CAYMAN ISLANDS FOOTBALL ASSOCIATION

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2014

Grant Thornton

5th Floor, Bermuda House
Dr. Roy's Drive, PO Box 1044
Grand Cayman, KY1-1102
Cayman Islands

T +345 949 8588
F +345 949 7325
E info@ky.gt.com
www.grantthornton.ky

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INDEPENDENT AUDITOR'S REPORT

To the Executive Committee of Cayman Islands Football Association

Disclaimer of Opinion
We were engaged to audit the financial statements of Cayman Islands Football Association (the "Association"), which comprise the statement of financial position as at December 31, 2014, the income statement, and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, because of the significance of the matter described in the *Bases for Disclaimer of Opinion* section of our report, we were unable to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion, and accordingly, we do not express an opinion on the accompanying financial statements.

Bases for Disclaimer of Opinion
As outlined in note 1.2 of the financial statements, the Association has experienced significant alleged and perpetrated fraud. The allegations commenced during 2015 but related to fraud arising during 2014 and in earlier years. Though investigations by authorities and an internal forensic audit was completed and uncovered associated losses as disclosed in these financial statements, there may still be remnants of fraud left uncovered which may be pervasive to the financial statements as a whole.

In addition to this, we were unable to obtain sufficient and appropriate audit evidence on the following items within the financial statements:

1. We analyzed the land and buildings based on the Goal Projects funded by FIFA and whilst we were able to obtain sufficient and appropriate evidence as at December 31, 2014 following adjustments made, we were unable to determine whether these adjustments related to accounting errors or the perpetrated fraud outlined above as there were insufficient records to do so.

2. We were unable to obtain support for expenses amounting to CI$164,778.

3. We were unable to obtain support for International Tournament revenues, sponsorship, World Cup ticket sales and gate receipts amounting to CI$123,000, CI$6,600, CI$107,773 and CI$12,157 respectively.

4. The system of internal controls of the Association, in common with many other organizations of similar size and purpose, is dependent upon the close involvement of the Association's management. The Association derived a portion of its income from gate receipts and World Cup ticket sales which cannot be fully controlled until they are entered into the accounting records and are therefore not susceptible to independent audit verification. Accordingly, it was not practicable to extend our auditing procedures of such revenue beyond the amounts recorded.

Chartered Accountants
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Bases for Disclaimer of Opinion (continued)
We conducted our audits in accordance with International Standards on Auditing ("ISA"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. Our responsibility is to express an opinion on the financial statements based on conducting the audit in accordance with ISA. Because of the matters described in the *Bases for Disclaimer of Opinion* section of our report, we were unable to obtain sufficient and appropriate evidence to provide a basis for an audit opinion.

Emphasis of Matter
We draw attention to note 1 of the financial statements, which describes the economic dependency of the Association on the funding of various organizations.

We also draw attention to note 7 of the financial statements, which describes that the Association's mortgage loan has fallen into arrears with no subsequent payments being made post year end. Furthermore, the bank is not accruing any interest on the outstanding loan and the Association is currently in breach of its loan agreement.

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 US GAAP 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our 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 our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISA 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.

As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Association's internal control.

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

DRAFT

George Town
Grand Cayman
[INSERT DATE]

Financial Statements

1.1 Statement of Financial Position As at December 31, 2014

(Expressed in Cayman Islands dollars)

As at December 31,	Note	2014
ASSETS		
Current Assets		
Cash and cash equivalents	3	111,008
Accounts receivable, net	4	86,198
Total current Assets		**197,206**
Property and equipment, net	5	1,822,217
Total Assets		**2,019,423**
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses		30,552
Due to Executive Committee Member	6	59,570
Total Current Liabilities		**90,122**
Long Term Liabilities		
Mortgage Loan	7	472,619
Total Long Term Liabilities		**472,619**
Total Liabilities		**562,741**
Net Assets		
Net assets at the beginning of the year		1,204,139
Prior period adjustments	1.2	152,331
Change in net assets		100,212
Net assets at the end of the year		1,456,682
Total Liabilities and Net Assets		**2,019,423**

Approved for issuance on behalf of the Cayman Islands Football Association's Executive Committee:

