



Sister Islands Affordable
Housing Development
Corporation

ANNUAL REPORT
2024





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Sister Islands Affordable Housing Development Corporation

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Foreword by the Chairman

On behalf of the Board of Directors of the Sister Islands Affordable Housing Development Corporation (“SIAHDC” or “the Corporation”), I am pleased to present the Annual Report for the financial year ended December 31, 2024.

Dave Tatum
Chairperson & Director

As we enter 2025, we also reflect on the past year, a year in which the Corporation has made further strides on the journey to see the construction of affordable homes within the near future. We continue to remain resolute in our commitment to providing quality, affordable housing and 2024 was a year of momentum, action, and achievement.

One of the key milestones of the past year was the Board of Governance Training held in May 2024, which further strengthened the Board’s ability to follow the rule of law and best practices to ensure efficient and transparent leadership of the Corporation. This training has reinforced our commitment to transparency, accountability, and sound decision-making as we advance our mission.

On the development front, we have made tangible progress, with land clearing and filling of lots on the Bluff. Also, we have received Planning approvals for our housing plans and further engaged the process (to be completed in 2025) of procuring suitable and qualified contractors of affordable homes. This marks a crucial step forward, as we prepare for the construction of new homes in the coming months and also explore possible solutions to bridge the gap between the cost of construction prevailing in the market and what our clients are able to afford. Our efforts to expand housing opportunities have also been reflected in the approval of a growing number of applications this year, bringing more families closer to homeownership in the Sister Islands.

Financially, we continue to operate with stability, ensuring that our resources are managed efficiently to support long-term sustainability. The strong collaboration with the Ministry of District Administration and Lands as well as other government agencies and stakeholders has been instrumental in advancing our goals, and we remain committed to building on these partnerships as we move forward.

Looking ahead, 2025 will be a pivotal year as we transition from planning to action, as we are closer to begin home construction. We are excited to bring these projects to life, providing more affordable housing options and fulfilling our mission to build stronger, more resilient communities.

I extend my sincere gratitude to our Board, the Ministry staff, stakeholders, and the wider community for their continued support. Together, we are making homeownership a reality for more families in the Sister Islands.



Sister Islands Affordable
Housing Development
Corporation

Scope of Activities

The scope of the Sister Islands Affordable Housing Development Corporation activities is as follows:

- ◆ Construction of affordable homes to be sold to the Caymanian public in the Sister Islands at an affordable price.



Strategic Goals & Objectives



Goals

- ◆ To become a well-structured, efficiently managed organization that is fair and prudent in its processing and selection of eligible applicants for the affordable homes offered by the Corporation.
- ◆ To identify the housing needs of Caymanians in the Sister Islands and to continue developing affordable homes to meet these needs and which will contribute to the economic development of the Sister Islands.



Objectives

- ◆ Where necessary, to seek out additional funding for future development of affordable housing that have been identified as an imperative need in the economic development of the Sister Islands.
- ◆ To continue a close working relationship with the local construction industry in the Sister Islands.
- ◆ To develop new homes for the households in the Sister Islands community.
- ◆ To ensure that the Sister Islands Affordable Housing Development Corporation is managed in an efficient and prudent manner.

Vision & Values

Vision

The SIAHDC's vision is to be recognised as one of the best social housing development organizations in the Cayman Islands, providing high quality affordable built houses as great homes for Cayman Brac and Little Cayman communities.

Values

Integrity

SIAHDC as a Government Company will work to the highest ethical standards as it provides affordable housing service to the communities of Cayman Brac & Little Cayman.

Diversity

SIAHDC will promote equality and fair treatment for all, treating its customers and stakeholders with decency and respect.

Openness

SIAHDC will be open about its work and share information with all its stakeholders.



Accountability

SIAHDC will be accountable to its stakeholders and will work with them to meaningfully influence our priorities.



Clarity

SIAHDC will be consistently clear about its vision, values and strategy.



Excellence

SIAHDC will aspire to be the best in providing quality customer service and standards of performance.

2024 Results

Financial Performance Measures (\$'000's)	2024 Target \$'000	2024 Actual \$'000
Revenue from Cabinet	75	-
Revenue from Ministries, Portfolios, Statutory Authorities, and Government Companies	-	-
Revenue from Others	2,022	55
Operating Expenses	(2,240)	(44)
Operating Surplus/Deficit	(163)	11
Net Worth (\$'000's)	1,669	2,492
Cash Performance (\$'000's)		
Cash Flows from Operating Activities	274	81
Cash Flows from Investing Activities	-	22
Cash Flows from Financing Activities	500	-
Change in Cash Balances	774	59
Financial Performance Ratios		
Current Assets: Current Liabilities	62.22:1	9.36:1
Total Assets: Total Liabilities	76.90:1	10.80:1
Human Capital Measures		
Total full-Time Equivalent Staff Employed	-	-
Physical Capital Measures		
Value of Total Assets	323	2,746
Asset replacements: Total Assets	0%	0%
Book value of Assets: Cost of those assets	99%	99%
Depreciation: Cash Flow on Asset Purchases	-	-
Changes to Asset Management Policies	None	None
Major New Capital Expenditure Projects		
Construction Of 3 Houses for Sale	250	-
Total	250	-
Equity Investments into Sister Islands Affordable Housing Corporation	500	-

Establishment & Principal Activities



The Sister Islands Affordable Housing Development Corporation ("SIAHDC") was incorporated as a non-profit company on the 1st of June 2006 and is a wholly owned Government entity.



The main purpose of The SIAHDC is to promote affordable home ownership on Cayman Brac and Little Cayman. Four (4) homes were previously built in Watering Place and twenty-one (21) in West End.



The SIAHDC is committed to providing high-quality, concrete-constructed freehold homes that are fully owned by successful applicants. To achieve this goal, the Corporation collaborates closely with the Public Works Department and the Ministry of District Administration & Lands.



The SIAHDC operates in accordance with the Public Management and Finance Act and Regulations (Revised 2024) and adheres closely to the Ministry of District Administration & Lands' Procurement Policy. This includes a strong emphasis on ensuring value for money through transparent public tendering processes.



The financial statements were prepared in accordance with International Public Sector Accounting Standards. See Appendix 1 for the audited financial statements for the year ended 31 December 2024.

