



ANNUAL REPORT



CAYMAN TURTLE CONSERVATION AND EDUCATION CENTRE Ltd
for the 12-month period ended 31st December 2018

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Note:

“APPENDIX 1. Audited Financial Statements of the Company” is attached as a separate PDF bearing the signatures of the auditors.



FOREWORD FROM CEO



Tim Adam, CEO

This report summarises the performance of **Cayman Turtle Conservation and Education Centre Ltd.**, a Cayman Islands Government Company (hereinafter referred to as “the Company” or “CTCEC”), for the 12-month fiscal period ended 31st December 2018.

Cayman Turtle Conservation and Education Centre Ltd. is the official registered name of a Government Company that is 100% owned by the Governor in Cabinet of the Cayman Islands. For the year under review it traded under the brand-names:

- **Cayman Turtle Centre: Island Wildlife Encounter** (CTC), the brand used for our visitor attraction, conservation, research, and education activities;
- **Cayman Turtle Products** (CTP), the brand used for our subsidised turtle meat production, distribution and sale activities.



The Company’s current Articles of Association were adopted by Special Resolution dated 23rd August 2005, amended to reflect the change of company name (from *Cayman Turtle Farm (1983) Ltd.*) that had been approved by a Special Resolution dated 16th March 2017 of the Sole Member of the Company (Governor in Cabinet of the Cayman Islands).

The Company’s current Memorandum of Association was also adopted by a Special Resolution dated 16th March 2017 of the Sole Member of the Company (Governor in Cabinet of the Cayman Islands). The amended wording of the Memorandum focuses heavily on its first two statements of purpose:

*“(a) To carry on any or all of the businesses of ... breeding, hatching, raising and/or utilizing sea turtles, eggs, and derivatives of all descriptions as needed, **including but not limited to ... translocations and releases**, import and export, or other such actions as are*

necessary or desirable to fulfil national and international policy objectives in sea turtle conservation, education ... and research, to benefit the genera and in turn yield benefit to existing and future generations of mankind.

*Conservation and research policy objectives include ... the production and distribution of green sea turtle meat for human consumption with the **primary goals** of reducing the loss of free-ranging sea turtles to meet local and traditional demand as well as the use of secretion, excretion, fluids and tissues collected at harvest for educational and research purposes.*

*(b) To carry on the business of ... providing various products and services to visitors and residents, **conservation, education and research** ...”*

That focus is reflected in the Company’s name **Cayman Turtle Conservation and Education Centre Ltd.** which was also adopted by a Special Resolution dated 16th March 2017 of the Sole Member of the Company (Governor in Cabinet of the Cayman Islands). The Company’s previous name was Cayman Turtle Farm (1983) Ltd.

This Company is presently comprised of several major functions:

- **Conservation, education and research:** The Company operates the first and oldest closed-cycle sea turtle breeding facility in the world. As a result, the Company is recognised as an international expert in captive breeding of turtles and as a globally known innovator in sea turtle conservation, research, and husbandry across the species’ full range of stages and ages. The Company has unparalleled experience and proven ability to breed sea turtles in captivity, incubate the captive-bred eggs indoors, and raise the captive-bred sea turtle offspring in captivity all the way up to full adulthood as a captive-bred breeding adult and thus complete the life cycle of these long-lived species. The Company also replenishes the wild population using its captive-bred sea turtles, in programs such as:
 - Translocation Nest Sites
 - Night-Time Hatchling Releases
 - Head-Start Public Releases
 - Head-Start Private Releases



The educational **nest translocation program** was initiated in June 2016 and has continued to gain in popularity. It has attracted a loyal following both locally and overseas, as well as visitors to the island. This program translocates¹ a portion of the eggs of a captive-bred nest, at one of two feasible date ranges in its incubation period, into a nest on one of our nation’s suitable nesting beaches in the wild. Paid Nest Watchers keep night-time vigil over the nests

¹ In conservation and biology, *translocation* refers to “The transport and release of plant, animal or habitat from one location to another.”

to ensure safety of the eggs throughout the final days of their hatching and climb up through and out of the sand on the beach. When hatchlings emerge from their nests, local followers are notified via a social media group and can attend the beach site to view first-hand the hatchlings' emergence out of the sand, down the beach and into the sea. Overseas followers can watch these events via a commentary, with videos and narrative updates through one of our social media channels.

Hatchling beach releases take place within a couple of days of the baby turtle emerging from its egg in our hatchery. These releases are scheduled in the evening under the protective cover of darkness of the night, so the hatchlings are able to seek remoteness from concentrated populations of near-shore predators as they head for floating cover in sargassum mats in the deep sea before the dawn comes.

The other popular program for our releases that is well known is the **Head-Start** releases of the juvenile sea turtles aged one year or more, into the sea from beaches around our islands. CTC also offers this to guests as a privately sponsored turtle release opportunity to share with their family, friends or colleagues, to mark a special occasion or as a corporate team building event.



Head-Started Releases: A Head-Started turtle raised fully at CTCEC is released. These turtles are from clutches laid on our breeding beach located in the Centre and hatched in our hatchery. They are then raised under the care of our two full-time veterinarians for at least one full year prior to their release. Each turtle undergoes testing and quarantine protocols prior to their release for health and safety.

In addition to CTC's conservation efforts our scientists and veterinarians work tirelessly on **research projects** that are often collaborative with institutions in various parts of the world, with non-invasive field study elements that are only able to be done right here in the Cayman Islands at CTC because of the convenient, constant and safe accessibility to turtles of the full age range from egg to post-breeding adult. The unique opportunities and setting at CTC provide a research haven for many scientists to tap into for exploration into many fields beyond turtle species. To date, our scientists and veterinarians have participated in projects that have produced over 100 peer-reviewed published or presented research papers.

CTC **educates** approximately two thousand students per year on sea turtles and other wildlife and conservation themes, in addition to its wildlife and conservation education impacts of guide talks, on-site educational talks to student groups ranging in age from pre-school to university level, off-site educational talks in the islands' schools, interpretive signage and literature, and an educational video that is displayed during tourist visits.

- **Tourist attraction:** The Company's conservation and education missions have the opportunity for very broad reach and impact because the Company's site is the most-visited single land-

based attraction in the Cayman Islands. With over a quarter million visitors each year, it remains consistently popular with tourists arriving both by air and by cruise. This aspect of the Company's business, comprising shore excursions, tours, admissions, food & beverage and retail merchandise sales, provides some 90.5% of the Company's revenues, and is therefore the primary source of funding the Company's conservation, research and education activities. It is also a very important component of the socioeconomic fabric of the Cayman Islands: business activities and employment related to this tourist attraction are estimated to have a combined economic impact translated into full-time equivalents (FTE's) that ranges up to the equivalent of 203 to 603 FTE.

- Sea turtle meat production: The Company's turtle husbandry operations and unique expertise provides a reliable source of high-quality turtle meat products, sold at affordable prices, to satisfy the continuing strong local culinary traditions especially among indigenous Caymanians. This availability of farmed meat has been a major contributing factor to keeping sea turtles in the wild around the Cayman Islands because of its ongoing daily positive impact in greatly reducing incentives to poach turtles from the wild.
- Landlord: The Company is the landlord to a dolphinarium which is another major tourist attraction on the island.

As an employer the Company has been particularly exemplary in its success in hiring and developing local people. Of an authorized headcount of 110 Full-Time Equivalents (FTE's) filled by 101 Crew Members (including a few Part-Time), as at the financial year-end 31st December 2018 there were only three (i.e. less than 5%) employees on Work Permits.

Highlighting the high ratings of the guest experience that the Company provides, CTC was awarded the *TripAdvisor Certificate of Excellence 2016* (this had also been awarded in 2015). CTC's tour packages receive high ratings on cruise line shore excursion webpages. The Company has received accolades for its involvement and support from various local civic organisations such as the Cayman Islands Chamber of Commerce, the Cayman Islands Tourism Association, and Meals on Wheels to name a few.

Several CTCEC staff were nominated for the annual Cayman Islands Tourism Association (CITA) *Stingray Awards*: a Keeper in our Animal Programs Mr. William Chisholm won the 2018 Allied/Attraction/Transportation Employee of the Year Award, and our Turtle Husbandry Manager Mr. Jerris Miller won the 2018 Allied/Attraction/Transportation Manager of the Year Award.

The Company remains an active member of the Cayman Islands Chamber of Commerce and of CITA. The Company is also a very active Platinum Associate Member of the Florida-Caribbean Cruise Association (FCCA).

Company staff members are also encouraged to participate in charitable, cultural and other civic-minded initiatives, and the Company itself supports some such causes directly. During the period under review several of its staff members have been personally involved as volunteers in Meals

on Wheels fundraising and weekly meal deliveries; in the work of the Rotary Club of Grand Cayman, and the Rotary Central Science Fair. The Company's veterinarian on an *ad-hoc* voluntary basis has assisted the Department of Environment with marine life rescues, and the Company's Curator – Terrestrial and Education has assisted the Department of Environment with advice and information on various aspects of wildlife primarily related to birds as well as other terrestrial animals.

The Company is a participant in the annual Earth Day Clean-Up event hosted by the Cayman Islands Chamber of Commerce. CTCEC supported this event through volunteering and sponsorship. CTCEC continues to support the community through "in kind" donations to various charitable causes, with free admission prize vouchers, rather than cash.

