Financial Statements for the Year Ended December 31, 2014

The Cayman Islands Chamber of Commerce Financial Statements

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INDEPENDENT AUDITOR'S REPORT

To the Council

The Cayman Islands Chamber of Commerce

We have audited the accompanying financial statements of The Cayman Islands Chamber of Commerce (the "Chamber"), which comprise the statement of financial position as at December 31, 2014, and the statements of comprehensive income/(loss), changes in members' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Council, as a body. Our audit work has been undertaken so that we might state to the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chamber and the Council, as a body, for our audit work, for this report, or for the opinion we have formed.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on 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 control relevant to the Chamber'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.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of The Cayman Islands Chamber of Commerce as at December 31, 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

EisnerAmper Cayman Ltd.

Grand Cayman, Cayman Islands

EisnerAmper Cayman Ltd.

November 24, 2015

Statement of Financial Position as at December 31, 2014 (Expressed in Cayman Islands Dollars)

		31 December	31 December
	<u>Note</u>	<u>2014</u>	<u>2013</u>
Current Assets		<u>\$</u>	<u>\$</u>
Cash and cash equivalents	3	314,900	312,590
Trade receivables		13,811	23,057
Prepaid expenses		8,535	4,690
		337,246	340,337
Non-Current Assets			
Property and equipment	4	35,465	81,468
Refundable deposits		1,000	1,000
		36,465	82,468
Total Assets		373,711	422,805
Current Liabilities			
Accounts payable and accrued expenses	5	10,877	45,747
Current portion of finance lease liability	6	325	3,836
Unearned revenue		31,597	64,049
Total Liabilities		42,799	113,632
Equity			
Members' equity		330,912	309,173
Total Liabilities and Members' Equity		373,711	422,805

The financial statements were approved by the Chamber and authorized for issue on November 24, 2015 and are signed on its behalf by:

Board Member: Wayne Cowan

Board Member: Johann Moxam

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

Statement of Comprehensive Income/(Loss)
For the year ended December 31, 2014
(Expressed in Cayman Islands Dollars)

	<u>Note</u>	31 December 2014 \$	31 December 2013 \$
Income			
Membership dues		325,160	320,279
Program income		220,536	307,603
Training courses		72,554	90,259
Rental income		49,280	51,596
Fundraising		30,350	33,621
Publications and mailing income		20,075	19,684
Administrative income		13,290	9,585
Membership functions		-	5,600
Website		1,250	2,350
Interest income		380	478
Donations		41	26
Other income		1,589	650
Total Income		734,505	841,731
Expenses			
Salaries and benefits	9	289,245	332,378
Program expenses	Ü	112,626	176,448
Rent		122,710	129,111
Training expenses		45,084	55,977
Depreciation	4	46,707	38,770
Office expenses	•	35,120	38,372
Fundraising		13,573	21,201
Utilities		12,814	14,440
Telephone		11,651	13,101
Membership functions		1,867	11,411
Publications and mailing expenses		9,813	9,075
Conference expenses		2,230	7,479
Stamp duty		_,	4,652
Professional fees		5,000	5,000
Insurance		3,551	3,661
Dues and subscriptions		775	570
Miscellaneous		-	39
Total Expenses		712,766	861,685
Finance Costs			
Finance costs on lease liability			979
Comprehensive Income/(Loss)		21,739	(20,933)

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

Statement of Changes in Members' Equity For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

	31 December 2014 \$	31 December 2013 \$
Members' equity, beginning of year	309,173	330,106
Comprehensive income/(loss)	21,739	(20,933)
Members' equity, end of year	330,912	309,173

Statement of Cash Flows For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

Cash Flows from Operating Activities	31 December 2014 \$	31 December 2013 \$
Comprehensive income/(loss)	21,739	(20,933)
Adjustments to reconcile comprehensive income/(loss) to net cash flows provided by operating activities: Adjustment for depreciation for the year Decrease in trade receivables (Increase)/Decrease in prepaid expenses (Decrease)/Increase in accounts payable and accrued expenses Decrease in unearned revenue	46,707 9,246 (3,845) (34,870) (32,452)	38,770 8,924 4,912 28,283 (42,139)
Net cash provided by operating activities	6,525	17,817
Cash Flows from Investing Activity		
Purchase of property and equipment	(704)	(37,940)
Cash Flows from Financing Activity		
Payment of finance lease liability	(3,511)	(2,659)
Increase/(Decrease) in cash and cash equivalents	2,310	(22,782)
Cash and cash equivalents – beginning of year	312,590	335,372
Cash and cash equivalents – end of year	314,900	312,590
Supplemental Disclosure:		
Interest expense paid		1,734

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

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

1. Principal Activity

The Cayman Islands Chamber of Commerce (the "Chamber") was incorporated under the Companies Law of the Cayman Islands on March 26, 1965. The principal activity of the Chamber is the promotion and protection of trade and business in the Cayman Islands.

