Financial Statements of

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

August 31, 2018

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

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Independent Auditors' Report to the Members

Qualified Opinion

We have audited the financial statements of Cayman Islands Aquatic Sports Association (the "Association"), which comprise the statement of financial position as at August 31, 2018, the statements of operations, changes in fund balances and cash flows for the period from January 1, 2018 to August 31, 2018, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2018, and its financial performance and its cash flows for the period from January 1, 2018 to August 31, 2018 in accordance with International Financial Reporting Standards (IFRS).

Basis for Qualified Opinion

The system of internal control 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 derives a substantial portion of its income from sources which cannot be fully controlled until they are entered into the accounting records and are therefore not susceptible to independent audit verification. Accordingly, it was not practicable to extend our auditing procedures over such income beyond the amounts recorded.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified 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 IFRS, 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.

Independent Auditors' Report to the Members (continued)

Auditors' 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 auditors' 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 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.

As part of an audit in accordance with ISAs, 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.

- 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 auditors' 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 auditors' 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.

KPMG

November 21, 2019

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

Statement of Financial Position

As at August 31, 2018
(stated in Cayman Islands dollars)

	Note		August 31, 2018	December 31, 2017
Assets				
Current assets				
Cash	3		154,383	354,483
Short-term investments	3		141,473	-
Accounts receivable			79,577	35,863
Prepaid expenses and other assets			2,962	2,541
			378,395	392,887
Non-current assets				
Fixed assets	4		396	852
Total assets		CI$	378,791	393,739
Liabilities and fund balances				
Current liabilities				
Accounts payable			3,739	3,600
Unearned membership dues			-	3,630
			3,739	7,230
Fund balances				
Unrestricted general fund			222,438	233,895
Restricted fund – 50 metre pool	5		151,244	151,244
Hardship fund			1,370	1,370
			375,052	386,509
Total liabilities and fund balances		CI$	378,791	393,739

See accompanying notes to financial statements.

Approved on behalf of the Association on November 21, 2019

MICHAEL LOCKWOOD
____________________________President

ANDREW MACKAY
____________________________Treasurer

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

Statement of Operations

Period ended August 31, 2018
(stated in Cayman Islands dollars)

	Note	August 31, 2018 (8 months)	December 31, 2017 (12 months)
Revenue from operations			
Sponsorship		45,781	83,609
Overseas swim meets		38,826	22,501
National championships		1,255	2,135
Merchandise		1,354	2,333
Membership fees		3,831	7,230
Sea swim fees		7,086	11,273
		98,133	129,081
Expenditures			
Employee expenses		(63,467)	(94,302)
Overseas swim meets		(85,429)	(103,771)
Sea swim expenses		(8,626)	(28,735)
Senior national team expenses		(10,564)	(10,169)
Fundraising expenses		(8,975)	(8,980)
Insurance		(5,558)	(5,814)
Miscellaneous expenses		(5,958)	(3,889)
Awards & grants		-	(1,800)
Coaching		-	(945)
Depreciation		(456)	(725)
Equipment costs		(3,146)	-
		(192,179)	(259,130)
Other revenue			
Government grant	6	47,817	71,725
Other fundraising, net		34,287	53,123
Interest income		485	18
50 metre pool – interest income		-	14
Decrease in unrestricted and general fund balances for period/year		CI$ (11,457)	(5,169)

See accompanying notes to financial statements.

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

Statement of Changes in Fund Balances

Period ended August 31, 2018
(stated in Cayman Islands dollars)

		Restricted fund – 50 metre pool	Hardship fund	Unrestricted general fund	Total
Balance at December 31, 2016		151,230	1,370	239,078	391,678
Decrease in unrestricted fund balances		-	-	(5,169)	(5,169)
Transfer to restricted fund – 50 metre pool		14	-	(14)	-
Balance at December 31, 2017		151,244	1,370	233,895	386,509
Decrease in unrestricted fund balances		-	-	(11,457)	(11,457)
Balance at August 31, 2018	CI$	151,244	1,370	222,438	375,052

See accompanying notes to financial statements.