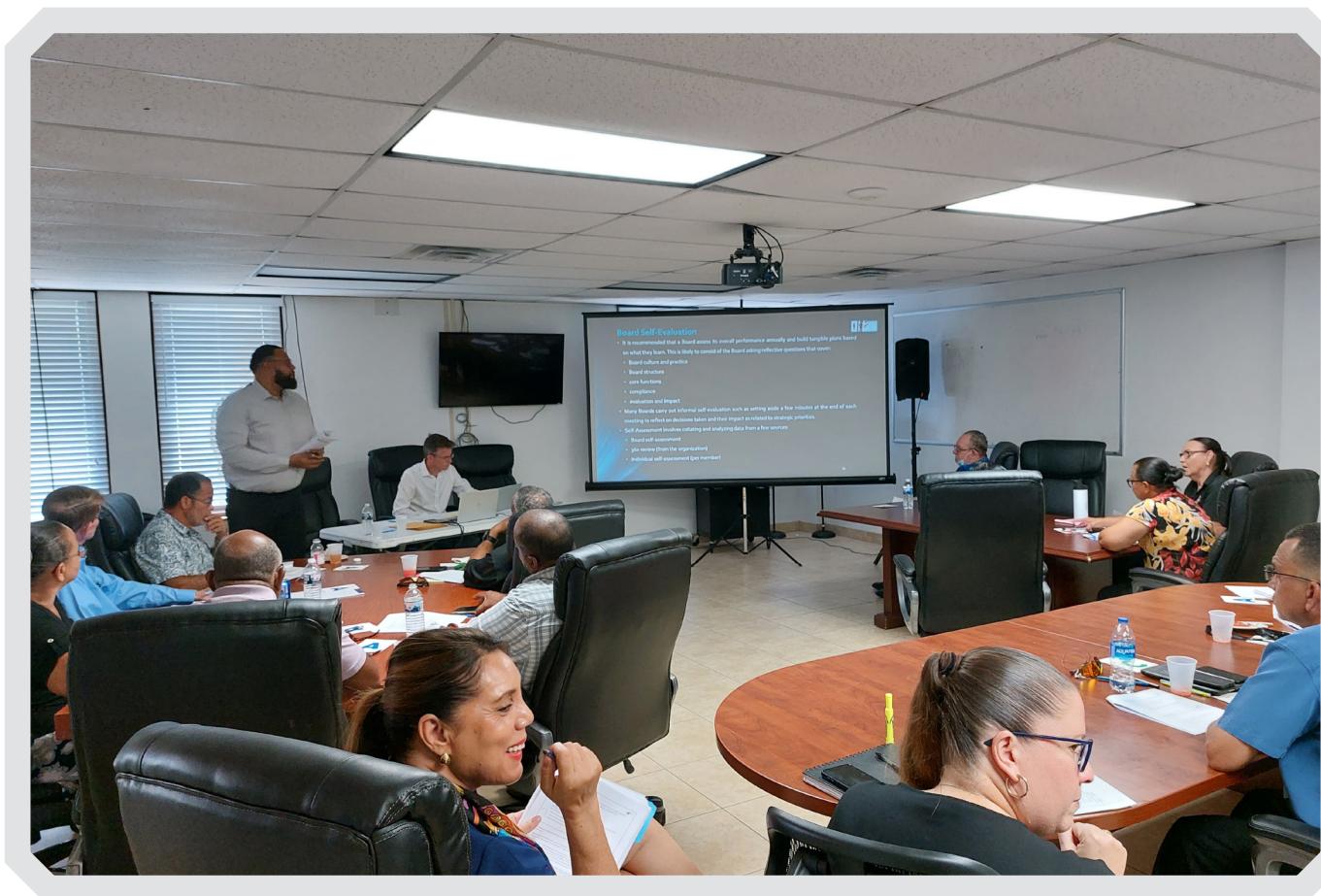
Board of Directors & Governance

The SIAHDC operates under By-Laws established in 2006, with governance and oversight of its performance entrusted to a ten-member Board of Directors. The Board is led by the Chairman and supported by the Chief Officer (or their Representative) and the Chief Financial Officer (or their Representative) from the Ministry responsible for District Administration & Lands. In addition, seven Directors are appointed by the Cabinet.

In accordance with the By-Laws, Board members serve voluntarily and receive no compensation

for their contributions. The majority are retired residents of the Cayman Brac community, offering a broad range of expertise in economics, accounting, banking, administration, architectural design, law, project management, and construction.

The Board meets regularly to assess key performance indicators affecting the Corporation's operations and implement corrective actions as needed.



For 2024 financial year, the Board was comprised of the following Directors

Mr. Dave Tatum
Chairperson & Director

Ms. Leila Elizabeth Hurlstone
Director (Retired - Dec 2024)

Ms Yvette Dilbert
Director

Mr. Robert Banks
Director

Mr. Mark Scotland
Director

Mr. Darrel Rankine
Director

Mr. Sidney O. Ebanks Jr.
Director

- ◆ **Chief Financial Officer** or Designate for the Ministry responsible for District Administration, Director (Ex-officio)
- ◆ **Chief Officer** or Designate for the Ministry responsible for District Administration, Director (Ex-officio)
- ◆ **District Commissioner**, Director (Ex-officio)

Our team brings decades of combined experience and diverse professional backgrounds.

2024 Highlights & Risk Management

The work carried out in previous years has now positioned the Corporation to continue the assessment of Applications for new homes. Our website now invites interested parties to begin the pre-application process by completing and submitting relevant documents.

To be eligible, an applicant must be a Caymanian who is at least eighteen (18) years of age, currently residing in the Cayman Islands, and live in a

Applicants will be considered for homes having the following features.

- ◆ 1 storey bungalow house
- ◆ 3 bedrooms, 2 bathrooms
- ◆ Living room
- ◆ Kitchen
- ◆ Dining
- ◆ Laundry closet
- ◆ Wired for central air conditioning
- ◆ Cement exterior
- ◆ Square footage will be approximately 1,073 sq. ft. to 1,200 sq. ft.
- ◆ Land lot acreage is approximately 0.25 acres
- ◆ Three locations on The Bluff
- ◆ Sunshine
- ◆ West End
- ◆ Spot Bay

Through the Government's ongoing support, the Corporation is working to make affordable home ownership an attainable goal. A crucial aspect of this process is to ensure potential homeowners are educated on the upfront costs and responsibilities associated with ongoing home ownership. Some of these costs could include:

- ◊ Loan fees (initial cost)
- ◊ House insurance (monthly/annual)
- ◊ Life Insurance (monthly/annual)
- ◊ Mortgage payment (monthly)

Ensuring applicants understand these requirements will improve their chances of successfully maintaining their homes in the long run.



Board and Administrative Matters:

- ◆ A Board of Governance training was held in May 2024 to strengthen governance practices and enhance strategic leadership.
- ◆ New Administrative Officer, Marquita Douglas who joined us in December 2023, has settled into her role, enhancing operational efficiency.
- ◆ The SIAHDC office at Eight Cottage East is now fully operational, enhancing our clients' accessibility and collaboration with the Lands & Survey Department.



Communication and Publicity:

- ◆ The SIAHDC website www.gov.ky/siah saw increased engagement, providing convenient access to information, policies, and application forms.
- ◆ Billboards were placed on the Bluff sites in 2024 to enhance visibility and community awareness of the housing development.



Stakeholder Engagement:

- ◆ Contractor Information Sessions were held to ensure alignment with project requirements and timelines.
- ◆ Positive feedback from stakeholders has reinforced our commitment to transparency and collaboration.



Applications Review:

- ◆ Several applications were reviewed and approved, pending finalization of subdivision and house plans.
- ◆ Updated home designs were introduced, incorporating energy-efficient features and hurricane-resistant materials.

Project management:

Business case

- ◆ During 2024 the business case for the SIAHDC homes was developed, and further reviewed and approved by the Public Procurement Committee (PPC).

◆ Technical updates

- ◆ Full Planning and BCU approvals were received for the plans.

◆ Sub-division updates

- ◆ Spot Bay (Bluff)
 - ◆ A small number of available lots were cleared and prepared for construction on the Bluff East site as per the approved drawings.
- ◆ Sunshine Dr (Bluff)
 - ◆ Additional lots are being prepared, including clearing of the lots for filling as well as installing road access.
- ◆ West End site
 - ◆ A small number of spots are being prepared at this location, with Planning/BCU approval being received for the lots on this site.

Financial Sustainability:

SIAHDC, having received a \$1.5 million equity injection at the end of 2023 is sufficiently poised to facilitate the construction of a number of affordable homes for sale and continue operations in the foreseeable future. Cash from operations and investment activities continue to support the minimal operating administrative and overhead costs.