The registered office of the Chamber is Unit 4-107, Governors Square, 23 Lime Tree Bay Avenue, West Bay Road, P.O. Box 1000, George Town, Grand Cayman, KY1-1102, Cayman Islands.

The financial statements were approved by the Council on November 24, 2015.

2. Significant Accounting Policies

Basis of Preparation

The Chamber's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention modified by fair valuation of certain financial assets and liabilities.

The Chamber's financial statements are measured using the currency of the primary economic environment in which it operates, this being the Cayman Islands dollar. In addition, the Chamber has adopted the Cayman Islands (CI) dollar as its presentation currency.

Use of Estimates

The preparation of financial statements in conformity with IFRS 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Property and equipment are depreciated on a straight line basis over their expected useful life, as follows:

Office equipment - 4 years
Leasehold improvements - Life of lease
Furniture and fixtures - 5 years
Information technology - 3 years
Promotional equipment - 5 years

The carrying amounts of property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such condition exists, then the asset's recoverable amount is estimated. An impairment loss is recognized if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive income/(loss).

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments carried on the statement of financial position include cash and cash equivalents, trade receivables, accounts payable and accrued expenses, and finance lease liability. The carrying values of these financial instruments approximate their fair values due to their short-term nature.

Classification

Financial assets that are classified as loans and receivables are carried at amortized cost and included in trade receivables. Financial liabilities that are not at fair value through profit and loss are carried at amortized cost and included in accounts payable and accrued expenses.

Recognition

The Chamber recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument. A regular way purchase of a financial asset is recognized using trade date accounting. From this date, any gains and losses arising from changes in the fair value of the financial assets or financial liabilities are recorded.

Measurement

Financial instruments are measured initially at fair value (transaction price) plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, all instruments classified at fair value through profit and loss are measured at fair value with changes in their fair value recognized in the statement of comprehensive income/(loss).

Impairment of Financial Assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows generated by the asset, discounted at the original effective interest rate.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in the statement of comprehensive income.

Leases

Finance leases that transfer to the Chamber all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at fair value. Lease payments are apportioned between finance costs, service charges, and the lease liability. The leased asset is depreciated over the useful life of the asset.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income/(loss) on a straight line basis over the lease term.

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Chamber considers all highly liquid investments, with original maturities of less than ninety days, which are not held for sale in the ordinary course of business, as cash and cash equivalents. All cash and cash equivalents are held at reputable financial institutions.

Income and Expenses

Membership income is provided on a calendar year basis and dues are generally recognized as income when they are received, which approximates the accrual basis. Other income is generally recognized on a cash basis which approximates the accrual basis.

Expenses are accounted for on the accrual basis.

Unearned Revenue

Unearned revenue at year-end comprise of collections from members towards membership fees for the proceeding year, registration fees received for various tuition courses to be conducted after the year-end, and sponsorship revenue for events to be held after the year-end.

Pensions and Other Post-Retirement Benefits

On June 1, 1998, the Chamber joined The Cayman Islands Chamber of Commerce Pension Plan, a defined contribution pension fund, in accordance with the Cayman Islands National Pensions Law and the employer and employees began monthly contributions at a rate of up to 5% each.

Defined pension contributions are charged to the statement of comprehensive income/(loss).

Government Grants

Government grants are recognised where there is a reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs are expensed. When the grant relates to an asset, it is recognized as income in equal amounts over the expected useful life of the related asset.

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

2. Significant Accounting Policies (continued)

Income Taxes

There is no tax levied on income or profits in the Cayman Islands; accordingly, no provision for income taxes is made in these financial statements.

