# CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE LTD. ("CTCEC")

**REPORT TO THOSE CHARGED WITH GOVERNANCE ON THE 2024 AUDIT**

**15 JULY 2026**

***To help the public service spend wisely***

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REPORT TO THOSE CHARGED WITH GOVERNANCE

## INTRODUCTION

1. We have completed our audit of the 31 December 2024, financial statements of the Cayman Turtle Conservation and Education Centre Ltd. (the "Turtle Centre" or the "Company"). International Standards on Auditing (ISAs) require that we communicate certain matters to those charged with governance of the Company in sufficient time to enable them to take appropriate action. The matters we are required to communicate under ISAs include:

   - Auditor's responsibilities in relation to the audit
   - The overall scope and approach to the audit, including any expected limitations, or additional requirements
   - Relationships that may bear on our independence, and the integrity and objectivity of our staff
   - Expected modifications to the audit report
   - Significant findings from our audit.

2. This report sets out for the consideration of those charged with governance, those matters arising from the audit of the 2024 financial statements that we consider worthy of drawing to your attention.

3. This report has been prepared for the sole use of those charged with governance, and we accept no responsibility for its use by a third party. Under the *Freedom of Information Act (2021 Revision)*, it is the policy of the Office of the Auditor General to proactively release all final reports through our website: www.auditorgeneral.gov.ky.

## AUDITOR'S RESPONSIBILITIES IN RELATION TO THE AUDIT

### AUDITOR'S RESPONSIBILITY UNDER INTERNATIONAL STANDARDS ON AUDITING (ISAs)

4. ISAs require that we plan and perform the audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements is not designed to identify all matters that may be relevant to those charged with governance. Accordingly, the audit does not ordinarily identify all such matters, and this report includes only those matters of interest that came to our attention during the performance of our audit.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE

5. Management's responsibilities are detailed in the engagement letter dated 17 November 2025. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

## OTHER INFORMATION IN DOCUMENTS CONTAINING AUDITED FINANCIAL STATEMENTS

6. While we have no responsibility to perform any audit work on other information, including forward-looking statements containing audited financial statements, we have read the other information contained in the Company's annual report and noted that it is materially consistent with information appearing in the financial statements or our knowledge of the operations of the Company. We have not reviewed other documents containing the Company's audited financial statements.

## CONDUCT, APPROACH AND OVERALL SCOPE OF THE AUDIT

7. Information on the integrity and objectivity of the Office of the Auditor General and audit staff and the nature and scope of the audit were outlined in the engagement letter presented to the Chief Executive Officer and follow the requirements of the ISAs. We are not aware of any impairment to our independence as auditors.

## AUDIT REPORT, ADJUSTMENTS AND MANAGEMENT REPRESENTATIONS

8. We have issued an unmodified audit report on the 31 December 2024 financial statements. We have included the following additional paragraph to the Auditor General's report on the Company's 31 December 2024 financial statements:

   *Material Uncertainty Relating to Going Concern:*
   I draw attention to Note 20 of the financial statements, which discloses that the Company continues to incur significant operating losses and remains dependent upon the ongoing financial support of the Cayman Islands Government ("CIG") to meet its obligations as they fall due.

   The Company's financial position reflects a CI$10 million non-interest bearing loan from the CIG that is repayable on demand following the October 2023 amendment removing fixed repayment dates, and the Company does not have the ability to repay the loan in full if it were to be demanded, introducing uncertainty regarding the timing and sufficiency of future cash outflows.

While management has concluded that the going concern basis of preparation remains appropriate, the Company's ability to continue as a going concern is contingent on the continued financial support of the CIG and the maintenance of Government-guaranteed banking facilities. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

9. A summary of audit adjustments made to the financial statements is attached in Appendix 1. A summary of unadjusted misstatements is attached in Appendix 2.

10. As part of the completion of our audit, we obtained written representations from management on aspects of the accounts, judgments, and estimates made. These representations were provided to us on 15 July 2026.

## SIGNIFICANT FINDINGS FROM THE AUDIT

### SIGNIFICANT ACCOUNTING PRACTICES

11. We are responsible for providing our views about qualitative aspects of the Company's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

12. Generally accepted accounting principles provide for the Company to make accounting estimates and judgments about accounting policies and financial statement disclosures. We are, however, not aware of any new or controversial accounting practices reflected in the Company's financial statements.

### MANAGEMENT'S JUDGMENTS AND ACCOUNTING ESTIMATES

13. Management has made judgments and estimates with regard to the following financial statement items:

- Useful lives and market value of property, plant, equipment and exhibits – CI$63,050,759.
- Expected Credit Losses – CI$721,279.
- Severance pay – CI$371,068.
- Valuation of biological assets – CI$118,865.
- Actuarial valuations including assumptions e.g. discount rates – CI$493,000.

## GOING CONCERN DOUBTS

14. As a result of our audit, we became aware of material uncertainties related to events and conditions that may cast significant doubt on the Company's ability to continue as a going concern.

