement of financial performance amounted to CI$24,213 (2004: CI$23,956).

11. Concentration of credit risk

At June 30, 2006, the Museum held CI$1,670,969 (2004: CI$622,278) in financial instruments represented by cash and cash equivalents at one financial institution in the Cayman Islands. As such, the Museum is exposed to credit related losses in the event of non-performance by the financial institution. However, given the high credit rating of this financial institution, the Board of Control does not anticipate any material losses as a result of this concentration.

12. Commitments and contingencies

On April 1, 2005, the Museum began leasing its Support Facility under an operating lease which expires on March 31, 2008.

		2006	2004
Minimum lease payments			
Payable within one year		150,000	19,845
Payable from one to two years		112,500	19,845
	CI$	262,500	39,690

The Museum also leases storage and parking premises under an operating lease. During the twenty four month period ended June 30, 2006 the Museum made lease payments of CI$226,210 (2004: CI$126,069).

13. Subsequent events

Insurance payment

On November 7, 2006, the Museum received funds from the Cayman Islands Government amounting to CI$200,251 which was used for the refurbishment of the Old Courts building and conservation programs. These funds were part of the second and final hurricane insurance payments to the Cayman Islands Government.

Museum Building Refurbishment

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

On April 2, 2007, the Museum entered into a contract with Unit Construction Ltd. for the refurbishment of the Old Courts Building, amounting to CI$350,477. However, additional work was done and initial estimates have increased over time.

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

13. Subsequent events (continued)

Museum Building Refurbishment (continued)

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

Government Funding

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

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

Museum Re-opening

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

Controlling Entity

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

Extension of Support Facility lease agreement

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

14. Accounting period

Financial year ending June 30, 2004

In June 2004, the Museum has changed its financial year from year ending December 31 to June 30 to coincide with the Cayman Islands Government's fiscal year which ends in June 30 of each year.

The financial statements as of June 30, 2004 reflect the Museum's financial performance for the period of eighteen months.

Financial year ending June 30, 2006

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

The Museum management has elected to combine the financial statements for the twenty four month period as majority of the transactions during the period only relates to the rebuilding of the Museum following the Hurricane Ivan in September 2004.