Foreign Exchange

Monetary assets and liabilities denominated in foreign currencies are translated into CI dollars at the year-end rates of exchange and the resulting gains and losses are included in the results for the year. Income and expenses denominated in foreign currencies are translated at the rates of exchange prevailing on the date the transactions are recognized. Foreign currency transactions are mostly in United States dollars and translated at a fixed rate versus the Cayman Islands dollar.

Changes in Accounting Policies and Disclosures

Standards issued but not yet effective

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Chamber's financial statements are disclosed below. The Chamber intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9, was issued in July 2014, and replaces International Accounting Standards 39 Financial Instruments: Recognition and Measurement when it becomes effective or upon early adoption. The standard is effective for annual periods beginning on or after January 1, 2018 and can be early adopted. IFRS 9 provides guidance on the classification and measurement of financial assets and financial liabilities, impairment, and hedge accounting. The adoption of IFRS 9 will primarily have an effect on the classification of the Chamber's financial assets and is not expected to have an impact on its financial position or financial performance.

3. Cash and Cash Equivalents

Cash and cash equivalents consists of the following:

<u>2014</u>		<u>2013</u>
\$ 59,930	\$	58,009
254,970		254,581
\$ 314,900	\$	312,590
\$ 	\$ 59,930 254,970	\$ 59,930 \$ 254,970

4. Property and Equipment

Property and equipment consist of the following:

2014											
	E	Office quipment		Leasehold rovements	Fur	niture and Fixtures		formation echnology		motional Juipment	Total
Cost:											
At January 1, 2014	\$	41,067	\$	89,772	\$	25,160	\$	54,595	\$	825	\$ 211,419
Additions		704		-		-		-		-	704
At December 31, 2014		41,771		89,772		25,160		54,595		825	212,123
Accumulated Depreciation:											
At January 1, 2014		28,139		59,603		16,170		25,517		522	129,951
Depreciation for the year		11,230		17,954		4,566		12,791		166	46,707
At December 31, 2014		39,369		77,557		20,736		38,308		688	176,658
Net Book Value:											
At December 31, 2014		2,402		12,215		4,424		16,287		137	35,465

			201	3				
	E	Office quipment	Leasehold rovements	Fur	niture and Fixtures	 formation echnology	 notional uipment	Total
Cost:								
At January 1, 2013		33,012	89,406		25,160	25,076	825	173,479
Additions		8,055	366		-	29,519	-	37,940
At December 31, 2013		41,067	89,772		25,160	54,595	825	211,419
Accumulated Depreciation:								
At January 1, 2013		21,392	41,661		11,329	16,442	357	91,181
Depreciation for the year		6,747	17,942		4,841	9,075	165	38,770
At December 31, 2013		28,139	59,603		16,170	25,517	522	129,951
Net Book Value:								
At December 31, 2013	\$	12,928	\$ 30,169	\$	8,990	\$ 29,078	\$ 303	\$ 81,468

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consist of the following:

	<u>2014</u>	<u>2013</u>
Trade payables	\$ 9,593	\$ 42,916
Credit card payable	579	2,126
Other payables	705	705
	\$ 10,877	\$ 45,747

6. Finance Lease Liability

On January 18, 2011, the Chamber entered into a Lease to Purchase Agreement with Cayman Business Machines Ltd. The total cost of the leased asset capitalized amounted to \$15,500 and it's carrying value as of December 31, 2014 is \$161 (2013: \$4,036). The payment terms are subject to an initial deposit of \$4,495 and monthly payments of \$447 for 48 months, of which there is an option to upgrade and continue the lease at the end of the 48 month period. During the year the Chamber has made total payments of \$5,364 (2013: \$4,917).

The finance lease liability is subject to an effective interest rate of 20% per annum. Future minimum lease payments under finance lease together with the present value of the net minimum lease payments are as follows:

	Di	ue within 1 year		Due atter 1 year and not later than 5 years	Due after 5 years
2014 Future minimum lease payments Less amounts representing finance and service charges Present value of lease payments	\$	447 (122) 325	\$	- - -	\$ - - -
2013 Future minimum lease payments Less amounts representing finance and service charges Present value of lease payments	\$ 	5,811 (1,975) 3,836	\$	- -	\$ - -

7. Financial Instruments and Related Risks

During the year, the Chamber entered into transactions which gave rise to the following financial assets and liabilities: cash and cash equivalents, trade receivables, accounts payable and accrued expenses, and finance lease liability.