ACTIVITIES DURING 2018

• Nature and Scope of Activities

The major portion of the Company's revenues is derived from the tourist attraction components of the business, as the site remains the most-visited land-based tourist attraction on the island. Over 79% of the Company's admissions ("Tours") revenues are derived from cruise passengers, who comprise over 67% of the guests visiting the facility. For several of the cruise lines that come to Cayman, anecdotally more than one-third of all Grand Cayman shore excursions they sell to their passengers feature the Cayman Turtle Centre as a prime stop on the excursion.

Despite its popularity however, the revenues of the expanded facility have not ever come up to the expectations of what was originally projected² in the planning stages of the project, to some extent due to factors such as lack of a cruise terminal in the West Bay area, and further exacerbated by the ongoing lack of cruise berthing anywhere in the island. In addition, the Company's turtle meat production is sold at a considerable loss, because maintaining the subsidised pricing structure is part of the conservation imperative to minimise the risk of poaching occurring and thereby keeping wild turtles in the wild. As a result, the Company remains dependent on subsidies in the form of Equity Injections from the Government of the Cayman Islands to assist in meeting its debt obligations³ and running costs. These Equity Injections form part of the Government's approved Budgets and are included in the Company's Ownership Agreement with the Government.

The green sea turtle captive breeding activities continue, involving the husbandry of turtles both for conservation and display purposes, and for turtle meat production purposes, without requiring collection of any eggs, hatchlings or turtles of this species from the wild. The Government-mandated turtle meat production and sale to the resident population is a deliberate, price-subsidised yet often misunderstood program which conservation authorities acknowledge probably is the program that has the highest direct numerical impact on maintaining the Cayman Islands' marine turtle population in the wild. **The Company remains the**

² One very significant assumption of the projections was that cruise berthing was going to be built in George Town, and a cruise pier in West Bay, neither of which have so far materialized.

³ Payments on the note payable that was issued in 2004 through placement agent William Blair were on time and on track for completion of the final scheduled payment on 1st March 2019. As of 31st December 2018 that was the Company's only remaining long-term debt obligation,

only such enterprise anywhere in the world to have achieved the second generation and beyond of sea turtles bred, laid, hatched and raised entirely in captivity. The research activities also continue, with over 100 scientific papers having been published or presented over the years from 1971 shortly after the inception of the Company's predecessor Mariculture Ltd.

- **Customers and Location of Activities**

The tourist attraction services of the Company are mainly provided to tourists, as well as residents and "visiting friends and relatives" ("VFR"), and schools. All services are provided in Grand Cayman. The Company organizes and offers public and private Head Started turtle releases.

The Company's operations are based in North West Point, West Bay, on some 23 acres of land. The address of the main centre of operations is: 786 North West Point Road, West Bay.

During this fiscal period the sales outlet for Cayman Turtle Products ("CTP") was co-located with the Company's seaside pumping station across the street from the main site on North West Point Road, West Bay.

In addition, CTC operates a retail souvenir and gift shop in combination with its shore excursion dispatch functions, in a rented kiosk at the Royal Watler Cruise Terminal in George Town.

Cayman Turtle Conservation and Education Centre Ltd. is therefore a multi-function Government Company comprising four main types of activities.

Under the Cayman Turtle Centre ("the Centre" / CTC) brand it operates:

- a conservation, education, and research facility for sea turtles.
- a land-based tourism attraction, with over a quarter of a million visitors per year, which also has food & beverage and merchandise sales operations.

Under the Cayman Turtle Products brand, it operates:

- a commercial green sea turtle captive breeding, turtle meat harvesting and subsidised turtle meat sales facility.

The Company also functions as:

- a landlord: to a dolphinarium, Dolphin Discovery (Cayman) Ltd.



- **Activity: Conservation, Education and Research**



Our sea turtles at the Centre range in size from 6 ounces to over 500 pounds, apportioned among specifically designated tanks. Visitors can observe turtles in various stages of growth and development. In its collection the Company also exhibits indigenous and regional birds, fish, sharks, a crocodile, butterflies; the National Bird (the Cayman Parrot – of which we have both subspecies, the Grand Cayman Parrot and the Cayman Brac Parrot); the National Tree (Silver Thatch); the National Flower (Wild Banana Orchid); and several other types of flora and fauna.

In addition to the Company's many decades of successfully breeding sea turtles in captivity some of which are released into the wild, it also operates captive breeding of species of birds including the Grand Cayman Parrot, the Cayman Brac Parrot, and the White-Crowned Pigeon (locally known as the "Bald Pate").



Guided tours, informational signage and park maps, and an informational video educate visitors on the life cycle of sea turtles and various related conservation topics. In addition, CTC hosts over two thousand students per year on various programs within our set curriculum, educating them about sea turtles and other conservation topics, while giving them the opportunity to interact in person with turtles and other wildlife.

The conservation of sea turtles has been the overarching objective from the initial creation of the Company's predecessors in 1968, and **turtle conservation remains the central focus and primary purpose at the heart of the Company's mission. The Company's other functions are vital means of supporting the aims and outcomes of that central objective and are best understood in that context.**

- **Activity: Tourist Attraction**

Another key national role that the Company plays is providing a world-class tourist attraction. Cayman Turtle Centre: Island Wildlife Encounter remains the country's most-visited land-based attraction site. By far the greatest portion of the Company's revenues comes from its "tourist attraction" lines of business:

- Admissions: 58.7%
- Food & Beverage: 12.0%
- Retail (Gift Shop): 19.8%

for a combined total of 90.5% of our revenue.

During the 12-month financial period ending 31st December 2018, total visitors to the attraction numbered 306,108. For comparison purposes, there was a 15% increase in 2018 vs 2017 (266,420).



As a tourist attraction, throughout 2018 Cayman Turtle Centre offered two different types of admissions:

- Turtle Centre Exploration Tour
- Turtle Adventure Tour

Each of these is described below.

○ **Turtle Centre Exploration Tour (turtle exhibits)**

The “Turtle Centre Exploration Tour (turtle exhibits only)” admission gives visitors access to the following features and exhibits:

- **The Green’s Breeding Pond** - The Breeding Pond is home to our green sea turtles which have matured and are at the age to start reproducing, which is usually at about 16 years of age or occasionally younger. Green Sea turtles are the second largest of all the sea turtle species and here guests will find a few weighing in at more than 500 pounds.
- **Turtle Touch Tanks** - Here guests will find yearling turtles swimming and playing. This zone **includes the Turtle Touch Wading Pool** where guests are allowed into the shallow pool where the young turtles are swimming. The interactive exhibit pools in this zone are supervised by a Lifeguard and/or a Security Guard, and under supervised instructions guests can touch a juvenile turtle and take a photo or video while touching them.
- **Smiley’s (crocodile) Saltwater Cove** – “Smiley” is a 10-foot hybrid (saltwater + freshwater) crocodile of the same species that in the mid to late 1500’s gave our country the transliterated name “Caimanes”.⁴ “Smiley” has been trained to jump and put on a show during enrichment exercises and health observations at her feeding times.
- **Education Centre & Hatchery** – Guests visiting the Education Centre can learn more about the turtles, in a short continuous-loop video playing in a mini theatre, in various static displays, and in various literature in a library in the public access area. Guests can also view our turtle Hatchery where during breeding season (May – October) guests can witness new hatchlings making their way up through the sand of our incubation display boxes specially designed and purpose-built to enable our scientific team to monitor selected clutches of eggs as they incubate, hatch, and make their way up through the sand column to the surface as they would do at the normal depth of a green sea turtle nest in the wild.⁵



CTC’s Touch tank experience is a guest favourite . The guests and the turtles are both big fans of the experience. Turtles have the opportunity to swim out of the touch tanks often swim back in for the “back scratching” feel of the gentle touch of the guests.

⁴ Transliterated from the Taino language word meaning “crocodile”, and pluralized by early Spanish explorers and cartographers.

⁵ Our scientific team also uses these boxes to monitor the progress of the “control group” of siblings of the eggs assigned to our nest translocation program which places half of a selected clutch in a created nest on a wild beach to hatch and emerge into the sea, in our program of education and tourism outreach to selected tourist accommodation properties with suitable beaches.

- **Schooner's Bar and Grill** - an open-air bar and grill where diners can relax on a covered screened deck overlooking Turtle Lagoon. The menu boasts a selected range of Caribbean and international items to tease and please every palate. Guests can enjoy a tropical drink or select from the brands of the island's very own brewery - Caybrew.
- **Toddler's Playground** - a partially shaded safe dry play area for young children one to five years old with swings, slides and playhouses. It is conveniently located between Schooner's Bar & Grill and our fresh-water Breakers Lagoon.
- **Splash Gift Shop** – our retail store which has an attractive range of gifts and souvenirs, and functions as the exit for both types of admissions. The product selection protocols emphasize eco-friendly and locally-sourced products as much as possible, featuring a range of made-in-Cayman products.
- **Turtle Nest Café** – our food and beverage outlet on the courtyard at the front of the park, serving ice cream, specialty coffees, other hot and cold beverages, hot patties, sandwiches and other snacks.