President:_____

Alfredo Whittaker

Date: _____, 2018

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

1.2 INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2014
(EXPRESSED IN CAYMAN ISLANDS DOLLARS)

Year Ended December 31,	Note	2014
Revenues and Support		
International Tournament Revenues	8	1,519,652
FIFA grant - FAP		409,803
Government grants	9	166,845
World Cup ticket revenues	14	107,773
Sponsorship	11	100,375
Grassroots Programme	11	100,000
Annual Fee		81,582
WIN in Concacaf	10	81,995
Gate Receipts		12,157
Registration transfer fees and fines		18,705
Other Revenue		20,504
Total Revenues and Support		**2,619,391**
Expenses		
International Tournament Expenses		1,335,595
Programmes and Development Expenses	12	368,909
Office and administration expenses	13	323,243
Audit and accounting fees		45,222
World Cup tickets	14	105,810
Field markings and maintenance	15	90,086
Referee and linemen fees		64,574
Depreciation	5	63,160
Professional Fees		19,227
Office Maintenance Expense		23,445
Security Fees		27,765
Trophies and awards		9,342
Bank Charges and interest		31,423
FIFA and Concacaf fees		16,211
Bad debts		7,740
Write off Due to Executive Member	6	(12,573)
Total Expenses		**2,519,179**
Change in Net Assets		**100,212**
Prior period adjustment	1.2	152,331
Net assets, beginning of year		1,204,139
Net assets, end of year		**1,456,682**

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

1.3 STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014
(EXPRESSED IN CAYMAN ISLANDS DOLLARS)

Year ended December 31,	2014
Cash flows from operating activities	
Increase in net assets	100,212
Adjustments to reconcile increase in net assets to net cash provided by operating activities	
Depreciation	63,160
Changes in operating assets and liabilities	
Accounts receivable, net	91,014
Accounts payable & accrued expenses	(11,107)
Owed to Executive Committee Member	59,570
Deferred Income	(195,056)
Net cash provided by operating activities	**107,793**
Cash flow used in investing activities	
Purchase/Improvement of Property & Equipment	(15,075)
Net cash used in investing activities	**(15,075)**
Cash flows from financing activities	
Principal repayment on loan	(5,706)
Net cash used in financing activities	**(5,706)**
Net increase in cash and cash equivalents	87,012
Cash and cash equivalents, beginning of year	**23,996**
Cash and cash equivalents, end of year	**111,008**

During the period under review, the Association made interest payments of $26,058 on a mortgage loan (see note 7). This payment is recorded in the Income Statement under Bank Charges and Interest.

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

Notes to Financial Statements
DECEMBER 31, 2014
(Expressed in Cayman Islands dollars)

1. Principal Activity and Status

The Cayman Islands Football Association (the "Association", or "CIFA") is a non-profit organization established to administer and promote the sport of association football in the Cayman Islands.

CIFA derives a significant portion of its annual funding from The International Federation of Association Football (FIFA) and The Confederation of North, Central American and Caribbean Association Football (CONCACAF). Consequently, the Association is economically dependent on FIFA and CONCACAF for financial support in order to remain a going concern.

The Association also generates revenue from gate receipts and registration fees and receives funding from private donations, sponsorships, and the Cayman Islands Government.

1.2 Perpetrated Fraud

Various allegations of fraud surrounding certain members of CIFA's Executive Committee were made starting in 2015. Since then, there have been arrests by law enforcement on charges (or suspicion) of fraud in and outside of the Cayman Islands involving former Executive Committee members, Jeffrey Webb and Canover Watson. CIFA has cooperated with relevant authorities and engaged a forensics team to further investigate the allegations.

It was noted that an alleged fraud may have occurred within property and equipment, specifically with regards to the funding of the costs of developing the buildings and football pitches at the CIFA Center of Excellence. Also, it was alleged that the Association entered into unsecured loan arrangements with fraudulent companies under the control and ownership of Jeffrey Webb and Canover Watson.

Significant losses were uncovered as a result of the investigations; however, there may still be remnants of fraud left uncovered which may be pervasive to the Financial Statements. These financial statements were prepared using the best information available at the time. Any uncovered losses impacting the financial statements have been recognized in the opening net assets for the year with the following adjustments made:

Account	Increase/Decrease
Property and equipment, net	765,745
Loan facilities	(918,076)

As a result of the prior year adjustments, net income and retained earnings increased by CI$152,331 for the year ended December 31, 2014.

2. Summary of Significant Accounting Policies

The preparation of the financial statements in conformity with the accounting principles accepted in the United States of America requires the executive committee to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is calculated using the straight-line method and is based upon the estimated useful lives of the assets, which are as follows:

Capitalization

The initial cost of tangible acquisitions with material future economic benefits are capitalized as assets in the Association's records along with any costs to bring such acquisition to a place and condition of use. Assets are depreciated in future years according to the periods outlined below:

Leasehold Land	99 Years
Buildings and Pitch	30 Years
Furniture, fixtures and fittings	10 Years
Automobiles	10 Years
Equipment	10 Years
Website	3 Years

2. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents
For the purpose of reporting the statements of cash flows, cash and cash equivalents include balances due from banks and short-term deposits with original maturities of three months or less.