CAYMAN ISLANDS AQUATIC SPORTS ASSOCIATION

Statement of Cash Flows

Period ended August 31, 2018
(stated in Cayman Islands dollars)

		August 31, 2018 (8 months)	December 31, 2017 (12 months)
Cash flows from operating activities			
Decrease in unrestricted fund balance for period/year		(11,457)	(5,169)
Items not involving the movement of cash:			
Depreciation		456	725
Add/(deduct) net changes in non-cash operating balances:			
Accounts receivable		(43,714)	-
Prepaid expenses and other assets		(421)	317
Accounts payable		139	(540)
Unearned sponsorship revenue		-	(14,830)
Unearned membership dues		(3,630)	169
Net cash used in operating activities		(58,627)	(19,328)
Cash flows from investing activities			
Acquisition of short-term investments		(141,473)	-
Net cash used in investing activities		(141,473)	-
Movement in cash during period/year		(200,100)	(19,328)
Cash at beginning of period/year		354,483	373,811
Cash at end of period/year	CI$	154,383	354,483
Supplementary information on cash flows from operating activities			
Interest received	CI$	485	32

See accompanying notes to financial statements.

1. Background information

The Cayman Islands Amateur Swimming Association (the "Association") was incorporated under the Companies Law of the Cayman Islands on March 21, 1986 as a non-profit organisation to administer and promote all aquatic sports in the Cayman Islands.

Effective May 4, 2018, the Association changed its name to be known as Cayman Islands Aquatic Sports Association. The Association adopted amended and restated Articles of Association on November 30, 2017. The amended Articles of Association state that the Association's year shall be deemed to begin on the first day of September and to expire on the thirty-first day of August in the following calendar year.

The Association has no share capital and is limited by the guarantee of its members, who undertake to contribute such amounts as may be required, not exceeding CI$1, to the assets of the Association in the event of being wound up during the time of membership, or within one year after ceasing to be a member, for payment of the debts and liabilities of the Association.

As at August 31, 2018 and December 31, 2017, the Association has one employee. The operations of the Association are conducted based upon decisions made by the Board of Directors and carried out by members on a voluntary basis. The registered office of the Association is located at The Lions Pool, P.O. Box 10376, Grand Cayman KY1-1004, Cayman Islands.

2. Significant accounting policies

(a) *Statement of compliance*

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") and its interpretations adopted by the International Accounting Standards Board ("IASB").

Up to the date of these financial statements, the International Accounting Standards Board has issued a number of new standards, amendments to existing standards and interpretations which are effective for the current period. The Association does not consider that the adoption of these had any significant impact on the disclosures, decrease in fund balance or financial position of the Association.

At the date of authorisation of the financial statements the following new relevant standards, amendments to standards and interpretations, which were in issue, are not yet effective. These standards and interpretations are effective for the accounting periods beginning on, or after the indicated dates:

2. Significant accounting policies (continued)

(a) Statement of compliance (continued)

IFRS 16 - Leases primarily affects the accounting by lessees and will result in the recognition of almost all leases on the Statement of Financial Position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. The Statement of Operations will also be affected because the total expense is typically higher in the earlier years of a lease and lower in later years and operating expense is replaced with interest and depreciation. The standard is effective for accounting periods beginning on or after January 1, 2019 and earlier application is permitted only if IFRS 15 is adopted at the same time. The Association is currently assessing the impact of IFRS 16.

There are no other standards that are not yet effective and that would be expected to have a material impact on the Association in the current or future reporting periods and on foreseeable future transactions.

(b) Basis of preparation

These financial statements are presented in Cayman Islands dollars and are prepared on the historical cost basis.

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(c) Foreign currency translation

The Association may conduct transactions or hold financial instruments in either Cayman Islands dollars or U.S. dollars. As the Cayman Islands dollar is fixed to the U.S. dollar, no currency losses or gains are recognised. The Cayman Islands dollar to U.S. dollar exchange rate adopted by the Association is CI$0.84: US$1.00.

2. Significant accounting policies (continued)

(d) Donated services

A number of unpaid volunteers make significant contributions of their time and resources to manage the Association's activities. The value of these contributions are not reflected in these financial statements since it is not susceptible to objective measurement or valuation.

(e) Revenue

Fees, inclusive of sponsorship revenues are recorded as revenue when received, on a cash basis.

(f) Government grants

Government grants are awarded annually to support the Association's various swimming programmes. These government grants are accounted for as income in the statement of operations.