\$1.5M

Equity injection at the end of 2023

Risk Management

As an affordable housing provider, the SIAHDC considers all its current activities to fall within its core business. Key challenges facing The SIAHDC include:

Key Risks Faced by Ministry/Portfolio	Change in Status from 2023	Actions to Mitigate Risks	Financial Value of Risks
Destruction, damage or loss of assets	Ongoing	Safeguard assets Contracts All Risk Insurance	Undetermined
Dwindling number of eligible applicants due to small community in Sister Islands	Ongoing	Closely monitor the need for this service Begin construction on a house only if a pre-qualifying applicant is available	Going concern of the Corporation
Applicants not qualifying for bank loans or opting out after the house has been completed	Ongoing	Board of Directors perform financial due diligence on clients prior to breaking ground	Not being able to sell a house for a long period of time therefore incurring maintenance costs
Potential budget reductions from Government to cover administrative costs of the Corporation	Ongoing	Two Ministry representatives attend all board meetings to keep abreast of the operations of the Corporation	Going concern of the Corporation

Financial Performance & Analysis

The Corporation was audited by the Office of the Auditor General and received an Unqualified Opinion (clean opinion) on its 2023 financial statements.

Operating Performance

The Corporation does not operate with a profit motive. Notwithstanding, through the prudent investing of its cash balances, the Corporation earned sufficient interest revenue to cover its operating expenses and achieve a modest surplus of \$10,526.

Revenue

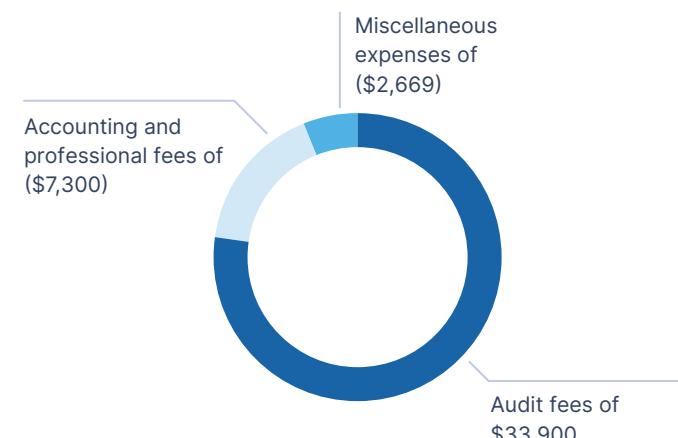
SIAHDC's sources of revenue are earned from the sale of housing units it produces; delivery of outputs to the Cayman Islands Government, and interest income from fixed deposits held at Cayman National Bank.

Revenue for fiscal year 2024 was primarily comprised of interest on fixed deposit. Cabinet is only accessed as a source of income where third party revenues are insufficient to cover the operating expenditures of the Corporation.

The Corporation did not earn revenue from housing sales in 2024 since no homes were completed or available for sale.

Expenditure

For 2024, the Corporation's largest expenditure was audit fees of \$33,900 accounting and professional fees of (\$7,300) and miscellaneous expenses of (\$2,669). These expenses were within budgeted expectations.



Financial Position

Cash and Cash Equivalents and Short Term Investments of \$2,372,532 was \$1,024,494 above the budgeted amount of \$1,348,038. This was mainly due to the lack of spending for construction activities.

Accounts receivable and Trade Receivables combined for \$13,033 less than budget. This is due to the absence of Cabinet billings and other sales activities in 2024.

Cash and Cash Equivalents of \$2,372,532 was \$1,024,494 above the budgeted amount of \$1,348,038

Property and equipment

The Ministry transferred out certain parcels of land from the Corporation, subdivided, and re-transferred smaller individual parcels to the Corporation during the year.

The budget anticipated that certain transfers would have been made to the public from housing sales; however, as this did not happen, the closing position for property plant and equipment showed a positive variance of \$43,472 when compared to the budget.

Trade Payables & Accruals

The combined balance of accrued audit fees of (\$33,900) and Trade payables and accruals (\$218,522) was \$230,425 more than the budget due to the combined effect of the late receipt of invoices which were paid subsequent to year-end, as well as financial obligations settled by the Ministry of MDAL on the Corporation's behalf. The Corporation did not fully reimburse the Ministry before December 31st, 2024.



Looking Forward

Looking ahead to 2025, the Corporation anticipates the completion of procurement activities that will enable construction activities for its next affordable housing project to commence. Given the preparatory work completed, it is expected that things will move along relatively quickly toward handing over the first set of homes to successful applicants within a period of months.

Legal Framework

The specific laws and regulations that govern the Sister Islands Affordable Housing Development Corporation are:

- ◆ Public Management and Finance Act
- ◆ Public Service Management Act
- ◆ The Development and Planning Regulations
- ◆ The Development and Planning Act
- ◆ Building Code Regulations
- ◆ Building Code (Amendment) Regulations
- ◆ Standard Building Code (SBCCI)
- ◆ Builders Act
- ◆ The Builders Regulations
- ◆ Freedom of Information Act
- ◆ Public authorities Act 2020

Internal and External Audit Updates

The Corporation is compliant and has submitted and met all relevant legislative deadlines.



Appendix 1: Annual Financial Statements

For the Year Ended 31 December 2024

AUDITED ANNUAL FINANCIAL STATEMENTS

Sister Islands Affordable
Housing Development Corporation

2024

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P.O. BOX 240

Cayman Brac KY2-2101

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Statement of Responsibility for the Financial Statements

These financial statements have been prepared by the Sister Islands Affordable Housing Development Corporation (SIAHDC) in accordance with the provisions of the Public Management and Finance Act (2020 Revision) and International Public Sector Accounting Standards.

The Board of Directors accepts responsibility for the accuracy and integrity of the financial information in these financial statements and their compliance with the Public Management and Finance Act (2020 Revision).

As the Board of Directors and Acting Chief Financial Officer, 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 authorized by law, and properly record the financial transactions of the Sister Islands Affordable Housing Development Corporation.

As the Board of Directors and Acting Chief Financial Officer, we are responsible for the preparation of the Sister Islands Affordable Housing Development Corporation's financial statements and for the judgments made in them.

The financial statements fairly present the statement of financial position, statement of financial performance, statement of cash flows and statement of changes in net worth for the financial year ended 31 December 2024.

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

- a) completely and reliably reflect the financial transactions of the Sister Islands Affordable Housing Development Corporation for the year ended 31 December 2024;
- b) fairly reflect the financial position as at 31 December 2024 and financial performance for the year ended 31 December 2024; and
- c) comply with International Public Sector Accounting Standards as set out by the International Public Sector Accounting Standards Board, where additional guidance is required International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board are used.

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 has been provided access to all the information necessary to conduct an audit in accordance with International Standards on Auditing.

Mr. Dave Tatum
Chairman, on behalf of the Board of Directors
Date: 22 April 2025

Mr. Gary Robinson
Acting Chief Financial Officer
Date: 22 April 2025

AUDITOR GENERAL'S REPORT

To the Board of Directors of the Sister Islands Affordable Housing Development Corporation

Opinion

I have audited the financial statements of the Sister Islands Affordable Housing Development Corporation (the Corporation), which comprise the statement of financial position as at 31 December 2024 and the statement of financial performance, statement of cash flows and statement of changes in net worth for the year ended 31 December 2024, and notes to the financial statements, including a summary of significant accounting policies as set out on pages 9 to 29.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at 31 December 2024 and its financial performance and its cash flows for the year ended 31 December 2024 in accordance with International Public Sector Accounting Standards (IPSAS).

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Corporation in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), together with the ethical requirements that are relevant to my audit of the financial statements in the Cayman Islands, and I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Public Sector Accounting Standards (IPSAS) 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

AUDITOR GENERAL'S REPORT (continued)

As part of an audit in accordance with ISAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Corporation's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I have undertaken the audit in accordance with the provisions of Section 60(1)(a) of the *Public Management and Finance Act (2020 Revision)*. I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.



