



**CENTRAL CARIBBEAN MARINE
INSTITUTE, INC.**

Consolidated Financial Statements for the year ended

December 31, 2022

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

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Tel: +1 (345) 943-8800
Fax: +1 (345) 943-8801
Email: mail@bdo.ky
www.bdo.ky

PO Box 31118
2nd Floor - Building 3
Governors Square
23 Lime Tree Bay Avenue
Grand Cayman KY1-1205
Cayman Islands

Independent Auditor's Report

To the Board of Directors of
Central Caribbean Marine Institute, Inc.
Grand Cayman, Cayman Islands

Opinion

We have audited the consolidated financial statements of Central Caribbean Marine Institute, Inc. (the "Company"), which comprise the consolidated statements of financial position as of December 31, 2022, and the consolidated statements of activities and consolidated statements of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America ("US GAAP").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with US GAAP, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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



Independent Auditor's Report (continued)

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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter

This report has been prepared for and only for Central Caribbean Marine Institute, Inc. and its directors in accordance with the terms of our engagement letter dated April 26, 2023 and for no other purpose. To the fullest extent permitted by law, we do not accept or assume any liability or duty of care for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

BDO

November 10, 2023

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Consolidated Statement of Financial Position

December 31, 2022

(stated in United States dollars)

	Note	2022	2021
		\$	\$
Assets			
Current Assets			
Cash and cash equivalents	3	1,056,800	662,053
Contributions receivable	4,10	2,320,154	1,325,177
Other assets		55,575	47,471
		3,432,529	2,034,701
Non-Current Assets			
Property, plant and equipment	5	1,254,370	1,427,574
Intangible Assets	6	67,733	-
		1,322,103	1,427,574
Total Assets		4,754,632	3,462,275
Liabilities			
Current Liabilities			
Unearned income		66,883	18,524
Accruals		18,564	6,657
Total Liabilities		85,447	25,181
Net assets			
Unrestricted		2,535,695	2,179,412
Restricted	8,9	2,133,490	1,257,682
Total Net Assets		4,669,185	3,437,094

See accompanying notes to the consolidated financial statements.

Approved on behalf of the Board of Trustees on November 10th 2023.


_____, Trustee


_____, Chairman
Tim Kary, Chairman

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Consolidated Statement of Activities

Year ended December 31, 2022

(stated in United States dollars)

	Year Ended December 31,							
	2022				2021			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
\$	\$	\$	\$	\$	\$	\$	\$	\$
Support and revenue:								
Contributions & Grants	108,900	2,289,589	-	2,398,489	113,125	1,426,200	-	1,539,325
Education and research fees	138,651	-	-	138,651	185,236	-	-	185,236
Special events	139,551	-	-	139,551	217,027	-	-	217,027
Donations	34,005	-	-	34,005	105,754	-	-	105,754
Other revenue	77,964	-	-	77,964	6,387	-	-	6,387
Total support and revenue before releases of restrictions	499,071	2,289,589	-	2,788,660	627,529	1,426,200	-	2,053,729
Net assets released from restrictions	1,413,781	(1,413,781)	-	-	1,006,425	(1,006,425)	-	-
Total support and revenue	1,912,852	875,808	-	2,788,660	1,633,954	419,775	-	2,053,729
Expenses (note 11)								
Program services:								
Field programs and operations	104,096			104,096	340,713			340,713
Buildings and equipment	199,567			199,567	183,094			183,094
Research	640,007			640,007	423,151			423,151
Education	347,431			347,431	208,757			208,757
Total program services	1,291,101			1,291,101	1,155,715			1,155,715
Supporting services:								
Management and general	148,176			148,176	206,796			206,796
Fundraising	117,292			117,292	93,686			93,686
Total supporting services	265,468			265,468	300,482			300,482
Total expenses	1,556,569			1,556,569	1,456,197			1,456,197
Impairment losses from contributions received in previous years	-	-	-	-	-	-	-	-
Change in net assets	356,283	875,808	-	1,232,091	177,757	419,775	-	597,532
Net assets, beginning of year	2,179,412	1,257,682	-	3,437,094	2,001,655	837,907	-	2,839,562
Net assets, end of year	2,535,695	2,133,490	-	4,669,185	2,179,412	1,257,682	-	3,437,094

See accompanying notes to the consolidated financial statements.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Consolidated Statement of Cash Flows

Year ended December 31, 2022

(stated in United States dollars)

	Note	2022	2021
		\$	\$
Cash provided by/(used in):			
Operating activities			
Net change in net assets for the year		1,232,091	597,532
Adjustments for:			
Depreciation and Amortisation	5/6	112,031	113,527
Write down of assets	5	154,046	998
Net changes in operating assets and liabilities:			
Contributions receivable	4	(994,977)	(484,831)
Investments	7	-	45,478
Other assets		(8,104)	98,976
Unearned income		48,359	(1,500)
Accruals		11,907	(29,740)
Net cash provided by operating activities		555,353	340,440
Investing activity			
Purchase of property, plant and equipment	5	(92,873)	(62,742)
Net purchase of intangible assets	6	(67,733)	-
Net cash used in investing activities		(160,606)	(62,742)
Financing activity			
Repayment of HH loan		-	(22,500)
PPP loan		-	(52,154)
Net cash used in financing activities		-	(74,654)
Net change in cash and cash equivalents during year		394,747	203,044
Cash and cash equivalents at beginning of year		662,053	459,009
Cash and cash equivalents at end of year		1,056,800	662,053

See accompanying notes to the consolidated financial statements.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements

December 31, 2022

(stated in United States dollars)

1. Incorporation and background information

The Marine Environmental Research Institute, Inc. (“MERI”) was incorporated on September 24, 1998 in Princeton New Jersey as a US 501 (c)(3) federal tax-exempt charitable organization without members, under the New Jersey Domestic Non-profit Corporation Act. MERI changed its name to Central Caribbean Marine Institute, Inc. (the “Company”) on September 24, 2002. The Company holds 100% of the shares of CCMI (collectively referred to as the “Group”), a non-profit organization registered on March 14, 2002 in the Cayman Islands and based in Little Cayman. A Board of Trustees is responsible for oversight of the Group’s activities. The registered office of the Company is 1 Airport Way, Suite 3, Princeton, New Jersey, 08540, and the registered office of CCMI is P.O. Box 37, Little Cayman, KY3-2501, Cayman Islands.