(g) Interest income

Interest income is recorded on an accrual basis.

(h) IFRS 9: Financial instruments

The Association has adopted IFRS 9 for the preparation of these financial statements. This standard replaces IAS 39: Financial Instruments: Recognition and Measurement. Key changes to the Association's accounting policies as a result of this change are summarised below:

Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, available for sale and loans and receivables.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. Under IAS 39, all fair value changes of liabilities designated under the fair value option were recognised in the statement of comprehensive income. Under IFRS 9 fair value changes are generally presented as follows:

- The amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- The remaining amount of change in the fair value is presented in the statement of comprehensive income.

2. Significant accounting policies (continued)

(h) IFRS 9: Financial instruments (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

Transition

There was no assessed impact of the expected credit loss model to the Association. Therefore, no adjustment was made to the Association's opening January 1, 2018 retained earnings and accumulated other comprehensive income to reflect the application of the new requirements of impairment and classification and measurement at the adoption date. The Association took advantage of the exemption allowing the Association not to restate comparative information for prior periods.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at January 1, 2018 relates solely to the new impairment requirements.

	IAS 39 classification	New IFRS 9 classification	Original carrying amount under IAS 39 (CI$)	New carrying amount under IFRS 9 (CI$)
Financial assets				
Cash	Amortised cost	Amortised cost	354,483	354,483
Accounts receivables	Amortised cost	Amortised cost	35,863	35,863
Total financial assets			390,346	390,346
Financial liabilities				
Accounts payable	Amortised cost	Amortised cost	3,600	3,600
Total financial liabilities			3,600	3,600

The determination of the business model within which a financial asset is held has been made on the basis of the facts and circumstances that existed at the date of initial application.

2. Significant accounting policies (continued)

(h) IFRS 9: Financial instruments (continued)

Financial instruments – Initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset - Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured as financial assets at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of both:

- the Association's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Financial assets – Subsequent measurement and gains and losses: Policy applicable from January 1, 2018

Financial assets at amortised cost are measured at amortised cost using the effective interest method.

Derecognition of financial assets

The Association derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Association neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. The Association does not hold any financial liabilities that are classified as at FVTPL. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in the statement of comprehensive income. Any gain or loss on derecognition is also recognised in the statement of comprehensive income.

The Association’s financial liabilities include accounts payable. This is measured at amortised cost. The Association considers the carrying value to be a reasonable approximation of fair value.

2. Significant accounting policies (continued)

(h) *IFRS 9: Financial instruments (continued)*

Derecognition of financial liabilities

The Association derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Association also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in the statement of comprehensive income.

Impairment of financial assets - Policy applicable from January 1, 2018

The Association recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised cost. The Association measures loss allowances at an amount equal to lifetime ECLs, except for financial assets for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

The Association assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The Association will utilise an ECL model internally developed and updated by management when and if it holds affected financial assets. Inputs into the model will be based upon management's assessment of the probability of default and loss given default. At August 31, 2018, the Association has not recognised any loss allowances.

2. Significant accounting policies (continued)

(h) IFRS 9: Financial instruments (continued)

Impairment of financial assets – policy applicable before January 1, 2018

Financial assets are reviewed at each statement of financial position date by management to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount of an asset is less than its carrying amount, an impairment loss is recognised. Impairment losses are recognised in the statement of comprehensive income.

Non-financial instruments

At each reporting date, the Association reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

(i) Cash

Cash include savings and current accounts.

(j) Short-term investments

Short-term investments are measured at amortised cost.

(k) Fixed assets

Fixed assets are stated at cost less accumulated depreciation and are depreciated on a straight-line basis at the following annual rates, estimated to write-off these assets over their expected useful lives:

Trailer	3 years
Computer/Printer/Mobile Handsets	2 years
OW Radios	2 years
Team Manager Software	3 years

(k) Comprehensive income

The Association has no other comprehensive income other than the net increase in unrestricted general fund balance disclosed in the statement of operations. Therefore, a separate statement of comprehensive income has not been prepared.