Patrick O. Smith, CFE, CPA
Acting Auditor General

22 April 2025
Cayman Islands

Sister Islands Affordable Housing Development Corporation

Statement of Financial Position

As at 31 December 2024

(Expressed in CI\$)

Assets:	Notes	Dec 2024	Dec 2023
Current Assets:		\$	\$
Cash and Cash Equivalents	3	2,106,375	2,047,256
Short Term Investments	3	266,157	260,252
Accounts Receivable & Prepayments	4	6,509	39,269
Security Deposits	4, 5	1,000	1,000
Total Current Assets		2,380,041	2,347,776
Non - Current Assets:			
Property and Equipment	6	366,372	533,797
Total Assets		2,746,412	2,881,573
Liabilities:			
Current Liabilities:			
Trade Payables & Accruals	7	218,522	31,773
Unearned Revenue		1,864	-
Accrued Audit Fees	7	33,900	16,727
Total Current Liabilities:		254,286	48,500
Total Net Assets		2,492,127	2,833,073
Net Worth			
Accumulated Deficit			
At the beginning of the year		(971,027)	(971,027)
Surplus/(Deficit) for the year		10,526	-
At the end of the year		(960,501)	(971,027)
Revaluation Reserve	6	-	51,250
Capital Contribution		3,452,627	3,752,850
Total Net Worth		2,492,127	2,833,073

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation

Statement of Financial Performance

For the year ended 31 December 2024

(Expressed in CI\$)

	Description	Notes	Dec 2024	Dec 2023
Revenue			\$	\$
Outputs to Cabinet	8	-	30,898	
Interest Income	9	54,805	9,732	
Housing Sales	10	-	-	
Total Revenues			54,805	40,630
Cost of Goods Sold				
Subcontractor Expenses	10	-	-	
Gross Profit			54,805	40,630
Expenses				
Rent Expense	11	-	3,000	
Audit Fees	7	33,900	25,000	
Accounting and Professional Fees		7,300	8,450	
Janitorial Services		-	1,050	
Depreciation Expense	6	411	-	
Miscellaneous Expense		2,669	3,130	
Total Expenses			44,279	40,630
Surplus/(Deficit)			10,526	-

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
 Statement of Cash Flows
 For the year ended 31 December 2024
 (Expressed in CI\$)

Description	Dec 2024	Dec 2023
	\$	\$
Surplus/(Deficit)	10,526	-
Cash Flow from Operating Activities		
(Increase) / Decrease in Accounts Receivable	32,760	32,075
Increase / (Decrease) in Trade Payables & Accruals	18,679	9,748
Increase / (Decrease) in Unearned Revenue	1,864	-
Increase / (Decrease) in Accrued Expense	17,173	17,020
Net Cash (Used)/Provided by Operating Activities	81,002	58,843
Cash Flow from/(Used in) Investing Activities		
(Increase)/Decrease in Property Plant and Equipment	(15,978)	(5,000)
Increase/(Decrease) in Short Term Investments	(5,905)	(3,999)
Net Cash (Used)/Provided by Investing Activities	(21,883)	(8,999)
Cash Flow from/(Used in) Financing Activities		
Capital Contribution/(Capital Withdrawal)	-	1,500,000
Net Cash (Used)/Provided by Financing Activities	-	1,500,000

Sister Islands Affordable Housing Development Corporation
 Statement of Changes in Net Worth
 For the year ended 31 December 2024
 (Expressed in CI\$)

	Accumulated Surplus/(Deficit)	Revaluation Reserve	Contributed Capital	Total
Balance at 01 January 2023	(971,027)	51,250	2,252,850	1,333,073
Surplus/(Deficit)	-	-	-	-
Capital Contribution	-	-	1,500,000	1,500,000
Balance at 31 December 2023	(971,027)	51,250	3,752,850	2,833,073
Balance at 01 January 2024	(971,027)	51,250	3,752,850	2,833,073
Surplus/(Deficit)	10,526	-	-	10,526
Movement in Revaluation Reserve *	-	(51,250)	-	(51,250)
Movement in Capital Contribution *	-	-	(300,223)	(300,223)
Balance at the close of period	(960,501)	-	3,452,627	2,492,127

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

* Please see the accompanying note 6 for the land transfer movements.

Reconciliation of Movement in Cash to Cash at End of Year

Net Cash Movement During Year	59,119	1,549,844
Cash and Cash Equivalents at Beginning of Year	2,047,256	497,411
Cash and Cash Equivalents at the end of the Year	2,106,375	2,047,256

The accompanying notes on pages 9 to 29 form an integral part of these financial statements.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
(Expressed in CI\$)

1. Establishment and principal activities

The Sister Islands Affordable Housing Development Corporation (SIAHDC) was incorporated as a non-profit company on June 1st 2006 and is a wholly-owned Government entity.

The main purpose of the SIAHDC is to promote affordable home ownership on Cayman Brac and Little Cayman.

The SIAHDC constructs quality concrete construction freehold homes which are sold outright to the successful applicants. SIAHDC works closely with the Public Works Department and the administrative staff within the Ministry of District Administration and Lands.

The main office is located at 255 Bight Road, Cayman Brac and the mailing address is P.O. Box 240, Cayman Brac KY2-2101.

2. Significant accounting policies

(a) Statement of Compliance

These financial statements have been prepared in accordance with International Public Sector Accounting Standards (IPSAS) issued by the International Public Sector Accounting Standards Board ("IPSASB"), where additional guidance is required International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board are used.

(b) Basis of preparation

The financial statements have been prepared on the basis of historic cost modified for the revaluation of assets and the accounting policies have been consistently applied to all the years presented.

The financial statements are formulated utilizing the going concern principle and are expressed in Cayman Islands Dollars (CI), the designated functional currency.

New and revised accounting standards issued that are not yet effective for the financial year beginning January 1st 2024 and have not been early adopted by the SIAHDC.

Certain new accounting standards have been published that are not mandatory for the December 31st 2024 reporting year and have not been early adopted by the SIAHDC. The SIAHDC's assessment of the impact of these new standards is set out herein.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

IPSAS 43, Leases, issued in January 2022, will be implemented for financial statements covering periods starting on or after January 1, 2025. Among its provisions, IPSAS 43 mandates lessees to assess and account for right-of-use asset and the lease liability. Exceptions are granted for short-term leases, which will continue to be treated in a manner similar to operating leases under IPSAS 13. IPSAS 43 is not expected to have an immediate impact on the SIAHDC's financial statements.

IPSAS 44, Non-current Assets Held for Sale and Discontinued Operations, issued in May 2022, will be applied for financial statements covering periods commencing on or after January 1, 2025. Offering guidance on the accounting treatment of non-current assets offered for sale on commercial terms, IPSAS 44 fills a gap previously unaddressed. IPSAS 44 is not expected to significantly affect the SIAHDC's financial statements.

IPSAS 45, Property, Plant and Equipment was issued in May 2023 and replaces IPSAS 17 effective for periods beginning on or after January 1, 2025. It clarifies the recognition and measurement of infrastructure and heritage assets that are Property, Plant, and Equipment. IPSAS 45 is not anticipated to impact the SIAHDC's financial statements.

IPSAS 46, Measurement (issued in May 2023 and effective for periods beginning on or after January 1, 2025) provides new guidance in a single standard addressing how commonly used measurement bases should be applied in practice. The impact of this standard on the SIAHDC's financial statements is currently being assessed.

IPSAS 47, Revenue (issued in May 2023 and effective for periods beginning on or after January 1, 2026) replaces IPSAS 9, Revenue from Exchange Transactions, IPSAS 11, Construction Contracts, and IPSAS 23, Revenue from Non-Exchange Transactions and is a single source for revenue accounting guidance in the public sector, which presents two accounting models based on the existence of a binding arrangement. The impact of this standard on the SIAHDC's financial statements will be assessed more fully closer to the effective date of adoption.