- **Turtle Adventure Tour (Entire Park)**

The “Turtle Adventure Tour (Entire Park)” admission gives guests access to all of the “Exploration Tour” features **in addition** to a unique opportunity to interact with island wildlife in aquatic and other features and exhibits:

- **Turtle Lagoon** - Snorkel in the lagoon with juvenile green sea turtles up to two years old and enjoy this wonderful experience of observing them “up close and personal”. It is supervised by a team of trained Lifeguards. There are also hundreds of colourful reef fish and little islands where our breeding peacocks and their offspring live. One of the islands houses our model lighthouse.

Splash Gift Shop is often touted as the best on the Island. It has one of the largest selections of beautiful plushies, resort wear, costume and semi-precious jewelry along with souvenirs of all kinds and giftware. It is easy to see why it warrants this title.

- **Predator Reef** - Watch sharks, Great Barracuda, tarpons and other predators through the underwater or dry view panels, or from the bridge. On weekdays (Monday to Friday) at the 11:00 AM feeding time guests can view our marine animal programs team as they give an educational narration about sharks, barracuda and other wildlife while hand-feeding our sharks and doing their health observations.
- **Caribbean Free-Flight Aviary** - Caribbean birds fly freely in this large aviary, and guests can hand-feed them under supervision. The several different species include colourful nectar feeders, seed eaters, and pellet feeders especially the impressive Scarlet Ibis native to Trinidad and the White Ibis native to the Cayman Islands and other Caribbean islands; they also include both subspecies of our islands' **National Bird the Cayman Parrot**. There are 10:00 AM to 3:00 PM daily bird hand-feeding opportunities for guests. Our keepers are on-site during the feedings, to assist guests with the various types of feeding and to answer guests' questions about the various species in the sanctuary.
- This facility also incorporates our White Crowned Pigeon captive breeding and release program that has helped to replenish Cayman's population of this species (locally called "Bald Pate") that had been somewhat depleted over the years as it had been a target for sport shooting. There is also a breeding pair of the indigenous parrots, the offspring of which are released annually after habituation to transition to wild food sources.
- Our **Shoreline Nursery** habitat is complete with young mangroves, conch, juvenile fish, tube worms and other shallow-water flora and fauna.
- **Breakers Lagoon** is the largest fresh-water swimming pool in Cayman with two waterfalls and an underwater view of the predator reef. It is supervised by a team of trained Lifeguards.
- **Turtle Twister Waterslide** at the Breakers Lagoon accommodates guests of a wide range of ages, and features two loops for over 100 feet of sliding thrills with a pumping capacity of some 600 gallons of rushing water per minute.
- **Budgie's Snack Shop** at the Breakers Lagoon offers a range of "fast food" and cold beverages.
- **Blue Hole Nature Trail** - Stroll along this trail and view the beautiful nature that Cayman has to offer, including the **National Flower the Wild Banana Orchid**. The Wild Fig trees growing out of the Blue Hole cavern host the rare endemic Ghost Orchid, rescued by the National Trust from other locations and planted there for safety. The trail also hosts both native and migratory butterflies, and various birds frequently visit. This zone incorporates an original forest where several of Cayman's indigenous species of trees and bushes have been growing for hundreds of years. The Blue Hole itself is the name



given to a cave that contains a natural pool in which scientists have discovered a rare endemic subspecies of the tiny aquatic Blind Cave Isopod⁶ (a white crustacean related to shrimps). Cayman Turtle Centre's Blue Hole site has been found to be presently the only known habitat for this particular subspecies remaining anywhere on the planet.

- **Cayman Street** - Walk down this gravel street to view old Cayman architecture, featuring traditional gardens and a variety of local garden trees, shrubs, and herbs such as "Fever Grass" (Lemon Grass) and "Cayman Mint". The various species of flora on display include the **National Tree**, the **Silver Thatch**, which also grows in the landscaping of various other parts of the park. This tree was vital to the island's economy up to a generation or two ago, used in the local production and export of Cayman thatch rope that earned the reputation of being "the strongest natural fibre" that was in demand by mariners in Cayman and in other countries as it was much more resistant to usage in seawater than its counterparts back in the day before nylon and other synthetic fibres were invented to manufacture rot-resistant ropes. Silver Thatch is still important in the creation of various crafts by local artisans. The **Cayman Mahogany**, a hardwood that was used in past years in the islands' shipbuilding industry, is also featured in various areas of the park.



⁶ Bass, D. "The Status of Four Aquatic Crustaceans from Grand Cayman, West Indies." *Living World*, Journal of The Trinidad and Tobago Field Naturalists' Club (2012): 77-78.

○ **Sales Channels for Tours**

The admissions are sold as “tours” or “shore excursions” through various sales channels:

- The majority of visitors comprise “turtle exploration” admissions sold as a key feature of island activities offered by Independent Tour Operators (ITOs) whose customers are primarily cruise tourists. Both of the dolphinariums on the island also offer their “dolphin swim” guests a visit to CTC included in their price (which applies to all except for one or two cruise lines). CTC provides these admissions to ITOs and dolphinariums at wholesale prices.
- The Company sells tours directly to customers at full price at its Ticket Counter in the Reception building at the park entrance. The “*Turtle Adventure Tour (Entire Park)*” admission is available for online purchase through the Company’s website www.turtle.ky at discount prices. There are also admission discounts available by association with various “partners” such as *Explore* magazine, *Cayman Coupons*, *Your Cayman*, *Island Map*, *American Express*, a car rental company (Andy’s), concierge coupons, and certain taxis.
- During this year the Company had two vans providing free shuttle bus service for stay-over visitors, with pick-up and drop-off at various resorts in the Seven Mile Beach area. The colourful branding of these vehicles also serves as mobile advertisement for the park.
- The Company sells wholesale to some cruise lines the equivalent of “*Turtle Adventure Tour (Entire Park)*” admissions including a guided tour of the turtle exhibits. Those cruise lines in turn market them to their cruise passengers as shore excursions. These wholesale excursions include ground transportation from and to the cruise terminal. In some cases these tours include a buffet lunch at the Company’s on-site Schooner’s Bar & Grill. In addition, the Company provides to the cruise lines “combo” shore excursion packages which also include visits to other attractions. There are various combinations such as Pedro St. James National Historic Site, Hell Geological Attraction, and Stingray Sandbar in the North Sound. The Company also is a channel for wholesaling to cruise lines the shore excursion to the Queen Elizabeth II Botanic Park.



- **Activity: Sea Turtle Captive Breeding and Turtle Meat Production**

- **Product lines**

The Company is still the only facility in the world that has achieved the second generation and beyond, of sea turtles bred, laid, hatched and raised in captivity in a closed cycle that takes no eggs or animals from the wild (wild egg and animal collection for the breeder stock was concluded over 40 years ago in the late 1970's). Several decades ago, the farm assisted the US and Mexican authorities in captive breeding the very endangered Kemp's ridley sea turtles which helped in replenishing the wild population especially in the Gulf of Mexico. However, the Company's primary breeding focus has been and remains on the green sea turtle, having been the first aquaculture establishment anywhere to have succeeded in breeding sea turtles in captivity.

After the Company's predecessor had established the captive breeding facility and its operations commencing in 1969, exports of sea turtle products of the families *Cheloniidae* and *Dermochelyidae* were added to Appendix I of the Convention on International Trade in Endangered Species of Wild Flora and Fauna (CITES) in 1977, which therefore banned commercial trade in such products between member nations. In light of that, the Company's predecessor ceased production of turtle oil, turtle shell jewellery and turtle leather products which together had been a very significant source of revenue.

Currently, product lines have been limited to meat products, which are produced and sold at subsidised prices to avoid poaching of turtles from the wild to satisfy the strong ongoing local demand for turtle meat. These products are strictly for consumption and use within the Cayman Islands, thereby remaining in strict compliance with the CITES convention. Meat products are typically each sold in 5-pound "lots."

During the 12-month fiscal period ended 31st December 2018 total turtle meat products sold was 83,336 lbs. Income from turtle meat products comprised 9.3% of the Company's revenues.

- **Activity: Landlord**

During the 12-month fiscal period ended 31st December 2018, this segment of the Company's business comprised a property lease to a dolphinarium: Dolphin Discovery (Cayman) Ltd.

For comparison purposes, these lease payments amounted to the equivalent of 2.5% of the Company's revenues. In our Financial Statements it is accounted for under "Other Income", separately from the revenue "Income".

- **Huge Strides in Conservation**

In October 2015 the results of a Darwin Plus study conducted by the Department of Environment in collaboration with the University of Exeter were published, revealing that by providing affordable captive-bred sea turtle meat, the Company has a huge positive conservation impact in the reduction of the likelihood of turtles being poached.

In Grand Cayman, green turtle nest totals for the five-year period ended 2018 were 241% of the corresponding total for the five-year period a decade earlier, ending 2008, as more of the turtles released by the Company and its predecessors in prior years are coming to maturity and returning

to the island's waters to breed and to their "natal beach" (from which they began their ocean swim) to make their nests and lay their eggs.

The results in nesting numbers are even more remarkable when examined over the full span of known nesting data.