Taxation

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

Accounts Receivable
The Association extends credit to its members in the normal course of business and performs ongoing credit evaluations of its members, maintaining allowances for potential credit losses which, when realized, have been within management's expectations. During the year ended December 31, 2014, $7,740 of bad debts were written off. These represent amounts considered uncollectible.

Contributions
Contributions are recognized when the donor makes a promise to give to the Association-that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

The Association uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Revenue recognition
Tournament revenues, gate receipts and sponsorships are recognized in the period when associated games are played. Grants and donations are recognized in the period the Association is entitled to the funds, where there is certainty of receipt and the amounts can be reliably quantified. Grants from the Cayman Islands Government, FIFA, and CONCACAF are accounted for in the period specified by the relevant entities approving the granting of funds. Fines are recognized in the period levied, other revenues are recognized on an accrual basis when the conditions attached to the income have been met.

2. Summary of Significant Accounting Policies (Continued)

Financial statement presentation

The Association elected to use Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Association is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, the Association is required to present a statement of cash flows.

The Association also elected to use SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support, depending on the existence or nature of any donor restrictions.

3. Cash and Cash Equivalents

As of December 31, 2014, cash and cash equivalents comprised of the following:

Description	December 31, 2014
CI$ accounts	84,194
US$ account	26,814
Total Cash & Cash Equivalents	**111,008**

4. Accounts Receivable

At December 31, 2014, accounts receivable consisted of the following:

Description	December 31, 2014
Local Clubs Receivable	75,948
Sponsorship Grants Outstanding	8,500
Due from Referee Association	1,750
Total Accounts Receivable	**86,198**

During the period under review, the Association evaluated the collectability of its receivables and considered CI$7,740 to be uncollectible. Consequently, this amount was written off as bad debt expense and is shown on the Income Statement.

5. Property and Equipment

At December 31, 2014, property and equipment was comprised of the following:

Cost:	Leasehold Land	Buildings & Pitch	Furnitures, Fixtures and Fittings	Automobiles	Equipment	Website	Total
At December 31, 2013	750,000	1,338,732	38,389	27,600	39,684	-	2,194,405
Additions	-	-	-	-	2,895	12,180	15,075
Disposals	-	-	-	-	-	-	-
At December 31, 2014	**750,000**	**1,338,732**	**38,389**	**27,600**	**42,579**	**12,180**	**2,209,480**
Accumulated Depreciation:							
At December 31, 2013	60,606	171,030	30,195	22,588	39,684	-	324,103
Depreciation charge for year	7,576	44,624	3,840	2,760	300	4,060	63,160
Depreciation eliminated on disposal	-	-	-	-	-	-	-
At December 31, 2014	**68,182**	**215,654**	**34,035**	**25,348**	**39,984**	**4,060**	**387,263**
Net Book Value							
At December 31, 2014	**681,818**	**1,123,078**	**4,354**	**2,252**	**2,595**	**8,120**	**1,822,217**

6. Due to Executive Committee Member

During the period under review, an Executive Committee member provided funds to allow timely national program expense payments, coaches' stipends, tournament expenses and purchase of World Cup tickets during periods when the Association's cash flow would have caused significant delays in regular payments. Amounts extended, repaid, and outstanding at the end of the period are shown in the table below.

Description	Amount
Opening Balance	$9,573
Advances made during the period	75,008
Less: Repayments during the period	(12,438)
Less: Amounts written off	(12,573)
Balance outstanding at the end of the period	**59,570**

Subsequent to the year end, management has entered into negotiations with the Executive Member involved and agreed to write off an amount of $12,573.

7. Long Term Loans

As at December 31, 2014, the Association had an outstanding loan with Fidelity Bank (Cayman) Limited totaling $472,619 at an interest rate of prime plus 1%. This is secured against a charge over the Association's land along with personal guarantees by previous Executive Committee members who are now no longer with the Association. Subsequent to the year end, an amount of $29,416 was repaid during the year ended December 31, 2015. The loan has since fallen into arrears as no subsequent repayments have been made. Further, the bank is not accruing any interest on the outstanding loan other than a minimal sum per year to cover late fees. The Association is currently in breach of the loan agreement.

8. International Tournaments

The Association hosted the Concacaf U-20 Women's World Cup Qualifying tournament in January 2014 and the Concacaf U-15 Girl's tournament in August 2014. The tournaments were fully supported by CONCAF with funding of $277,051 and $1,119,601, respectively.

9. Government Grants

The grants from the Cayman Islands Government were as follows:

	2014
Funding for operations	$ 79,070
Funding for technical coaching	87,775
	$ 166,845

10. WIN in CONCACAF

WIN in Concacaf is an annual grant from Concacaf to each member association within Concacaf to promote the growth of grassroots football including coaching, referee and administration courses, and balls and equipment. The grant for 2014 was $81,995.