Accordingly, we have included a "Material Uncertainty Related to Going Concern" paragraph in my Auditor General's Report, as required by the ISAs.

The Company has incurred significant operating losses over an extended period and continues to experience cash flow constraints. These conditions have resulted in the Company being unable to discharge its obligations as they fall due in the ordinary course of business without recourse to financial support from the Cayman Islands Government ("CIG"), its sole shareholder. This support has historically taken the form of equity injections, government-guaranteed credit facilities, and interest-free lending.

In 2025, the Company received increased equity funding, including CI$2.355 million from 2024 and CI$0.255 million from 2025 for capital expenditure from the Cayman Island Government. A further CI$5 million and CI$4 million has been approved by the Government for 2026 and 2027 respectively to cover operating expenditure. The Company also continues to have access to a CI$4.6 million line of credit guaranteed by the CIG.

Additionally, the terms of a CI$10 million interest-free loan from the CIG were amended in 2023 to remove fixed repayment dates. In accordance with IFRS 9 and IAS 1, the loan is now considered repayable on demand and has been reclassified as a current liability, as the Company no longer has an unconditional right to defer settlement beyond 12 months from the reporting date. While the loan has not been recalled by the Ministry of Tourism and Ports, its classification introduces uncertainty regarding the ability of the Company to discharge the liability on demand.

Management has concluded that the going concern assumption in preparing its 2024 financial statement remains appropriate, based on the expectation of continued Government support and access to credit facilities. However, the Company's continued reliance on this support, the inability of the company to settle the CI$10 million loan on demand, and recurring losses indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern.

## INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

15. Internal control matters and significant findings are noted in Appendix 3, along with management's response.

## FRAUD OR ILLEGAL ACTS

16. Applicable auditing standards recognize that the primary responsibility for the prevention and detection of fraud and compliance with applicable acts and regulations rests with both those charged with governance of the entity and with management. It is important that management, under the oversight of those charged with governance, places a strong emphasis on fraud prevention and deterrence.

17. They are also responsible for establishing and maintaining controls pertaining to the Company's objective of preparing financial statements that are presented fairly, in all material respects, in accordance with the applicable financial reporting framework and managing risks that may give rise to material misstatements in those financial statements. When exercising oversight responsibility, those charged with governance should consider the potential for management to override controls or exert other inappropriate influences over the financial reporting process.

18. As auditors, in planning and performing the audit, we are required to reduce audit risk to an acceptably low level, including the risk of undetected misstatements in the financial statements due to fraud.

19. However, we cannot obtain absolute assurance that material misstatements in the financial statements will be detected because of such factors as the use of judgment, the use of testing, the inherent limitations of internal control and the fact that much of the audit evidence available to the auditor is persuasive rather than conclusive in nature.

20. No fraud or illegal acts came to our attention as a result of the 2024 audit. There were known cash discrepancies and irregularities associated with expenditure on information technology, which were all provided for and disclosed in the financial statements for the year ended 31 December 2017 and further disclosed in the financial statements for the years ended 31 December 2018, 2019, 2020, 2021, 2022, 2023 and 2024.

## SIGNIFICANT DIFFICULTIES ENCOUNTERED DURING THE COURSE OF OUR AUDIT

21. No difficulties were encountered in the performance of our audit.

## DISAGREEMENTS WITH MANAGEMENT

22. We have had no disagreements with management resulting from our audit.

## ANY OTHER SIGNIFICANT MATTERS

23. There were no other significant matters noted during the audit.

## ACKNOWLEDGEMENTS

24. We would like to express our thanks to the Turtle Centre staff for their help and assistance during the audit of this year's financial statements. This enabled us to provide an audit report within the agreed timetable.

Yours sincerely,

Patrick O. Smith CPA, CFE
Auditor General

## APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS

| Number | Account description and adjustment details | Account Number | Debit | Credit | Identified by: (Client/ OAG) |
|---|---|---|---|---|---|
| **1** | Insurance expense | | 119,474 | | OAG |
| | Other income | | | 119,474 | |
| | To reclassify proceeds from CCRIF to other income. | | | | |

## APPENDIX 1 – SUMMARY OF ADJUSTED MISSTATEMENTS (CONTINUED)

| Misstatement number | Disclosure reference in Financial Statements | Description of misstatement | Amount USD (if applicable) | Identified by: (Client/ OAG) |
|---|---|---|---|---|
| **2** | Note 17: Key management personnel | Renee Howell was not included in the disclosure as she left during the year. However, this was discussed with James as she was an executive member during the year and was paid remuneration, which should be part of the disclosure. | N/A - KMP = 8 | OAG |
| **3** | Cash flow statement | Property, plant and equipment additions for the year total CI$231,130, which includes approximately CI$14,739 (11,189 + 3,550.00) that remained unpaid as at 31 December 2024 and was correctly recorded within accounts payable at year end. These were paid in January 2025. Therefore, the additions in the cash flow statement should be updated to reflect the cash additions only i.e., CI$216,931 (231,130 - 14,739). | CI$ 17,546 | OAG |
| **4** | Note 19: Commitments | Subsequent to year end, the Company entered into a design-build contract for the construction of a 20-million-gallon-per-day seawater intake line and master pump station with Sanpik Contracting Cayman Ltd. Following approval by the Public Procurement Committee in November 2024, the contract was executed in February 2025 at a total contract value of approximately CI$2.6 million. As at 31 December 2024, no legally binding contract was in place and accordingly no liability has been recognized. However, this represents a significant capital commitment of the Company. | US$3.1 million | OAG |

## APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS

| Misstatement Number | Description of misstatement | Account name or financial statement line item | Adjustments (USD) | | | | |
|---|---|---|---|---|---|---|---|
| | | | Assets | Liabilities | Equity | Income | Expenses |
| 1 | During our testing over the existence of Inventories held at year-end, we noted management had not recorded the inventory count adjustments in a timeous manner, which fell outside the financial period. | Cost of Sales (PL) | | | | | 39,112 |
| | | Inventory - Marketable product | (39,112) | | | | |
| 2 | The provision for impairment of trade receivables misstated as post year-end payments received from Land & Sea were not applied in accordance with management's accounting policy. | Bad debts expense | | | | | (41,500) |
| | | Allowance for doubtful debts | 41,500 | | | | |
| 3 | The AP listing included certain debit balances that should be classified as prepayments. It also included purchases relating to Tees and Adult Heathers debited in accounts payable instead of Inventory - Marketable products. | Prepayments | 92,524 | | | | |
| | | Inventory – GIT | 91,687 | | | | |
| | | Accounts payable | | (184,211) | | | |
| 4 | The accounts receivable age analysis includes certain credit balances due to customer overpayment which should be classified as accounts payable. | Accounts receivable | 25,813 | | | | |
| | | Accounts payable | | (25.813) | | | |
| 5 | The current balance in the accrued account is due to the Cayman First Insurance January 2025 billing, which was paid early in December | Prepayments | 60,050 | | | | |
| | | Accrued - Medical Insurance | | (60,050) | | | |

| Misstatement Number | Description of misstatement | Account name or financial statement line item | Adjustments (USD) | | | | |
|---|---|---|---|---|---|---|---|
| | | | Assets | Liabilities | Equity | Income | Expenses |
| | 2024. This should be reclassified as Prepayments. | | | | | | |
| **6** | The debit balance at year end represents purchase orders for which the goods had not yet been received, and the process has not yet been completed. This should be reclassified as Goods in Transit under Inventory. | Inventory - GIT | 22,940 | | | | |
| | | Advance receipt | | (22,940) | | | |

## APPENDIX 2 – SUMMARY OF UNADJUSTED MISSTATEMENTS (CONTINUED)

| Misstatement number | Disclosure reference in Financial Statements | Description of misstatement | Amount USD (if applicable) | Identified by: (Client/ OAG) |
|---|---|---|---|---|
| **7** | Note 16: Financial risk management | Trade receivables ageing disclosure is misstated as post-year-end payments received from Land & Sea were not applied in accordance with management's accounting policy. | 41,500 | OAG |
| **8** | Note 16: Financial risk management | Trade receivables ageing disclosure is misstated as balances relating to Dolphin Discovery Cayman were not appropriately allocated across ageing buckets, with the full balance incorrectly presented as current. | Current: ($40,540)<br>31-60 days: $10,000<br>61-90 days: $8,600<br>Over 90 days: $21,940 | OAG |

## APPENDIX 3 – INTERNAL CONTROL MATTERS AND SIGNIFICANT FINDINGS

| Observation | Risk/Implication and Recommendation | Recurring issue (Y/N) | Observation accepted by Management (Y/N) | Management Response | Implementation Date |
|---|---|---|---|---|---|
| **Non-compliance with Acts and Regulations** | | | | | |
| **Deficiency in Procurement Approval Controls**<br><br>Procurement documentation for cumulative turtle feed purchases exceeding CI$500,000 was not approved by the Public Procurement Committee, notwithstanding procurement thresholds. Management acknowledged the absence of supporting procurement approvals and the lack of a formalised approval process for this arrangement. | **Risk/Implication:**<br><br>The lack of Public Procurement Committee approval increases the risk of non-compliance with the Public Procurement Act, weakens procurement governance and oversight, and increases exposure to unauthorised or non-competitive procurement arrangements.<br><br>**Recommendation:**<br><br>Management should ensure that all procurement activities exceeding prescribed thresholds are supported by documented Public Procurement Committee approval. Where single-source procurement is required, a formal justification and approval should be obtained and retained in accordance with procurement regulations. | **No** | **Yes** | This relates to an ongoing contract between the Company and Double M Distribution which is the sole supplier of animal feed and has been in place prior to 2022 when the current Chief Financial Officer joined the Company. It is a held belief this was a procurement the Department of Agriculture handled for its own needs but within which the Turtle Centre was included. The action is justifiable as a single source supplier from overseas where alternative suppliers of animal feed – the bulk of which is for the sea turtles – are scarce. | N/A |