- When the Department of Environment began the recording of nest counts in Grand Cayman in 1999, there was only one (1) green turtle nest on the island that year.
- For the five-year period 2014 - 2018, there was an average of 160 green turtle nests on the island each year, an outstanding success by any measure, as more and more of the green turtles the Company and its predecessors released over the years are eventually coming to maturity and reproductive age.

Direct income from turtle release activities however is relatively small. Sponsorship of turtle release events comprised only 0.2% of revenues in 2018.

SENIOR MANAGEMENT TEAM

During the period, the Company's senior executives comprised:

- **Mr. Timothy Adam**, Managing Director (Board/Company Secretary): title changed to Chief Executive Officer (CEO) from 1st December 2018
- **Mrs. Peggy Hamilton**, Chief Operating Officer (COO)
- **Mr. Raymond Hydes**, Chief Tours and Customer Experience Officer (CTCEO)
- **Mrs. Penelope Wunsch**, Chief Marketing and Merchandising Officer (CMMO) for part of the period⁷
- **Mr. Christopher Jackson**, Chief Infrastructure Officer (CIO)
- **Dr. Walter Mustin**, Chief Research and Conservation Officer (CRCO)

During the period:

Ms Katherine Jackson was the **Office Manager** (also **Recording Secretary** to the Board of Directors and support to the Executive Management Team). She also had the responsibilities of **FOI Manager** and as our primary liaison for various official contacts as well as corporate travel arrangements.

The **Managing Director** (subsequently the title changed to Chief Executive Officer) was

- responsible as the Company's "chief executive officer" (as described in The Public Authorities Law, 2017), reporting to the Chairman of the Board of Directors;
- the Company's primary liaison with the Board of Directors, also with the Ministry of District Administration, Tourism and Transport to which the Company reports, and jointly with the Chief Marketing and Merchandising Officer functions as the primary spokesperson to the news media;
- the **Company Secretary as appointed by the Board of Directors**.

During the period, the **Chief Operating Officer** had responsibility for

- financial and management accounting;

⁷ Ms. Penelope Wunsch served as CMMO from 4th June to 21st December 2018.

- payroll, payables and receivables;
- business controls and revenue assurance;
- insurance and risk management;
- IT infrastructure, telecommunication, park Wi-Fi facilities, and the CCTV security camera network;
- procurement oversight;
- selection, procurement and support of software applications for financial, accounting and administrative functions, Point of Sale and inventory control functions;
- Human Resources functions, including:
 - staff records;
 - payroll and timekeeping record checks;
 - management of recruitment, retention, training, and termination processes;
 - on-boarding and orientation of new staff members;
 - immigration processes for staff on Work Permits and other immigration-related controls;
 - medical insurance and pension enrolments, terminations, and liaison with scheme providers;
 - progressive discipline oversight and advice to supervisors;
 - maintenance of HR processes and Standard Operating Procedures, especially related to human resources;
 - management of random drug testing and related protocols;
 - maintenance of the “Crew Member Handbook” and related policies;
 - maintenance of the pay and salary structures.
- financial reporting to the executives, Board of Directors and Government;
- Administration functions, including the Office Manager and administrative staff;
- liaison with auditors, and with law enforcement investigations when pertinent.

During the period, the **Chief Tours and Customer Experience Officer** had responsibility for

- the main revenue centres: Admissions & Sales (also including Stayover Sales), retail and wholesale Tours, wholesale “Shore Excursions”, Lifeguards, Customer Service, and overall Customer Experience;
- liaison with cruise lines, tour operators and transportation providers;
- liaison with secondary liability insurers to meet cruise line requirements;
- tour scripts and tour quality control;
- CTC’s Courtesy Shuttle service;
- Proactively build, maintain, and manage the lifecycles of a competitive, profitable product line for each of the CTC’s revenue streams in close liaison with the Chief Marketing & Merchandising Officer (see below).

During the period, the **Chief Marketing and Merchandising Officer** had responsibility for Marketing, Retail (Splash Gift Shop, Courtyard Little Kiosk, Port Kiosk), F&B Outlets (Schooners, Budgies and Turtle Nest Café) and oversight of:

- market communications through advertising, promotions, tourism industry alliances website and social media;

- corporate communications including PR, media, signage donor relations, corporate philanthropy;
- branding and brand management; customer relations and customer loyalty programs
- market research, surveys; development and execution of strategic marketing and corporate image programs;
- product management, costing and pricing, development and launch, performance measurement and enhancement, product lifecycle management, placement and sales channel development;
- Develop and manage strategic and tactical plans and budgets for the company's secondary revenue streams especially retail merchandise, food & beverage, and special events;
- Implement and execute the strategies within agreed timeframe, with key financial and operating deliverables identified, measured and reported;
- Proactively build, maintain, and manage the lifecycles of a competitive, profitable product line for each of the CTC's revenue streams in close liaison with the Chief Tours and Customer Experience Officer; ensure that all marketing and merchandising projects are delivered on time and within budget;
- Manage the Brands ("Cayman Turtle Centre: Island Wildlife Encounter" and "Cayman Turtle Products"), Promotions and Public Relations of the company to maintain and enhance the reputation of the Company and its brands among all stakeholders;
- Executive level leadership, management and monthly performance reporting of the Company's retail merchandise, food & beverage, animal releases, and special events lines of business;
- Manage risk processes to deal with commercial and other business-related risks which might affect the brands and financial goals of the company;
- Identify and progress further product development and diversification opportunities for the business in keeping with the brands and the company's overall Vision and Mission;
- Develop measurable/appropriate research, questionnaires and survey methods; analyze the behaviors of customers and other stakeholders;
- Establish credibility throughout the organization, with the Board, management and employees.

During the period, the **Chief Infrastructure Officer** had responsibility for

- buildings and grounds, maintenance and landscaping, and janitorial functions;
- site security, disaster preparedness plans and drills, safety, incident reporting, lifeguards and lagoon cleaning;
- upkeep of exhibit enclosures and infrastructure;
- oversight of capital projects;
- vehicle fleet and heavy equipment;
- mechanical, electrical, and plumbing equipment and infrastructure, also including the Aquatic Life Support System (ALSS) and other lagoon filtration and sanitization systems;
- utilities costs and usage monitoring.

During the period, the **Chief Research and Conservation Officer** had responsibility for

- all animal care and welfare, veterinary and other animal programs and displays including marine, aviary and terrestrial;
- in-house and external collaborative research, scientific testing, and record-keeping;
- internships for research, conservation and animal programs;
- regular liaison with the Department of the Environment, Department of Agriculture and its Animal Welfare Unit, University of Georgia and its Infectious Disease Laboratory, Phoenix Health Services (in Grand Cayman), and St. Matthew's University School of Veterinary Medicine; as well as with overseas government conservation specialists and research partner institutions;
- water quality testing and other regulatory relations with the Water Authority;
- Cayman Turtle Products: the turtle farming operation, turtle herd management, animal welfare and husbandry.

SUMMARY of ACHIEVEMENT of Ownership Performance TARGETS

The full set of Strategic Goals and Objectives of the Company from an ownership perspective for the 12-month fiscal period 1st January – 31st December 2018 is contained in Section 3 *Strategic Goals and Objectives* of the document “*Ownership Agreement Between the Cayman Islands Government and Cayman Turtle Conservation and Education Centre Ltd for the 2018 Financial Year ending 31 December 2018 and the 2019 Financial Year ending 31 December 2019*”. The following analysis summarises achievements against key strategic objectives for the fiscal period ended 31st December 2018.

Overall: The Company remains dependent on Government for subsidies. In the 12-month fiscal period ended 31st December 2018, the “cash” portion of the Equity Injection was CI\$8,500,000.

The *Ownership Performance Target* set is contained in Section 4 of the Ownership Agreement and the results are shown in [Table 1 Ownership Performance Targets & Actuals](#).

• **Financial Performance**

Financial Performance Measure (CI\$000)	18 months 2017 Actual CI\$000	12 months 2018 Budget CI\$000	12 months 2018 Actual CI\$000
Revenue from Cabinet	0	0	0
Revenue from ministries, portfolios, statutory authorities and government companies	0	0	0
Revenue ^a from other persons or organisations	10,023	7,387	7,995
Surplus/(deficit) from outputs/Net loss	(11,907)	(6,457)	(7,558)
Other expenses	766	(420)	88
Net Surplus/(Deficit)/Comprehensive Loss	(11,141)	(6,877)	(7,470)

^a The figures in this row comprise the totals of Revenue plus Other Income.