Liquidity risk

Liquidity risk, also referred to as funding risk, is the risk that the Chamber will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of any liquid assets.

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

7. Financial Instruments and Related Risks (continued)

Liquidity risk (continued)

The table below summarizes the maturity profile of the Chamber's financial assets and liabilities as of December 31, 2014 and 2013 based on contractual undiscounted payments:

		Less than 3 months	N	lore than 3 months		Total
2014						
Financial assets:	•	244 200	•		•	244.000
Cash and cash equivalents	\$	314,900	\$	-	\$	314,900
Trade receivables		13,811		-		13,811
		328,711		-		328,711
Financial liabilities:						
Accounts payable and accrued expenses		10,877		-		10,877
Finance lease liability		325				325
·	\$	11,202	\$	-	\$	11,202
2013						
Financial assets:						
Cash and cash equivalents	\$	312,590	\$	_	\$	312,590
Trade receivables	*	23,057	•	_	*	23,057
		335,647		-		335,647
Financial liabilities:		•				
Accounts payable and accrued expenses		45,747		_		45,747
Finance lease liability		1,094		2,742		3,836
i manoo loado liability	\$	46,841	\$	2,742	\$	49,583
	Ψ	70,041	Ψ	2,142	Ψ	+3,303

Credit risk

The Chamber is exposed to credit risk on its cash and cash equivalents and trade receivables. Failure of the transaction counterparty to perform their obligations under the financial instruments may lead to a financial loss. The Chamber minimizes its exposure to credit risk on these assets by conducting transactions with a reputable banking institution with a sound credit rating. The extent of the Chamber's exposure to credit risk in respect of its financial assets approximates their carrying values as recorded in the Chamber's financial statements.

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

7. Financial Instruments and Related Risks (continued)

Credit risk (continued)

The table below summarizes the credit quality and aging analysis of the Chamber's financial assets as at December 31, 2014 and 2013:

	N	either past due	nor	impaired				
		High Grade		Standard Grade	F	Past due but not impaired	Pa	st due but impaired
2014		•				-		
Cash and cash equivalents	\$	314,900	\$	-	\$	-	\$	-
Trade receivables		-		13,811		-		-
		314,900		13,811		-		-
2013		·		·				
Cash and cash equivalents		312,590		-		-		-
Trade receivables		-		23,057		-		-
	\$	312,590	\$	23,057	\$	-	\$	-

Interest rate risk

The Chamber is not subject to significant amounts of risk due to fluctuation in the prevailing levels of market interest rates. Cash and cash equivalents bear interest at short-term market interest rates. The Chamber is exposed to interest rate risk to the extent that prevailing interest rates may fluctuate on its cash and cash equivalents. The maximum exposure to interest rate risk is represented by the carrying amount of cash and cash equivalents in the statement of financial position.

8. Commitments and Contingencies

The Chamber leased its premises under an operating lease that expired on August 31, 2013 and renewed the lease agreement which will expire on August 31, 2018. The total of future minimum lease payments under its non-cancellable operating lease is analyzed in the table below:

2014 Future minimum lease payments	Due within 1 year			Due atter 1 year and not later than 5 years		Due after 5 years	
	\$	110,049	\$	225,942	\$		
2013 Future minimum lease payments	\$	122,710	\$	335,991	\$		

The future minimum lease payment does not include maintenance fees for the period commencing from September 1, 2015 as such fees will be charged by the lessor based on actual amounts which are not known as at December 31, 2014.

Notes to the Financial Statements For the year ended December 31, 2014 (Expressed in Cayman Islands Dollars)

9. Salaries and Benefits

Salaries and benefit includes pension contribution paid to The Cayman Islands Chamber of Commerce Pension Plan amounting to \$15,937 (2013: \$18,873).

Short-term employee benefits related to its key management personnel amounted to \$168,589 (2013: \$168,589).

Accounting and other services were obtained from parties related to key management personnel amounting to \$5,000 (2013: \$15,342). An outstanding payable as at December 31, 2014 amounted to \$5,000 (2013: \$10,000).

10. Capital Management

The Chamber's objective when managing capital is to safeguard the Chamber's ability to continue as a going concern and security of capital.

All surplus funds are maintained in secure, highly liquid cash checking and deposit accounts.

11. Subsequent Events

From January 1, 2015 to November 24, 2015 there were no subsequent events which have taken place to be disclosed in the financial statements.