IPSAS 48, Transfer Expenses (issued in May 2023 and effective for periods beginning on or after January 1, 2026) provides accounting requirements for transfer expenses and presents two accounting models based on the existence of a binding arrangement. It is not anticipated that IPSAS 48 will have an impact on the SIAHDC's financial statements.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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2. Significant accounting policies (continued)

(b) Basis of preparation (continued)

IPSAS 49, Retirement Benefit Plans (issued in November 2023 and effective for periods beginning on or after January 1, 2026) provides a principle-based approach to accounting for retirement benefit plans offering a complete view of their financial activities, assets, and obligations and establishes comprehensive accounting and reporting requirements for the financial statements of retirement benefit plans. It is anticipated that IPSAS 49 will not impact the SIAHDC's financial statements.

IPSAS 50, Exploration for and Evaluation of Mineral Resources, provides guidance related to the costs incurred for exploration for, and evaluation of, mineral resources, as well as the costs of determining the technical feasibility and commercial viability of extracting the mineral resources. Amendments to IPSAS 12, Stripping Costs in the Production Phase of a Surface Mine, provides interpretive guidance on accounting for waste removal costs that are incurred in surface mining activities during the production phase of the mine. IPSAS 50 and Amendments to IPSAS 12 were issued in November 2024 and effective for periods beginning on or after January 1, 2027. It is anticipated that IPSAS 50 and IPSAS 12 amendments will not have an impact on SIAHDC's financial statements.

The accounting policies below have been applied consistently to all periods presented in these financial statements.

New and revised accounting standards were issued that became effective for the financial year beginning 1 January 2024.

No new standards came into effect in 2024 that materially impacted the SIAHDC's financial statements.

(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, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the year. The estimates and associated assumptions are based on experience and other factors that are considered reasonable under the circumstances. Actual results could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the reporting year and in any future years that are affected by those revisions.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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2. Significant accounting policies (continued)

(d) Changes in Accounting Policies

When the presentation or classification of items in the financial statements is amended, or accounting policies are changed, corresponding figures are restated to ensure consistency with the current year unless it is impracticable to do so.

(e) Budget amounts

The 2024/25 original budget was presented in the 2024/2025 Ownership Agreement and approved by Parliament.

The substantive variances between the original budget and the final budget are outlined herein, as mandated by IPSAS 24 and presented in Note 13.

Original Budget

The original budget represents the budget approved by the Parliament of the Cayman Islands for the fiscal year January – December 2024.

Final Budget

The final budget is the original budget adjusted for amounts approved under Section 9(5) and Section 11(5) of the Public Management and Finance Act (2020) Revision. These were no changes to the original budget for 2024.

(f) Reporting Period

The reporting period is the year ended December 31, 2024. There was no change in the reporting period from the prior year.

(g) Foreign currency translation

Financial assets and liabilities denominated in currencies other than Cayman Islands dollars are translated at exchange rates in effect at the financial statement date. Revenue and expense transactions denominated in currencies other than Cayman Islands dollars are translated at exchange rates at the date of those transactions. Financial gains and losses arising on translation are included in the Statement of Financial Performance.

(h) Cash and cash equivalents and Short-Term Investments

Cash and cash equivalents comprise funds held in bank accounts and short-term, highly liquid fixed deposits with original maturities of three months or less, which are subject to an insignificant risk of changes in value.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
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2. Significant accounting policies (continued)

(h) Cash and cash equivalents and Short-Term Investments (continued)

Short Term Investments represent term deposits with banks with original maturities greater than three months but less than twelve months. Impairment of short-term deposits has been considered on a 12-month expected credit loss basis and reflects the short maturities of the exposures.

Although these assets at 31 December 2024 are subject to the expected credit loss requirements of IPSAS 41, no allowance has been recognised as the estimated allowance is negligible due to the high credit quality of the counterparty banks.

(i) Accounts receivable

Accounts receivable are amounts due from customers for items sold or services performed in the ordinary course of business, net of any allowance for credit losses.

(j) Property and equipment

Fixtures and Equipment

Fixtures and equipment are stated at historical cost less accumulated depreciation. Where an asset is acquired for nil or nominal consideration, the asset is recognized initially at fair value, where fair value can be reliably determined, and as revenue in the statement of financial performance in the period in which the asset is acquired. Depreciation is expensed on a straight-line basis at rates stipulated below to allocate the cost or valuation of an item of property and equipment; less any estimated residual value, over its estimated useful life.

Asset Type	Estimated Useful Life
Fixtures and Equipment	3 Years
Land	No depreciation is charged on land

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at year end. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value for use in service.

Construction in Progress

Construction in Progress denotes ongoing housing construction projects, encompassing preliminary tasks necessary for project initiation, such as architectural design. Assets categorized as work in progress, yet to be utilized, are not subject to depreciation.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
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2. Significant accounting policies (continued)

Land

Land was acquired from the Cayman Islands Government at no cost and recorded as a non- exchange transaction at the fair value at the date of acquisition. SIAHDC has elected to re-measure the land using the revaluation model every 3-5 years in accordance with IPSAS 17 Property, plant and equipment.

If the carrying amount of the land increases as a result of a revaluation, the increase is directly credited to the revaluation surplus. However, the increase shall be recognized in surplus or deficit to the extent that it reverses a revaluation decrease of the land previously recognized in surplus or deficit. If the carrying amount decreases as a result of a revaluation, the decrease is recognized in surplus or deficit. The decrease is debited directly to revaluation surplus to the extent of any credit balance existing in the revaluation surplus in relation to land.

The transfer from WIP to Inventory occurs when the Certificate of Occupancy is issued. This is subsequently transferred to cost of sales in the statement of financial performance when each home is sold.

(k) Revenue recognition

The SIAHDC derives its revenue from the sale of Outputs to Cabinet and from housing sales. Revenue is recognized at the fair value of consideration received or receivable.

(i) Housing Sales

Revenues from housing sales are revenue from exchange contracts. Revenue is recognized when the significant risk and rewards of ownership have been transferred to the purchaser, revenue can be reliably measured, it is probable that the economic benefits will flow to the entity and the cost incurred in respect of each transaction can be reliably measured.

(ii) Outputs from Cabinet

Revenue received from the Cabinet are recognized as revenue from exchange service contracts. Revenue is recognized when the amount of revenue can be measured reliably, it is probable that the economic benefits or service potential will flow to the entity, the stage of completion of the transaction at the reporting date can be measured reliably. SIAHDC recognizes revenue from Cabinet as equal to its net general and administration expenses if it does not produce any outputs or sufficient outputs in a given year.

(l) Expenses

Expenses are recognized when incurred on the accrual basis of accounting. In addition, an expense is recognized for the consumption of the estimated fair value of contributed goods and services received.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
(Expressed in CI\$)

2. Significant accounting policies (continued)

and when an estimate can realistically be made. Unpaid expenses remaining at year-end are classified as payables.

(m) Operating lease

Leases, where a significant portion of the risks and rewards of ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized as expenses on a straight-line basis over the lease term.

(n) Financial Instruments

Financial assets and financial liabilities are recognised in SIAHDC's Statement of Financial Position when the SIAHDC becomes a party to the contractual provisions of the instrument. The SIAHDC is party to financial instruments as part of its normal operations which are recognized in the Statement of Financial Position.

Classification

A financial asset is classified as any asset that is cash, a contractual right to receive cash or another financial asset, or to exchange financial instruments under conditions that are potentially favorable or an equity instrument of another enterprise. Financial assets comprise of cash and cash equivalents, short-term investments, accounts receivable, and interest receivable.