Total Assets	27,137	25,276	25,111
Total Liabilities	11,109	7,316	8,053
Net Worth	16,028	17,960	17,058
Cash flows from operating activities	(7,120)	(3,727)	(3,339)
Cash flows from investing activities	(1,152)	(1,100)	(336)
Cash flows from financing activities	7,295	4,979	4,979
Change in cash balances	(977)	(262)	1,304

Financial Performance Ratio	18 months 2016/17 Actual CI\$	12 months 2018 Budget CI\$	12 months 2018 Actual CI\$
Current Assets: Current Liabilities	0.65:1	0.58:1	0.62:1
Total Assets: Total Liabilities	2.44:1	3.45:1	3.12:1

Maintenance of Capability

Human Capital Measures	18 months 2016/17 Actual	12 months 2018 Budget	12 months 2018 Actual
Total full-time equivalent staff	101	110	101
Staff turnover (%)	15.8%	5%	19.8%
Average length of service (Number)			
Senior management	10.1	6.7	9.28
Professional staff	1.8	8.3	1.0
Administrative staff	11.1	9.0	9.3
Significant changes to personnel management system	No changes	No changes	No changes

Physical Capital Measures	18 months 2016/17 Actual	12 months 2018 Budget	12 months 2018 Actual
Value of total non- current assets CI\$000	23,372	21, 650	20,588
Asset replacements: total assets	4.2%	1.9%	1.6%

Book value of depreciated assets: initial cost of those assets	43.1%	37%	37.7%
Depreciation: Cash flow on asset purchases	3.94 :1	2.11:1	9.29 :1
Changes to asset management policies	No changes	No changes	No changes

Major Expenditure and Repair Projects	2018 Spent CI\$000	2018 Budgeted CI\$000	2018 Remainder CI\$000
Saltwater pumping station	0	90	90
Expand shading over quarantine tank area	5	100	95
Refurbishing/Rebuilding Restrooms (Saltwater Lagoon)	0	225	225
MEP office/Cayman Street offices and storage building	41	430	389
Various Misc. Projects	132	0	(132)
Furniture & Equipment	20	55	35
Computer Hardware	31	50	19
Computer Software	32	50	18
Motor Vehicles	75	100	25
Total 2018	336	1,100	764

Table 1 Ownership Performance Targets & Actuals re Capital Expenditures

- **Analysis of how the Equity Injection was Utilized**

As shown in the Company's audited Financial Statements, the total Equity Injection made by the Governor in Cabinet in the Company during the financial year was CI\$8,500,000. This amount was contributed in "cash".

Of the "cash" amount of the Equity Injection, \$4,536,000 went toward debt servicing. \$335,856 went toward the purchasing of property, plant, equipment and exhibits. The remainder, \$3,628,144 was used to assist with payments for personnel and utilities expenses to cover the shortfall in cash needed for these payments.

CI\$ equivalent	Application of Equity Injection 2016-2017
8,500,000	Total Equity Injection from Government (Note 11)
8,500,000	"Cash" Contribution of Equity Investment (per the Appropriation Law – EI 49)
(4,536,000)	Repayment of Guaranteed Senior Notes (Note 8 & Statement of Cash Flows)
4,536,000	to Debt Servicing - total
(335,856)	to Capital Expenditure projects (Note 7)
(3,628,144)	to "subsidise" shortfall between Revenues and OpEx BITDA for Personnel and Utilities expenses

Table 2 Analysis of Application of Equity Injection

- **Strategic Goals**

The following goals were set for the 2-year period of the 2018 and 2019 financial years:

Turtle Conservation & Ecotourism

- ❖ Continue annual releases of “head-started” sea turtles into the wild:
 - Pre-release quarantine tests and protocols to be sustained to continue to support clinical health status of “head-started” turtles for release;
 - Collaborate with beach-front tourist accommodation properties in Grand Cayman, Cayman Brac and Little Cayman as sites for turtle release events in various months and seasons of the year, so as to:
 - Create new eco-tourism products and promotional opportunities, thereby supporting development and enhancement of our country’s tourism industry;
 - Encourage properties to implement “turtle-friendly” beach-front lighting, beach grooming, and beach furniture placement thereby enhancing the likelihood and success rate of sea turtles attempting to nest on tourist-zone beaches;

Results:

- A total of 173 head-started turtles were released after undergoing the pre-release quarantine tests and protocols.
- CTCEC collaborated with the following hotels and condos:
 - Kimpton Seafire Resort and Spa
 - Morritt’s
 - Turtle Nest Inn
 - Caribbean Club
 - The Ritz-Carlton Grand Cayman
 - Harbour Heights
 - Southern Cross Club (Little Cayman)
 - The Westin Grand Cayman Seven Mile Beach Resort & Spa
 - Villas of the Galleon

- ❖ Continue annual translocations of captive-bred sea turtle eggs into the wild:
 - Collaborate with beach-front tourist accommodation properties in Grand Cayman, Cayman Brac and Little Cayman as sites for turtle nest implantation and hatchling emergence events using translocated captive-bred sea turtle eggs during turtle breeding season each year, so as to:
 - Create new eco-tourism products and promotional opportunities, thereby supporting development and enhancement of our country's tourism industry;
 - Encourage properties to implement "turtle-friendly" beach-front lighting, beach grooming, and beach furniture placement thereby enhancing the likelihood and success rate of sea turtles attempting to nest on tourist-zone beaches;
- ❖ Thereby release a combined total of at least 500 sea turtle hatchlings and "head-starts" per annum into Cayman Islands waters.
- ❖ Develop, document and implement strategies aimed at restoring endangered, indigenous sea turtle species.

Results:

- *Five nest translocations were conducted. Locations receiving eggs included:*
 - Governor's Beach
 - Caribbean Club
 - Kimpton Seafire Resort & Spa
 - Harbour Heights
 - Villas of the Galleon
- ❖ *A combined total of 1,298 turtles released: 1,125 sea turtle hatchlings plus 173 "head-started" turtles were released into Cayman Islands' waters during 2018.*
- ❖ **SPS alignment:** *These initiatives contribute to achievement of:*
 - 2018 and 2019 SPS Broad Outcome 1: A Strong Economy to Help Families and Businesses
 - b) Implement a new National Tourism Plan;
 - f) Develop and implement sector-based plans that support the diversification of the Caymanian economy;
 - g) Develop and implement area-based plans that support economic growth across Grand Cayman and the Sister Islands;
 - 2018 and 2019 SPS Broad Outcome 7: Ensuring Caymanians Benefit from a Healthy Environment
 - This also supports continued achievement of 2016/17 SPS Broad Outcome 10: Conservation of our biological diversity and ecologically sustainable development; and more specifically Outcome 10(b): Contribute to the conservation of sea turtles in the wild around the Cayman Islands, by resuming annual releases of turtles ...

Turtle Conservation & Cultural Traditions

- ❖ Contribute to the conservation of sea turtles in the wild around the Cayman Islands, and to sustaining local culinary traditions practiced by residents, by making available from self-

sustaining closed-cycle farming a stock of green sea turtle meat for local consumption thus suppressing the risk of turtles being poached from the wild.

- Production Rate: Maintain turtle meat products production capacity of at least 40,000 pounds per annum (equivalent to at least approx. 900 turtles per annum), unless and until demand for such products is reduced below that level.

Results:

- *There were 83,336 pounds of edible turtle meat products produced in 2018, from a total of 1,539 harvested turtles. This quantity, though substantially higher than the minimum production target for these subsidized products, was required to keep pace with the demand during the year, and thereby to suppress the risk of poaching.*

❖ **SPS alignment:** This program contributes to achievement of:

- 2018 and 2019 SPS Broad Outcome 7: Ensuring Caymanians Benefit from a Healthy Environment
- This also supports continued achievement of 2016/17 SPS Broad Outcome 10: Conservation of our biological diversity and ecologically sustainable development;
 - and more specifically Outcome 10(b): *Contribute to the conservation of sea turtles in the wild around the Cayman Islands...*

Research & Education

- ❖ Continue participation in research on sea turtles in-house and in collaboration with overseas researchers.

Results:

❖ *Research continued in collaborative research projects. Research included;*

- *ongoing collaborative study with DOE evaluating ex situ conservation of green turtles in the Cayman Islands.*
- *Preparation of draft Species Conservation Plan for green turtles.*
- *Research paper accepted for publication November 2018: Divers: Mader's Reptile and Amphibian Medicine and Surgery - Chapter 177 Reptile Farming.*

❖ Host students from local and overseas schools, educating them on sea turtles and other island wildlife.

- Host at least 2,000 students and chaperones per year.
- Host interns where possible.
- Host Masters and PhD level university students conducting research where possible.

Results:

- *Hosted 1,613 students and 345 chaperones.*
- *Two (2) interns were hosted in 2018.*

SPS alignment: This program contributes to achievement of:

- 2018 and 2019 SPS Broad Outcome 3: The Best Education Opportunities for All Our Children, and in particular



- f) Invest in programmes that support improved attainment in academic disciplines at all levels with a key focus on ... science ...

This also supports continued achievement of 2016/17 SPS Broad Outcome 7: A centre of excellence in education

Tourist Attraction

- ❖ Provide a high-quality attraction for visitors to Grand Cayman offering display and interaction with sea turtles and other island wildlife.
 - Sustain CTC admission market shares of Stay-over and Cruise visitors above 10% of visitors per annum in each category.

Results:

For the annual comparisons, the calendar years January to December were used. Website sales would have been a mix of Stay-over and Cruise, so they were assumed split between those two categories in the same ratio (Stay-over : Cruise) as for known sources that are clearly identified by sales channel. Including Website sales with that assumption:

- *For Stay-over visitors we achieved excellent market share: 17.5% well above the target.*
- *For Cruise visitors we achieved 9.8% market share.*
- ❖ Collaborate with other entities and entrepreneurs in the tourism industry to offer visitors “packages” incorporating a visit to CTC together with other products and services (e.g. transportation, visits to other attractions) thereby producing additional positive impact on the islands’ economy and employment.
 - Maintain and develop relations with tour bus companies, watersports companies, other attractions and other tourism service providers to offer “combination” packages for cruise shore excursions.
 - Maintain relations with independent car rental companies, hotels and tourist condos to promote CTC visitation by Stay-over visitors, through admission discount offers.
 - Maintain relations with taxis that have a high percentage of tourist clientele, to promote visitation to CTC by offering CTC admission discount vouchers to their patrons.