11. Sponsorship

During the year ended December 31, 2014, sponsorship revenues were as follows:

	2014
Fosters first division league	17,000
U-20 tournament sponsorship	63,400
U-15 Tournament Sponsorship	9,000
Other sponsorships	10,975
	$ 100,375

In January 2013, Maples & Calder committed an amount of $100,000 per year over four years to establish and provide ongoing support for a new youth programme targeting 6 to 12-year old's, with a target of 300 registered members. The Grassroots programme is one of the Association's flagship programmes.

12. Programmes and Development Expenses

National Team expenses represent the costs incurred in preparation for major competitions. These costs include training camps, players training expenses, coaches' expenses, physiotherapy costs, players' accident insurance, laundry costs, and equipment.

CIFA's Women's teams at U-15, U-17, U-23, and senior level were all active during 2014 and participated in training and competition locally and abroad. Their costs include training camps, players training expenses, coaches' expenses, physiotherapy costs, player's accident insurance, laundry costs and equipment.

Youth team's expenses represent the costs incurred in preparation for major youth competitions for the U-15, U-16, U-20 and U-23 Olympic national teams. These costs included training camps, players training expenses, coaches' expenses, physiotherapy costs, players' accident insurance, laundry costs and equipment.

Development expenses represent the cost of furthering the growth of football within the Cayman Islands. These expenses include coaching, referee and administration courses, trials, national team coach expenses, balls and equipment, and expenses incurred in attending and hosting meetings and events of the Federation of International Football Association, the Confederation of North, Central American and Caribbean Association and the Caribbean Football Union.

The national program and development expenses for the year ended 2014 was $368,909.

Description	December 31 2014
Club Support	78,990
Janitorial Services	3,243
Programme Expenses	64,915
National Team	168,776
Uniform Costs	52,985
Total NPD Expenses	**368,909**

13. Office and Administration Expenses

Office and administrative expenses include full-time staff salaries and benefits, utilities, supplies and automobile expenses. The office and administration expenses for the year ended 2014 were $323,243.

During the year ended December 31, 2014, a full time Director of National teams and a full-time coach was hired to provide leadership to CIFA's National Team programme with the goal of improving the CIFA's FIFA rankings and providing university and academy opportunities for young men and women.

Pension Costs

The Association makes contributions to a defined contribution pension scheme on behalf of qualifying employees. Under the scheme, the Association contributes a matching 5% to the pension plan. Contributions are calculated on the wages and salaries paid to qualifying employees. The cost associated with contributions to the pension scheme is recognized as an expense in the Income Statement as incurred.

The assets of the Pension Plan are held separately from the Association's funds and are independently administered by the Fidelity Pension Plan.

14. World Cup Tickets

Each World Cup year FIFA member associations are allocated tickets that can be purchased from FIFA and resold to its members. During the year ended December 31, 2014, the Association purchased World Cup tickets from FIFA on behalf of its members totaling $105,810. The tickets were sold to the members, for a value of $107,773.

15. Field Markings and Maintenance

Field markings and maintenance represents the cost of marking the fields each week and grounds men and cleaner's expenses. The field markings and maintenance expenses for the year ended 2014 were $90,086.

16. Related Party Transactions

During the year ended December 31, 2014, an Executive Committee member was reimbursed for outstanding amounts due for expenses incurred on behalf of the association (see Note 6). Funds were provided to allow timely national programme expense payments, coaches' stipends, tournament expenses and purchase of World Cup tickets during periods when the Association's cash flow would have caused delays in regular payments. In addition, the Association had transactions with companies that had shareholders who were Executive Committee members of CIFA relating primarily to the Concacaf U-20 Women's tournament and the Concacaf U-15 Girls' tournament.

17. Financial Instruments

Fair Value

At December 31st, 2014, the following methods and assumptions were used by management to estimate the fair value of each class of financial instruments:

a) Cash and cash equivalents
The carrying amount approximates fair value.

b) Accounts receivable and payable
The above items are substantially short term and do not bear interest. As such, their carrying amount approximates its fair value.

Credit risk

The Association is party to financial instruments with concentration of credit risk in the normal course of business. Credit risk arises from the failure of the counterparties to perform according to the terms of a contract. To minimize this risk, the Association's cash and cash equivalents are held with reputable financial institutions in the Cayman Islands and is managed by the Association within the guidelines established by the Executive Committee. The Association does not require collateral or other security to support financial instruments with credit risk. The Association's exposure to credit risk is limited to the amounts recorded in the balance sheet.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations as they fall due. The Association manages its liquidity needs by carefully monitoring cash outflows. The Association maintains sufficient cash to meet its liquidity requirements.

18. Subsequent Events

The Association has evaluated subsequent events through December 7th, 2018, which is the date the financial statements were available for issuance. There were no material subsequent events requiring disclosure in the financial statements.