A financial liability is any liability that is a contractual obligation to deliver cash or another financial instrument or to exchange financial instruments with another enterprise under conditions that are potentially unfavorable. Financial liabilities comprise trade payables and accruals, and audit fee payable.

(i) Initial Recognition

Financial assets and liabilities are initially measured at fair value. On initial recognition, transaction costs directly attributable to the acquisition or issue of financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate.

(ii) Subsequent measurement and classification

IPSAS 41 requires financial assets to be subsequently measured at fair value through surplus or deficit (FVTSD), amortised cost, or fair value through other comprehensive revenue and expense (FVTOCRE). Additionally, IPSAS 41 requires financial liabilities to be measured at either amortised cost or FVTSD.

This classification is based on the business model for managing financial instruments, and whether the payments are solely payments of principal or interest on the principal amount outstanding.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
(Expressed in CI\$)

2. Significant accounting policies (continued)

(n) Financial Instruments (continued)

(ii) Subsequent measurement and classification (continued)

The SIAHDC assessed the business model for holding financial assets at the date of initial application. It determined that these are held to collect contractual cash flows that are solely payments of principal and interest. Therefore, financial assets are subsequently measured at amortised cost. Financial liabilities are subsequently measured at amortised cost. Cash and cash equivalents, short-term investments, trade receivables and payables are recorded at amortized cost using the effective interest method less any impairment.

(iii) De-recognition

A financial asset is derecognized when the SIAHDC realizes the rights to the benefits specified in the contract or loses control over any right that comprise that asset. A financial liability is derecognized when it is extinguished, that is when the obligation is discharged, cancelled or expired.

(o) Provisions and Contingencies

Provisions are recognized when an obligation (legal or constructive) is incurred as a result of a past event and where it is probable that an outflow of assets embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are disclosed when there is a possible obligation or present obligations that may, but probably will not, require an outflow of resources. Contingent assets are not recognized but are disclosed in the financial statements when an inflow of economic benefits is probable.

3. Cash and cash equivalents and Short-Term Investments

The SIAHDC maintains bank accounts at Cayman National Bank. As at 31 December 2024 the following balances were held:

Description	December 31 2024	December 31 2023
Operating Account	94,269	1,579,405
Short Term Investments	2,012,106	467,851
Total Cash & Cash Equivalents	2,106,375	2,047,256

No restricted cash balances were held by the SIAHDC as at December 31st 2024.

The short-term investments of \$266,157 (2023: \$260,252) are fixed deposits with an original maturity of more than three months. SIAHDC holds its short-term investments with Cayman National Bank.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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4. Accounts Receivable & Prepayments

As at December 31st 2024, Accounts Receivable and Prepayments comprised the following:

Description	December 31 2024	December 31 2023
Accounts Receivable	6,509	40,269
Total Accounts Receivables & Prepayments	6,509	40,269
Maturity Profile		
Current 1-30 days	6,509	11,866
Past due 31-60 days	-	-
Past due 61-90 days	-	5,939
Past due 90 days and above	-	21,964
Total Accounts Receivable	6,509	39,769

Accounts Receivable comprise balances due from other Government entities, including Output Receivables and balances due from third parties.

The simplified approach to providing for expected credit losses, as prescribed by IPSAS 41, is applied to Accounts Receivable. The simplified approach involves making a provision equal to lifetime expected credit losses.

In measuring ECLs for third-party receivables, the estimated loss allowance for individually significant or other specific accounts receivable balances are determined on an individual basis. Thereafter, the remaining third-party accounts receivable are assessed on a collective basis as they possess shared credit risk characteristics.

The SIAHDC performed a specific ECL assessment on any related party debtors with qualitative or quantitative factors indicating doubts around collectability. Given the low risk of default on the remaining related party receivables held by the SIAHDC, the impact of the expected credit losses on these have been estimated to be negligible. These have a low risk of default due to the Cayman Islands Government's high credit rating and absence of historical losses on amounts due.

The expected credit loss rate for third-party receivables is based on SIAHDC's historical credit loss over the prior two years. The historical loss rate is then adjusted for current and forward-looking information on macroeconomic factors affecting the SIAHDC's customers. Given the short period of credit risk exposure, the impact of macroeconomic factors is not considered significant.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
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4. Accounts Receivable & Prepayments (continued)

The SIAHDC considers the amounts outstanding on related party receivables to be recoverable. The SIAHDC's policy is to recognise ECL of 100% for receivables over 90 days past due because historical experience has indicated that these receivables are generally not recoverable. Receivables are written off and or fully provided for when there is no reasonable expectation of recovery.

Management assessed the expected credit losses on its portfolio of receivables and do not believe a provision is necessary given the credit worthiness of the counterparty (the Cayman Islands Government).

5. Security Deposits

The SIAHDC executed a lease agreement with the University College of the Cayman Islands - UCCI (Brac Campus) in 2010 for accommodation purposes (refer to Note 11). A rent deposit of \$500 was remitted to the Landlord, refundable upon vacating the premises or termination of the agreement. Additionally, a \$500 deposit was submitted to Cayman Brac Power and Light per their standard electricity supply contract. Security deposits remained at \$1,000. The lease agreement and electricity contract were terminated in June 2023, and the premises were vacated. The SIAHDC is currently awaiting the return of the security deposits.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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6. Property and Equipment

Cost	Furniture & Fittings	Land	Construction in Progress	Total
	CI\$	CI\$	CI\$	CI\$
Balance as at 1 January 2023	2,459	510,100	-	512,559
Additions	1,137	-	22,560	23,697
Revaluation of Land	-	-	-	-
Disposals / Transfers	-	-	-	-
Balance as at 31 December 2023	3,596	510,100	22,560	536,256
Balance as at 1 January 2024	3,596	510,100	22,560	536,256
Disposals / Transfers	-	(510,100)	-	(510,100)
Additions	-	158,627	184,458	343,085
Revaluation of Land	-	-	-	-
Balance as at 31 December 2024	3,596	158,627	207,018	369,242
<hr/>				
Accumulated Depreciation	Furniture & Fittings	Land	Construction in Progress	Total
	CI\$	CI\$	CI\$	CI\$
Balance as at 1 January 2023	(2,459)	-	-	(2,459)
Disposals	-	-	-	-
Depreciation	-	-	-	-
Balance as at 31 December 2023	(2,459)	-	-	(2,459)
Balance as at 1 January 2024	(2,459)	-	-	(2,459)
Disposals	-	-	-	-
Depreciation	(411)	-	-	(411)
Balance as at 31 December 2024	(2,870)	-	-	(2,870)
Net Book Value as at 31 December 2024	726	158,627	207,018	366,372
Net Book Value as at 31 December 2023	1,137	510,100	22,560	533,797

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
(Expressed in CI\$)

6. Property and Equipment (continued)

The following properties are currently owned by SIAHDC:

Land Details	Effective Date	Value
Block 112A, Parcel 175	12/31/2024	23,053
Block 112A, Parcel 176	12/31/2024	30,122
Block 112A, Parcel 177	12/31/2024	29,513
Block 112A, Parcel 178	12/31/2024	28,384
97B152	12/31/2024	5,365
97B153	12/31/2024	5,515
97B154	12/31/2024	5,247
97B155	12/31/2024	5,247
97B156	12/31/2024	5,233
97B157	12/31/2024	5,233
97B158	12/31/2024	5,242
97B159	12/31/2024	5,233
97B160	12/31/2024	5,240
Total		158,627

Land held at 31st December 2023 was transferred out of the SIAHDC based on instructions from the Cabinet. The transferred properties were replaced with "new" parcels with a total value of \$158,627.