3. Cash and short-term investments

		August 31, 2018	December 31, 2017
Savings accounts		148,214	357,966
Current accounts		6,169	(3,483)
Total cash		154,383	354,483
Short-term investments		141,473	-
Total cash and short-term investments	CI$	295,856	354,483

Cash and short-term investments include the restricted fund as discussed in Note 5. Short-term investments represents two fixed deposit accounts with a maturity of 1 month and 6 months with interest rates of 0.3% and 1.24% respectively.

4. Fixed assets

		August 31, 2018	December 31, 2017
Cost:		3,538	3,538
Accumulated depreciation		(3,142)	(2,686)
Net book value	CI$	396	852

5. Restricted fund

At August 31, 2018, the restricted fund represents funds of CI$151,244 (December 31, 2017: CI$151,244) which are set aside for the construction of a 50 metre pool.

6. Government grant

During the period ended August 31, 2018, the Association was granted CI$47,817 (December 31, 2017: CI$71,725) from the Cayman Islands Government. The amount granted is used to fund the Association's activities and is subject to the provisions of the Purchase Agreement between the Association and the Cayman Islands Government. An amount of CI$47,817 (December 31, 2017: CI$35,863) was due at August 31, 2018 and was included in accounts receivable at that date.

There are no unfulfilled conditions and other contingencies attaching to Government grants that have been recognised. There are no other Government grants that have been awarded to the Association.

7. Reimbursement of expenses

Certain expenses are borne by members and Directors and are reimbursed by the Association.

8. Financial risk management

The most important types of financial risk to which the Association is exposed are credit risk and market risk. This note presents information about the Association's exposure to each of these risks and the Association's objectives, policies and processes for measuring and managing risk, and the Association's management of capital.

Credit risk

Credit risk is the risk that counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Association. Financial assets which potentially expose the Association to concentrations of credit risk comprise cash. Specific factors which impact the concentration of credit risk are:

- The concentration of cash held in one financial institution based in the Cayman Islands.

The nature of the Association's exposures to credit risk and its objectives, policies and processes for managing credit risk have not changed significantly from the prior year.

Factors which mitigate credit risk are:

- The Association transacts with a well-established, high credit quality financial institution, and the management does not anticipate any material losses as a result of the concentration of cash.

The maximum exposure to credit risk for financial assets at the reporting date without taking account of any collateral held or other credit related enhancements and based on the net carrying amounts as reported in the statement of financial position, is CI$375,433.

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they fall due. The liquidity risk management process ensures that the Association is able to honour all of its financial commitments when due.

The Association manages liquidity risk by ensuring that it has sufficient cash on demand to meet expected operational expenses and servicing of financial obligations.

At August 31, 2018, all financial assets were redeemable by notice and all financial liabilities were due within one year.

Assets that are impaired

As of August 31, 2018, the Association has not recognised any impairment amounts in relation to its financial assets.

8. Financial risk management (continued)

Market risk

Market risk is the risk that changes in market prices – such as interest rates, foreign exchange rates or equity and commodity prices - will affect the Association's income or the fair value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Association's cash is subject to interest rate risk. This financial instrument generally attracts variable interest rates based on market rates. The nature of the Association's exposures to interest rate risk and its objectives, policies and processes for managing interest rate risk have not changed significantly from the prior period.

As at August 31, 2018, the only interest bearing financial instruments were cash and short-term investments. At August 31, 2018, if interest rates had been 1% higher or lower with all other variables held constant, net income for the year would have increased or decreased by CI$2,959.

9. Revenue from contracts with customers

The Association accounts for contracts with customers that fall within the scope of *IFRS 15: Revenue from Contracts with Customers* only when all of the following criteria are met:

- the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;
- the Association can identify each party's rights regarding the goods or services to be transferred;
- the Association can identify the payment terms for the goods or services to be transferred;
- the contract has commercial substance (i.e. the risk, timing or amount of the Association's future cash flows is expected to change as a result of the contract); and
- it is probable that the Association will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer. In evaluating whether collectability of an amount of consideration is probable, an entity shall consider only the customer's ability and intention to pay that amount of consideration when it is due.

The impact of the adoption of IFRS 15 has not been material to the Association.

10. Subsequent events

In preparing these financial statements, management has evaluated subsequent events up to November 21, 2019, which is the date that the financial statements were approved and available to be issued. No subsequent events were identified that require additional disclosures in these financial statements.