Results:

- *Relationships were developed with an independent tour bus operator to sell a package incorporating full park access at cruise line wholesale rates.*
- *We have agreements with Andy’s Car Rental, and the majority of hotels and condos on Seven Mile Beach and in East End have partnered with us to promote Cayman Turtle Centre to guests.*
- *A program was developed with the collaboration of the Director of the Public Transport Unit who facilitated the launch with taxi drivers.*
- ❖ **Government Strategic Policy Statement [SPS] alignment:** *By providing a high-quality attraction for visitors and collaborative efforts with other local entrepreneurs, businesses, Statutory Authorities and Government Companies in the ways outlined above, [CTC] contributes to achievement of 2016/17 SPS Outcome 1 (d):*

Encourage collaboration between the Cayman Turtle [Centre] and other local attractions, with entities and entrepreneurs in the tourism industry (such as tour bus companies, watersports companies, hotels) to offer visitors “packages” thereby producing additional positive impact on the island’s economy and employment

- Further develop relations for cross-promotion with Cayman Airways:
 - Conduct cross-promotion on social media and CTC admission discount to visitors on presentation of Cayman Airways boarding pass stubs
 - Offer CTC admission passes as prizes for in-flight “competitions”/raffles on inbound Cayman Airways flights from international gateways

Results:

- The cross-promotion with Cayman Airways did not materialize.
- ❖ **SPS alignment:** These initiatives contribute to achievement of:
 - 2018 and 2019 SPS Broad Outcome 1: A Strong Economy to Help Families and Businesses
 - 2018 and 2019 SPS Broad Outcome 2: Achieving Full Employment - Jobs for All Caymanians
 - This also supports continued achievement of 2016/17 SPS Outcome 1 (d): Encourage collaboration between the Cayman Turtle Centre and other local attractions, with entities and entrepreneurs in the tourism industry (such as tour bus companies, watersports companies, hotels) to offer visitors “packages” thereby producing additional positive impact on the island’s economy and employment

Revenue goals:

- Tours:
 - Increase CTC admissions sold to “stay-over” guests by at least a factor of 50% of the percentage increase in air arrivals per annum (Year-on-Year for the fiscal period).

Results:

- The Department of Tourism reported Air visitor arrivals increased by 10.7%, therefore 50% of this would be 5.3%. The combination of “Stay-over” and “Website” admission sales was 78,499 in 2018 compared to 72,257 in 2017, an increase of 9%.
- Gift Shop:
 - Increase Retail Contribution per annum by at least 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).

Results:

- The Department of Tourism reported Cruise arrivals increased by 11.1%. Retail Contributions remained almost steady, with a slight decrease of approximately 1% (2017: US\$2,486,305. 2018: US\$1,835,366). These results are directly related to several factors including: A transitional period of repositioning the product mix and the store offerings; The Store Manager position was vacant for several months, which negatively impacted the effectiveness of restocking and store merchandising at the main location and at the cruise terminal Kiosk store; Additionally, the Splash store was closed for several days to enable construction and expansion of the store which positioned it for successful upgrades of the new product mix and product lines revealed in late 2018 and early 2019.

➤ Food & Beverage:

- Increase F&B Contribution per annum by at least 50% of the same percentage as annual increase in cruise tourist arrivals (Year-on-Year for the fiscal period).

Results:

- Cruise arrivals increased by 11.1%, therefore 50% of this would be 5.5%. F&B Contribution increased by 24% (2017: US\$1,319,769 2018: US\$1,107,698).
- ❖ **SPS alignment:** By growing its various lines of business and collaborating with other entities as well as several local vendors and suppliers, [CTC] contributes to achievement of the overarching theme of 2016/17 SPS Broad Outcome 1: A strong, thriving and increasingly diverse economy

Events Hosting

- ❖ Offer the park as a venue for various corporate, social and community events, including catering of food and beverages.

Results:

- ❖ The Marketing and Events Team coordinated and hosted several events throughout the year. These events included for example:

- On-site:

- Birthday Parties
- Other Private Event functions & celebrations
- Corporate Events
 - These included various functions for the Department of Tourism and other public service entities
- Hosting the Contestants for Miss World Cayman Islands



- Off-site:

- Several Public and Private Turtle Releases in Grand Cayman, at various sites and in liaison with:
 - CITA (Cayman Islands Tourism Association)
 - The Ritz-Carlton Grand Cayman
 - Cayman Islands Department of Tourism - US
 - Morritt's
- Public Turtle Release in Cayman Brac
- Nest Implantations at various sites in Grand Cayman



Debt reduction

- ❖ Continue reducing and extinguishing debt in accordance with the debt repayment schedule:

As at 31 December 2018									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	0	0	Libor +3.75%	30-Nov-24
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	4,536,000	3,521,280.00	4.85%	1-Mar-19

As at 31 December 2019									
Loan	Currency	Guaranteed?	Date of Origin	Original Amount	Amortized or Bullet	Current Balance KYD	Annual Principal KYD	Interest Rate	Maturity Date
FCIB - Bank Loan	USD	Yes	21-May-09	2,352,000	Amortized	0	0	Libor +3.75%	30-Nov-24
William & Blair (Placement Agent)	USD	Yes	12-Mar-04	37,464,000	Amortized + Bullet	0	4,536,000.00	4.85%	1-Mar-19

- Continue quarterly bond debt payments in accordance with the schedule;
- The bond debt to be finally paid off upon bond maturity in March 2019.
- (Note: The last remaining bank loan was paid off in August 2017.)

Results:

- ❖ *The quarterly bond payments were paid on time throughout 2018.*
- ❖ **SPS alignment:** This program contributes to achievement of: 2018 and 2019 SPS Broad Outcome 8: Stable, Effective and Accountable Government
- ❖ **SPS alignment:** Compliant with the *"Public Sector Debt Profile and Debt Management Strategy"* of the 2016/17 SPS and with the FFR, [CTC] plans no new borrowings over the forecast period.

AUDITED FINANCIAL STATEMENTS

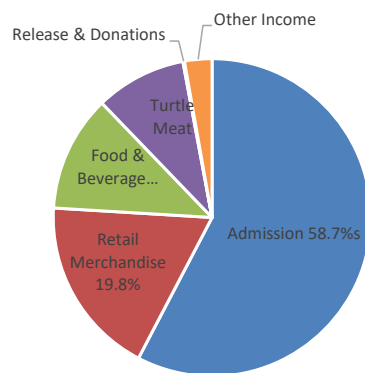
The audited financial statements for the 12-month fiscal period ended 31st December 2018 are attached as **APPENDIX 1. Audited Financial Statements of the Company.**

This audit was performed by Grant Thornton and the Office of the Auditor General, with the unqualified Audit Opinion issued by the Auditor General of the Cayman Islands.

- **Breakdown of Revenue Sources**

Table 3 Income Analysis

	2018 FY	
Revenues	CI\$	%
Admissions ("Retail Tours")	4,564,150	58.7%
Retail merchandise sales	1,541,707	19.8%
Food and beverage	930,466	12.0%
Turtle meat sales ("Wholesale Sales")	723,633	9.3%
Turtle sponsorships ("Turtle Release Program")	12,204	0.2%



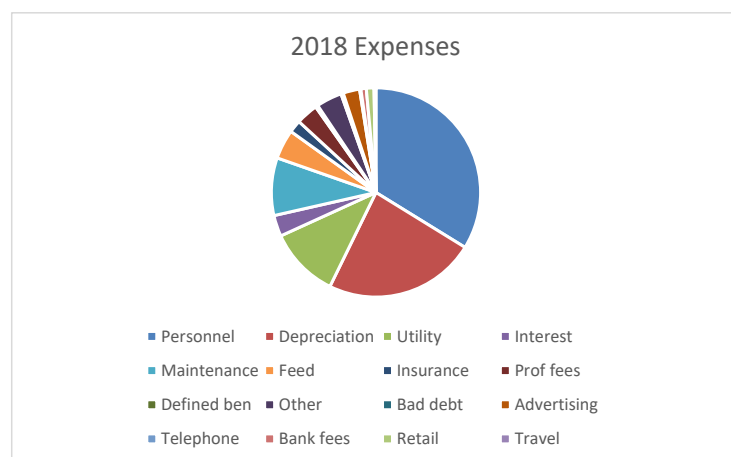
Breakdown of Revenue Sources:

- The “Tours” revenue is derived from admission charges. Admissions are sold wholesale to cruise lines and to local Tour Operators and attractions and sold retail directly to visitors and residents on site and through our web booking facility. The “Retail Merchandise” revenue is from CTC’s “Splash Gift Shop” on site and from the gift shop in the kiosk at Royal Watler (cruise) Terminal. The “Food and Beverage” revenue is from CTC’s “Schooner’s Bar & Grill”, “Turtle Nest Café” and “Budgie’s Snack Shack” on site, and this includes revenues from food and drinks catered to birthday parties and corporate events hosted on site.
- The total of the foregoing three categories comprises total earnings from the “Visitor Attraction” line of business, which made up 90.5% of the Company’s revenues.
- **Breakdown of Expenses**

Table 4 Expenses Analysis

Expenses	CI\$	%
Personnel expense	4,493,666	34.0%
Depreciation expense	3,119,933	23.6%
Interest and amortisation	433,961	3.3%
Utility expense	1,454,081	11.0 %
Insurance expense	256,739	1.9%
Maintenance costs	1,183,776	9.0%
Feed and other operating expenses	605,592	4.6%
Professional fees	449,800	3.4%
Other expenses	526,696	4.0%
Advertising	339,328	2.6%
Bank fees	110,680	0.8%
Telephone	26,313	0.2%
Defined benefit liability – profit/loss	52,000	(0.4%)
Retail operating expense	157,916	1.2 %
Bad debt expense	(47,880)	(0.4%)
Travel and entertainment	39,330	0.3%
	13,201,931	100%

Figure 2 Expenses



The largest single expense is Personnel expense. For the fiscal period, the Company had a budgeted maximum headcount of 110 FTE's.