Construction in Progress represents preconstruction costs incurred during the year to facilitate the future construction and sale of affordable homes.

The prior year revaluation reserve in the Statement of Changes in Net Worth was fully derecognized because the land to which it relates was transferred out of the Corporation.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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7. Trade Payables & Accruals and Audit Fees

Audit fee expenses of CI\$33,900 (2023: \$25,000) represent the audit fees levied by the Office of the Auditor General for SIAHDC's 2024 audit. As of December 31st, 2024, accrued audit fees relating to the 2024 audit were \$33,900 (2023: \$16,727).

Trade payables amounted to CI\$218,522 (2023: \$31,773), \$34,900 of which relates to sums owed to the ministry of MDAL for financial obligations settled on behalf of the SIAHDC. Some \$168,070 was due to a single private sector entity for works carried out to fill, clear, and excavate land parcels intended for future construction.

8. Outputs to Cabinet

The SIAHDC provides general management and administration of affordable housing (in the Sister Islands) for the Cayman Islands Government. These services are based on terms outlined in the Annual Purchase Agreement. There were no houses built during the year ended December 31st 2024. Therefore, the revenue for the year was derived through interest income, which covered the general administration of SIAHDC.

9. Interest and Other Income

The SIAHDC receives interest on fixed deposit accounts held at Cayman National Bank. For the year ended December 31st 2024, SIAHDC earned a total of \$54,805 (2023: \$9,732) from fixed deposits.

10. Housing Sales and Costs of Goods Sold

The SIAHDC earns income by selling the houses it produces. During the 2024 fiscal year, there were zero houses sold (2023: Nil). Houses are sold based on the cost to construct. As at December 31st 2024, there were no units under construction (2023: nil) however the cost relating to pre-construction related works to facilitate the subsequent sale of homes is reflected in Construction in Progress (see also note 6). Therefore, no costs of goods sold were recorded during the year (2023: nil).

Sister Islands Affordable Housing Development Corporation
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11. Rent Expense

On June 1st, 2010, SIAHDC established a lease agreement with the University College of the Cayman Islands (UCCI-Brac Campus). This arrangement continued until June 30th, 2023 after which the SIAHDC relocated to a Government-shared office facilities resulting in no rent being incurred or reflected in the income statement for the remainder of the year in accordance with IPSAS 23 (see also Note 12).

12. Related Party Transactions

SIAHDC is a wholly-owned government company from which it derives a major source of revenue through the process of Output Funding. The day-to-day management of SIAHDC is supported by personnel from the Ministry of District Administration and Lands who also transact with other government departments and entities on a regular basis.

The SIAHDC also periodically engages the services of other departments of the Cayman Islands Government. Such services are provided at prevailing market prices on an arm's length basis. Services provided to SIAHDC by other Cayman Islands Government departments during 2024, are as follows;

Description	2024 CI\$	2023 CI\$
Audit Fee	33,900	25,000
Lease Rental	-	3,000

SIAHDC received services-in-kind in the form of office and project management services and procurement assistance services from the Cayman Islands Government. These services are designated as non-exchange transactions under IPSAS 23 - Revenue from Non-Exchange Transactions. When fair values of such services can be reliably estimated then the non-exchange transaction is recorded as an expense and an equal amount is recorded in other income as a service in-kind. No expenses have been recorded for services-in-kind for the year ended December 31, 2024.

The Board of Directors volunteer their services and are not compensated. Formal conflict of interest declarations were made for the year ended December 31 2024 as required by the Public Management and Finance Act (2020 Revision).

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2024

(Expressed in CI\$)

13. Reconciliation and Comparison of Budget to Actual

The 2024 financial statements were prepared on a basis consistent with the 2024 Budget. The budget covers the fiscal year from January 1st, 2024, to December 31st 2024.

The original budget was approved by Parliament and was in place throughout the year without change. The variance between the actual position and performance against the final budget is outlined as follows:

Statement of financial position actual against budget

Financial Statement Captions	Approved Budget Captions	FS Actual CI\$	Final Budget CI\$	Final Budget vs Actual Variance CI\$
Cash and Cash Equivalents	Cash and Cash Equivalents	2,106,375	1,091,785	1,014,590
Short Term Investments	Marketable Securities & Deposits	266,157	256,253	9,904
Accounts Receivable & Prepayments	Trade Receivables	6,509	19,542	(13,033)
Security Deposits	Other Receivables	1,000	1,000	-
	Total Current Assets	2,380,041	1,368,580	1,011,461
Property Equipment	Property & Equipment	366,372	322,900	43,472
	Total Assets	2,746,412	1,691,480	1,054,932
Trade Payables & Accruals	Trade Payables	218,522	3,025	(215,497)
Unearned Revenue	N/A	1,864	-	(1,864)
Accrued Audit Fees	Other Payables & Accruals	33,900	18,972	(14,928)
	Total Net Assets	2,492,127	1,669,483	822,644
At the beginning of the year		(971,027)	(1,134,617)	163,590
Profit/(Loss) for the year		10,526	-	10,526
At the end of the year		(960,501)	(1,134,617)	174,116
Revaluation Reserve		-	51,250	51,250
Capital Contribution		3,452,627	2,752,850	699,777
Total Net Worth		2,492,127	1,669,483	822,644

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2024

(Expressed in CI\$)

13. Reconciliation and Comparison of Budget to Actual (continued)

Statement of financial performance actual against budget

Financial Statement Captions	Approved Budget Captions	FS Actual CI\$	Final Budget CI\$	Final Budget vs Actual Variance CI\$
Revenue:				
Outputs to Cabinet	Revenue	-	75,000	75,000
Interest Income	Revenue	54,805	1,798	(53,007)
Housing Sales	Revenue	-	2,000,000	2,000,000
Total Revenue		54,805	2,076,798	2,021,993
Cost of Goods Sold:				
Subcontractor Expenses	COGS	-	-	-
Cost of Land	COGS	-	-	-
Other Construction Costs	COGS	-	-	-
Gross Profit		54,805	-	-
Rent Expense	Operating Expense	-	-	-
Audit Fees	Purchase of Services	33,900	51,566	17,666
Accounting and Professional Fees	Operating Expense	7,300	-	(7,300)
Janitorial Services	Operating Expense	-	-	-
Depreciation Expense	Operating Expense	411	-	(411)
Miscellaneous Expense	Utilities	2,669	1,491	(1,178)
Supplies and Materials	Supplies and Materials	-	2,187,331	2,187,331
Total Operating Expenses		44,279	2,240,388	2,196,108
Profit/(Loss)		10,526	(163,590)	(174,115)

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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13. Reconciliation and Comparison of Budget to Actual (continued)

Statement of cash flows actual against budget

Description	FS Actual CI\$	Final Budget CI\$	Final Budget vs Actual Variance CI\$
Cash Flow from Operating Activities			
Surplus/(Deficit) for Year	10,526	-	(10,526)
Increase / (Decrease) in Accounts Receivable	32,760	-	(32,760)
Increase / (Decrease) in Security Deposits	(1)	-	1
Decrease / (Increase) in Trade Payables & Accruals	18,679	-	(18,679)
Increase / (Decrease) in Unearned Revenue	1,864	-	(1,864)
Decrease / (Increase) in Accrued Audit Fees	17,173	-	(17,173)
Sales to Cabinet	-	75,000	75,000
Sales to third party	-	2,000,000	2,000,000
Interest received	-	1,798	1,798
Supplies and Consumables to third party	-	(1,803,188)	(1,803,188)
Net Cash Provided by Operating Activities	81,002	273,610	192,608
Cash Flow from/(Used in) Investing Activities			
Purchase of Property & Equipment	(15,978)	-	15,978
Increase Short Term Investments	(5,905)	-	5,905
Net Cash Used in Investing Activities	(21,883)	-	21,883
Cash Flow from/(Used in) Financing Activities			
Capital Contribution	-	500,000	500,000
Net Cash Used in Financing Activities	-	500,000	500,000
Reconciliation of Movement in Cash to Cash at End of Year			
Net Cash Movement During Year	59,119	773,610	714,491
Cash and Cash Equivalents at Beginning of Year	2,047,256	318,175	(1,729,081)
Cash and Cash Equivalents at the end of the Year	2,106,375	1,091,785	(1,014,590)

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
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13. Reconciliation and Comparison of Budget to Actual (continued)

Statement of cash flows actual against budget (continued)

The statement of cash flows is presented in the budget using the direct method whereas in the financial statements it is presented using the indirect method and is therefore not directly comparable.

Explanation of major budget variance

Explanations for major variances for the SIAHDC financial position and performance against the final budget are as follows:

Statement of Financial Position

Cash and cash equivalents and short-term investments

The combined Cash and Cash Equivalents (\$2,106,375) and short-term investments (\$266,157) balance of \$2,372,532 was \$1,024,494 above the budgeted amount of \$1,348,038. This was mainly due to capital contribution of \$1.5 million in the prior year and which resulted in a higher than anticipated cash position at the beginning of the year. The injection of additional capital by Cabinet was to facilitate the procurement of contractual services for the concurrent construction of multiple affordable homes. The procurement of contractual services was at an advanced stage of completion as at December 31, 2024.

Consistent with the SIAHDC's policy (see note 2k(ii)), there were no inflows from Cabinet for the current budget cycle as the SIAHDC earned sufficient income from interest revenue to cover its administrative costs.

Accounts Receivable and Prepayments

Accounts receivable and Trade Receivables combined for \$13,033 less than budget. This is due to the absence of Cabinet billings in 2024 (usually the 4th quarter billing is outstanding at the fiscal year end) and accrued interest of \$6,509 which was not anticipated when the budget was prepared.

Property and equipment

This variance was driven by two principal factors: (i) no transfers of land to persons who would have purchased intended affordable homes took place during 2024; and (ii) the Ministry, at the instruction of Cabinet, transferred out certain parcels, subdivided, and re-transferred to the SIAHDC during the year. The SIAHDC also procured works amounting to \$168,070 for the clearing, filling and excavation of certain parcels in preparation for construction. This resulted in a \$43,472 difference between the planned and actual closing balances.

Sister Islands Affordable Housing Development Corporation
Notes to the Financial Statements
For the Year Ended 31 December 2024
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13. Reconciliation and Comparison of Budget to Actual (continued)

Trade Payables & Accruals

The combined balance of accrued audit fees of (\$33,900) and Trade payables and accruals (\$218,522) was \$215,497 more than the budget anticipated. This was mainly due to financial obligations settled by the Ministry of MDAL on the SIAHDC's behalf that were not reimbursed by SIAHDC before December 31st, 2024. Some \$168,070 for infrastructure improvement works on lots intended for future construction was also outstanding as at December 31st, 2024.

Accumulated losses

Accumulated losses at the beginning and end of the year were \$163,590 less than budgeted as the anticipated losses primarily from the land subsidy (as the value of land is not costed in the selling price which assists with the affordability of the homes) were not realized due to a lack of sales activity.

Capital Contribution

This resulted from an equity contribution made to the SIAHDC in the prior year that was not part of the original budget.

Statement of Financial Performance

Total Revenue

The budget from Output funding of \$75,000 was not accessed as the SIAHDC earned sufficient interest on its cash deposits to cover its administrative costs for the period. The budget anticipated housing sales of \$2 million for the year; however, this did not occur due to construction delays.

The SIAHDC had more cash on hand during the year due to the absence of construction activities. A portion of this sum was placed on short-term fixed deposits at prevailing market rates. This resulted in a \$53,007 positive budget variance for 2024.

Total Expenses

The final budgeted expenses which mainly included the cost related to homes that were budgeted to be constructed and sold did not materialize. This substantially explains actual operating expenses being lower than the budget by \$2,196,108.

Sister Islands Affordable Housing Development Corporation
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For the Year Ended 31 December 2024
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14. Financial Instruments Risk

The SIAHDC is exposed to a variety of financial risks including credit risk, exchange rate risk and liquidity risk. The Entity's risk management policies are designed to identify and manage these risks, to set appropriate risk limits and controls, and to monitor the risks and adhere to limits by means of up to date and reliable information systems. These risks are managed within the parameters established by the Financial Regulations (2024 Revision). The SIAHDC seeks to minimise exposure from financial instruments and does not enter into speculative financial instrument transactions.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the SIAHDC. Financial assets that potentially expose the SIAHDC to credit risk comprise cash and cash equivalents, short-term investments, and receivables from exchange transactions. For each of these, the maximum credit exposure is best represented by the carrying amount in the Statement of Financial Position.

The SIAHDC is exposed to the potential loss that would be incurred if the counterparty to the bank balances fails to discharge its obligation to repay. All bank balances are with one financial institution located in the Cayman Islands which management considers to be financially secure and well managed.

The SIAHDC is also exposed to a significant concentration of credit risk in relation to receivables from exchange transactions which are due from the Cayman Islands Government. No credit limits have been established. As at December 31 2024, no provision for expected credit losses (2023: \$nil) has been made on these receivables as management considers these debts to be recoverable in full. The carrying amount of financial assets recorded in the financial statements represents the SIAHDC's maximum exposure to credit risk. No collateral is required from debtors.

Exchange rate risk

The SIAHDC does not have significant exposure to currency exchange rate risk as no foreign currency transactions exist.

Liquidity risk

Liquidity risk is the risk that the SIAHDC is unable to meet its payment obligations associated with its financial liabilities when they fall due. The SIAHDC maintains substantial cash balances held in bank accounts and short-term deposits which enables SIAHDC to meet its payment obligations as they become due.

Sister Islands Affordable Housing Development Corporation

Notes to the Financial Statements

For the Year Ended 31 December 2024

(Expressed in CI\$)

15. Compliance with the Public Authorities Act (2020 Revision)

SIAHDC is required to comply with the Public Authorities Act (2020 Revision) (the “PAA”). Amongst other matters, Section 39 (2) of the PAA requires that where a public authority has surplus cash reserves for a period of more than ninety days, the surplus shall be paid to core government unless otherwise directed by Cabinet, after written consultation with the Board. In prior years, Cabinet has exempted public authorities from paying over surplus cash reserves and the Corporation expects that a similar exemption will be made in respect of its surplus cash reserves as at 31 December 2024.

Section 39 (3) of the PAA requires public authorities to pay dividends in accordance with the formulae established by the Minister of Finance (the “Ministry”) after written consultation with the public Authority’s Board unless otherwise directed by the Cabinet.

SIAHDC is exempt from this requirement because its operations are not self-sustaining. Going forward, SIAHDC may be required to pay a dividend in accordance with Government’s policy for the payment of annual dividends, unless it continues to satisfy the exemption criteria noted under the policy.

Section 36(1) of the PAA requires Public Authorities to pay an annual capital charge for the use of equity invested by the Government in the authority. The capital charge is set by the Minister of Finance after consultation with a public authority’s board. Based on past practice, the Corporation expects that the applicable rate for the 2024 financial year will be set at 0% (2023: 0%) and that no capital charge will be payable for 2024 (2023: \$0). Going forward, SIAHDC may be required to pay a capital charge in accordance with the PAA.

16. Subsequent Events

No events materially affecting these financial statements occurred after December 31st 2024.



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Housing Development
Corporation**

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**ANNUAL
REPORT
2024**