○ **Equity Injections**

The “subsidy” provided by the government, which comes in the form of equity injections, has been steadily reduced as the financial performance of the Company has improved.

<i>Fiscal Year</i>	<i>El portion in cash (for debt servicing + cash shortfall)</i>
2010 audited	9,555,610
2011 audited	9,852,569
2012 audited	9,669,418
2013 audited	10,678,771
2014 audited	10,503,078
2015 audited	9,506,349
2016 audited	9,002,749
2017 audited (18 Mths)	13,815,709
2018 audited	8,500,000

Table 5 El Injections per Fiscal Year

- **Capital Withdrawals**

There were no Capital Withdrawals made by the Governor in Cabinet from the Company during the financial year.

- **Dividends or Profit Distributions**

There were no Dividends or Profit Distributions paid by the Company during the financial year.

- **Loans and Notes**

The last remaining bank loan had been paid off in August 2017. There were no new loans to the Company by the Governor in Cabinet or by any financial institution, during the financial year.

The note payable balance totalled CI\$4,536,000 as at 31st December 2018.

- **Guarantees**

There were no new Guarantees relating to the company made by the Governor in Cabinet during the financial year. The Governor in Cabinet continues to guarantee the CI\$4.2 Million for the Overdraft facility held with CIBC First Caribbean International Bank.

RISK MANAGEMENT

- **Key Risks and Risks Mitigation**

In this section we discuss below in depth a few of the main risks facing our Company.

Key Risk:

Continued dependence on Government subsidy, provided annually in the form of Equity Injections.

This is expressed as an *Emphasis of Matter* in the Auditor General's Opinion on the 2018 Financial Statements, dated 14 May 2020; the wording as follows:

We draw attention to Note 2 to the financial statements which discloses that the Company is dependent upon the continued financial support of the Government of the Cayman Islands ("Government") to enable it to meet its obligations as they fall due. The subsequent global outbreak of the coronavirus, COVID-19, and the measures taken by the Government to mitigate the threat to the Cayman Islands, including the closure of the cruise port, the airports and the Company's facility, has increased the Company's financial dependency on the Government. Without this ongoing support a material uncertainty exists that casts significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

- In other words, this risk does not cause an "audit qualification" but it is given "emphasis" as a significant risk in terms of the future viability of the Company, due to its dependency on the Government.

Risk Mitigation: The risk of Government withdrawing its annual financial "subsidy" is minimized by the Company delivering huge benefits for the nation and its people, coupled

with the Company highlighting these benefits in its contacts with government decision-makers and key influencers. These benefits include major successes such as:

- Functioning effectively in our conservation and research roles with results giving clear evidence that the Company is a vital and very active Key Success Factor in ensuring that green sea turtles, and other sea turtle species in turn, remain in the wild in the waters of the Cayman Islands to delight visitors and residents who swim, snorkel, or dive and have as many opportunities as possible to see these magnificent creatures in their natural habitat. The powerful evidence of that impact is discussed above in the portions of the report that relate to conservation and research, and the very positive impact of captive-bred turtle meat availability as well as captive-bred turtle releases and turtle egg translocations to wild beaches.
- Providing a world-class, very popular tourist attraction which is a positive factor in prospective stay-over guests choosing the Cayman Islands as their destination, and prospective cruise visitors choosing Grand Cayman to be in their itinerary. Furthermore, this attraction motivates cruise visitors to come ashore when their ship calls at Grand Cayman, thereby generating spin-off passenger spending within the country rather than passengers remaining aboard the ship.
- The Company stands out as an exemplary role model of deliberate, determined efforts to recruit, train, develop, and retain Caymanians. In turn the Company is providing employment which is a primary means of income to support over 100 families, and no doubt in some cases this helps to support extended families. With only 3 FTE's (less than 5%) out of our total headcount of 101 FTE's requiring Work Permits, by far the highest percentage of our employees is Caymanian.

The Company also stands out as an exemplary role model of deliberate, determined efforts to assist other public sector entities in being successful in their endeavours. Our spirit of partnership with such entities as the government's Tourism Attractions Board (TAB), coupled with our track record of reliable execution and delivery of high-quality, safe experiences for visitors, have resulted in the tangible benefits of attracting a significantly large number of guests on "combination" shore excursions that demonstrate the Company's competences in collaboration, sales and marketing.

Key Risk:

Large dependence on revenues from cruise lines and cruise passenger spending.

As seen in the financial results and revenue graph, by far the largest revenue sources the Company presently has, relate to visitors to the park and on shore excursions that the Company sells both wholesale and retail. In turn, within those revenue streams the largest numbers of customers are cruise passengers. Therefore, there are significant related risks:

- The ongoing lack of a Cruise Berthing Facility (CBF) in Grand Cayman is a major impediment to cruise lines maintaining existing numbers of cruise passengers and is presently a significant barrier to cruise lines being able to significantly increase the numbers of cruise passengers that they bring to our island. Coupled with the cruise industry moving very visibly toward ordering and progressively deploying larger ships for which tendering is considered unacceptable, the risk of decline in cruise numbers is growing and gets steeper every time we hear another cruise line announcing the anticipated date that they will be deploying another

large ship in their Caribbean itineraries. Of all the Caribbean islands which BREA surveys every three years to determine the economic impacts of cruise tourism in our region, the Cayman Islands is the only island nation that still does not have a cruise berthing facility. The cruise lines therefore, which typically plan their itineraries and commitments (especially for their large ships) years ahead, have to take that into account as to which ports they are going to include in their itineraries in the cruise season, the year, and the future years ahead.

- Inclement weather that results in ships bypassing Grand Cayman, has a large detrimental effect on our revenues. Given that many of our major cost components are not variable, we still have those costs to bear on those days when we lose customer revenue because their ships cannot come to our port due to unacceptable risks of tendering in such weather that would have been within acceptable weather minimums for berthing. The expert predictions are that the proposed Cruise Berthing Facilities (CBF) would mitigate this risk down to a small fraction of the current typical "days lost due to inclement weather conditions for tendering" per annum. Realistically however, the CBF is not likely to be in operation for another three or maybe even more years hence while we continue to face this risk.
- If cruise lines are influenced by other factors to stop doing business with the Company for whatever reason whether perceived or actual, each cruise line that makes such a decision will leave a significant "hole" in our revenues.

Risk Mitigation:

- The ongoing risks related to lack of a CBF are being addressed on an ongoing basis by the Company's top management assisting in influencing and encouraging for the CBF to be built as soon as it can be properly done. The CEO and CTCEO have for years invested considerable time and efforts in these endeavours, through various industry organizations such as ACT (The Association for Advancement of Cruise Tourism), the FCCA, CITA, and related entities.
- The potential risks of cruise lines withdrawing from business relationships with the Company are mitigated by sincere, deliberate and frequent positive interactions and mutually beneficial business deals with the cruise line executives and with the FCCA leadership. To that end, the Company became a Platinum Member of the FCCA, and furthermore the Company demonstrates its commitment to the cruise industry partners by its CEO, CTCEO, and other executive level senior managers attending the FCCA's annual Conference and Trade Show, at which these executives are able to take many formal and informal opportunities to build on our excellent relationships with cruise lines and their industry leaders.
- To add some measure of mitigation of this large dependence on cruise passengers, the Company has also extended its outreach to stay-over tourist industry partners, accommodation properties and especially resorts in the "Seven Mile Beach" touristic zone. This outreach has resulted in increased stay-over visitors coming to our park, and it is with pleasure that in a prior year we have had to increase from one to two Courtesy Shuttle minibuses to keep pace with the growing demand for this facility from the resorts. There are several other factors in our strategic developments in that direction, including a part-time employee who is tasked with liaison with the accommodation properties in addition to Courtesy Shuttle duties, and places marketing materials in those properties to help concierges and front desk staff in promoting our park attraction.
- To further enhance and develop the Company's relationships with stay-over visitor accommodation properties, the senior management of the Company and our scientific staff

have launched projects in which we have proven the potential for new product developments in “turtle tourism”. For example, by our positive interactions with property managers in placing our egg translocation projects on beaches in front of prominent tourist accommodations, they have been able to see the very positive interactions and engagement this creates with their guests and the “once-in-a-lifetime” memories it creates for individual guests and multi-generational families that this project gives them, to observe up close and in person the emergence of turtle hatchlings on a beach and their crawl to enter the sea and swim away as they commence the first stage of their lives in the ocean.

- The Company has also put in place the infrastructure and the protocols to enable us to be able to offer private turtle releases, such that guests celebrating a milestone can have an event in which they and their loved ones or business associates can participate in an event releasing one of our head-started turtles into the wild. We conducted the first set of such events starting in May 2016, and from the experience we gained from subsequent events we have continued refining the processes and the marketing collateral used with the Department of Tourism and other stayover tourism industry partners in creating these events.

Key Risk:

Property Loss and Public Liability, and Risk Mitigation.

Various commercial risks including loss and damage to property, and public liability, are mitigated by insurance coverage under the umbrella of CI Government’s Risk Management Unit and the insurance policy they oversee. The Company pays to CI Government its assessed share of those premiums.

In terms of various other risks, key items are discussed below in brief summary:

Reputational Risk:

There are various potential sources of reputational risk therefore the prime ones are discussed below along with our mitigating actions:

Reputational Risk Mitigation:

- Misunderstanding of the Company’s role in turtle meat production, and lack of understanding as to why that is essential for sea turtle conservation in our country, subsequent to the financial year-end has been partially mitigated by the creation of a separate brand for those functions.
 - “Cayman Turtle Products”, the brand applied for that purpose, was launched mid-September 2016 and is the identity under which those aspects of our operations are conducted, separate and distinct from our Cayman Turtle Centre brand.



- Complementary to that change, the Company's functions as a tourist attraction and as a leading centre for sea turtle conservation, education and research are conducted and marketed under the brand "Cayman Turtle Centre".



- *Note:* For ease of transition and to retain customer and industry partner familiarity with those elements of our business, we have retained the same logo style and image but we no longer use the brandname "Cayman Turtle Farm" so as to differentiate the new identity as distinct from the aquaculture commercial "farming" aspects that are now identified under the Cayman Turtle Products brand.
- In the past there arose the reputational risk of Special-Interest groups attacking the Company's reputation especially with accusations of animal welfare violations and related allegations. Those risks have now been mitigated by the regular inspections by the Animal Welfare Unit of the Department of Agriculture, typically done four times per year.
- If there are customer complaints in relation to their experience or observations at our park, there is a reputational risk on social media especially on TripAdvisor.com which is a popular reference source for travellers. This risk is mitigated by constant attention to delivering a high quality, safe experience for our guests.

Compliance Risks:

Procurement:

This risk has been mitigated by familiarizing senior managers involved in purchasing, with the procedures and business controls which our COO and her team reinforce so that we remain within the rules of the various legislation governing procurement, and we have contracted with EASiBuy to assist us in these processes also.

Conflicts of Interest:

Annually the executives and Directors update their declarations of interest and our COO maintains a register of these declarations.

Regulatory Compliance:

There are two main regulatory bodies that could adversely impact the Company's ability to remain in compliance.

Water Authority

This Statutory Authority has regulatory functions under which it regulates our water extraction, sewage treatment and sewage effluent discharge, and it also regulates the discharge from our flow-through seawater system in our captive-breeding facility. That system carries salt water pumped directly from the sea into our various turtle tanks and then discharges that water back into the sea after it has flowed through those tanks. In regard to the latter system, there is the requirement for a Marine Discharge Permit which is a form of

permission issued by the Water Authority. The last license issued was for 24 months and had specified three 6-monthly checkpoints with specified aspects targeted to be achieved by the end of each of the four 6-month periods. The Company complied as far as we were able to comply, which came at the second of the checkpoints by which time we were required to submit to the Water Authority for approval, a full RFP for a wastewater treatment system to result in reduced figures for various measurements that are regularly taken of the water in our outflow stream. We submitted the full RFP to the Water Authority by the specified deadline, and we wrote that RFP making use of the relevant FIDIC template⁹. There now remains somewhat of a risk however because:

- The Water Authority has to date not been able to approve the RFP. Anecdotally we believe that in some aspects beyond our control as to the national infrastructure in which the extracted sludge would be treated, it is likely that the volume needing to be treated is simply not feasible in our island.
- Whether it was for that reason or some other, the criterion of subsequent checkpoints that relate to procurement and implementation of the plant that was the subject of the RFP, obviously could not be fulfilled without the required approval of the Water Authority and furthermore it appears that subsequent to implementation, the logistics of operation would in any case have resulted in requirements for which it is most likely not going to be feasible for the national infrastructure to accommodate.

Risk Mitigation: This risk in relation to the Water Authority has been mitigated as follows:

- When the Marine Discharge Permit was coming up to its expiry date, the Company filed the application for renewal of the Permit. To date the Water Authority and its regulatory successor, OfReg has neither refused nor issued a new Permit.
- In our original discussions leading up to the issue of our last License, we had suggested quite a different approach for handling the outflow water and for which the engineering appeared more feasible.
- In the meantime, the Company continues to cooperate well with the Water Authority in the other elements of compliance with the Marine Discharge Permit. The Company funded the video transects, and the Company continues to regularly submit the water samples as required for monitoring parameters of the discharge water.
 - It should be noted that the video transects that we have seen to date, do not indicate that the outflow is causing a progressively worsening situation. To the contrary, anecdotal evidence from the management of a nearby dive site suggests that the nutrients in the outflow may actually help considerably in attracting fish and other marine wildlife to the area which in turn helps to maintain the dive site's reputation as one of the best shore dives on the island.
- Therefore, we consider that if the good spirit of cooperation and the practice of pragmatic approaches that have characterized the Company's relationships with the Water Authority to date are continued, this risk can be mitigated. There does not appear to be a compelling case for urgency and so there is a positive outlook that

⁹ FIDIC is the International Federation of Consulting Engineers: <http://fidic.org/>

eventually whatever is done in respect of the Permit issuing, the way ahead can be feasible and sensibly “beneficial to all concerned.”

- In summary therefore in light of what we have observed in the approach the Water Authority has taken, we do not perceive this to be a large risk but rather we have included it for the sake of completeness and disclosure to our Shareholder.

National Conservation Council and Department of Environment

This Council, which is appointed by the Governor in Cabinet and empowered by the new National Conservation Law (NCL), has now been given sweeping powers by the recent coming into force of various Sections of the NCL. That has the potential to present large risks to the survival and success of the Company if there emerges “regulatory activism” and if “ideologues” are allowed to set or influence the agenda. There are various sections of the NCL that if not properly handled and sensibly administered by this Council, or by the leadership of the Department of Environment as delegated by the Council under the NCL, could be disruptive to our operations, damaging to our business prospects and hazardous to our success in fulfilling our mission.

Risk Mitigation: The primary channel of compliance risk mitigation in relation to the NCC, rests with the Governor in Cabinet. Whereas the NCL makes provision for the Cabinet to have the power to mitigate such risks, for example by giving “directions” to the NCC, to date it appears that few if any of those needed “directions” have been effectively given. During the year there has been evidence of possible risks of “regulatory overreach” by the DoE leadership. In addition, the DoE leadership has made statements which reveal a tendency toward being influenced by “perceptions” especially of persons or organizations based overseas, whereas our senior management insist that policymaking should be evidence-based and science-led. This regulatory risk therefore requires further attention by the Cabinet in order to avoid such risks arising and propagating to the detriment of our Company and its beneficial impacts in our nation-building, and thereby Cabinet will need to direct these entities toward outcomes that are ultimately sensible, evidence-based and to the national benefit.

ACTUAL LOSSES/DAMAGES, Write-offs, and related Payouts

There were no material losses, damages claimed, write-offs or related payouts required for the financial year ended 31st December 2018. However, in January 2018, anomalies in certain cash balances/transactions were identified. The Company engaged legal counsel and an independent forensic firm to investigate historical cash transactions. This uncovered missing cash of CI\$324,390 which was provided for in the period ended December 31, 2017 (Note 17 in the audited financial statements). The Company took remedial actions with respect to this matter, some of which are ongoing.

Further in June 2018, irregularities in purchases of information technology-related items amounting to CI\$434,999 were identified in relation to Property, Plant, Equipment and Exhibits. The necessary adjustments were made in the financial statements (note 19) and this

matter was passed over to the Anti-Corruption Commission for their investigation which remains ongoing.

FINANCIAL PERFORMANCE and ANALYSIS

- Details of Actual vs Prior Year and Actual vs Budget

The key strategic goals and objectives (from an ownership perspective) for The Cayman Turtle Conservation and Education Centre Ltd set for the 12-month fiscal period ended 31st December 2018 are shown on p.24 and following pages.

FORWARD-LOOKING

The Company's *Strategic Goals & Objectives* have been set out in the *2018-2019 Ownership Agreement*.

APPENDICES

APPENDIX 1. Audited Financial Statements of the Company

The Financial Statements are attached in a separate signed PDF document format.

This audit was performed by Grant Thornton and the Office of the Auditor General, with the unqualified Audit Opinion issued by the Auditor General of the Cayman Islands.

► End of Annual Report: Cayman Turtle Conservation and Education Centre Ltd. 31st December 2018 ◀



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