The Group was established to receive and administer funds, perform research and promote conservation, for scientific, education and charitable purposes. The Group generates income primarily from education programs and receives funding from private donations, sponsorship and grants.

2. Significant accounting policies

These consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (“U.S. GAAP”) and the significant accounting policies adopted by the Group are as follows:

(a) Use of estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of income and expenses during the year. Actual results could differ from these estimates.

(b) Consolidation

The Company was incorporated in the State of New Jersey on September 24, 1998 and was granted a section 501(c)(3) exemption under the Internal Revenue Code of the United States of America effective September 24, 1998. CCMI was established under Section 80 of the Cayman Islands Company Law on October 2, 2001, and incorporated in the Cayman Islands as an ordinary company with limited liability on March 14, 2002. CCMI is a wholly owned subsidiary of the Company. The Board of Trustees and the Board of Directors have the power to govern the financial and operating policies of the Company and CCMI respectively. CCMI has been consolidated since the date of its incorporation.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

2. Significant accounting policies (continued)

(b) Consolidation (continued)

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All significant inter-company transactions and balances are eliminated on consolidation.

(c) Cash and cash equivalents

Cash is comprised of current accounts held at financial institutions and cash on hand.

(d) Contributions receivable

Contributions receivable comprise of outstanding pledged contributions from donors.

Contributions receivable in more than 12 months of the Group's reporting date are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the contribution, if any.

(e) Financial assets and liabilities

Financial assets carried on the consolidated statements of financial position include cash and cash equivalents, investments, and contributions receivable. Financial liabilities carried on the consolidated statements of financial position include long-term debt, the current portion of long-term debt and accruals.

(f) Foreign exchange

Where applicable, monetary assets and liabilities denominated in foreign currencies are translated into United States dollars at the year-end rates of exchange and the resulting gains and losses are included in other revenue in the consolidated statement of activities. Where applicable, revenue and expenses denominated in foreign currencies are translated at the rates of exchange prevailing on the date the transactions are recognized.

(g) Revenue recognition

i) Educational programs and donations

Revenue from these sources is recognized on the accrual basis.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

2. Significant accounting policies (continued)

(g) Revenue recognition (continued)

ii) Contributions

Contributions are recorded at the fair value of the contribution received. Revenues from this source are comprised of grants and sponsorships and are recognized when legal entitlement unconditionally vests with the Group. If the contribution is in-kind rather than cash, the fair value of the goods or services to be received is recognized on the same basis as cash contributions.

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises that are expected to be collected in future years are recorded at fair value, which is the present value of expected future cash flows discounted at a rate that incorporates a risk premium to take into account the risks inherent in those expected cash flows.

iii) Donated assets and services

Contributions of assets and services are recorded as revenue and the associated cost recognized as an expense. Assets and services donated to the Group during the year are based on the service companies' best estimate, and if not provided by the service companies, then reflects management's best estimate of the commercial rate for such assets and services. In establishing the values of contributed assets and services, management considers the donor's representation of the fair value of the asset or service in an arm's length transaction.

(h) Net assets

The Group's net assets and its revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Group and changes therein are reported as follows:

i) Unrestricted

Unrestricted net assets represent those resources available for current operations.

ii) Temporarily restricted

Temporarily restricted net assets represent those resources whose use has been restricted by donors to specific purposes and/or the passage of time. When a donor restriction expires, that is, when a stipulated time restriction ends, a purpose restriction is accomplished, or funds are appropriated through an action of the Board of Trustees, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of activities as net assets released from restrictions.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

2. Significant accounting policies (continued)

(h) Net assets (continued)

iii) Permanently restricted

Permanently restricted net assets represent those resources the principal of which is originally restricted into perpetuity by its donors. The purposes for which the income and net capital appreciation arising from the underlying assets may be used depend on the wishes of that donor.

(i) Expenses

Expenses are recorded on an accrual basis. Expenses have been summarized on a functional basis in the accompanying consolidated statement of activities. Accordingly, certain costs have been allocated by management, using appropriate measurement methodologies, such as the time and effort report among the program, management, and fundraising areas.

(j) Property, plant and equipment

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses, if any.

The initial cost of property, plant and equipment consists of its construction cost or purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charged to operations in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost of property, plant and equipment.

Depreciation is computed based on the cost of the assets using the straight-line method at the following rates:

Buildings	39 years
Boats	7 years
Furniture and equipment	5 years
Vehicles	5 years
Web design	3 years

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

2. Significant accounting policies (continued)

(k) Impairment

Where applicable, the carrying amounts of the Group's assets are reviewed at each financial position date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognized when the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses related to property, plant and equipment are recognized in the Buildings and equipment expense in the Consolidated Statement of Activities.

(l) Taxation

The Group is not subject to any income, withholding or capital gains tax in the Cayman Islands. As a result, no Cayman tax liability or expense has been recorded in these consolidated financial statements. The Group is exempt from tax in the United States under Section 501(c)(3) of the Internal Revenue Code.

(m) Investments

The Group classifies its equity securities that have readily determinable fair values into available-for-sale (AFS).

AFS securities are recorded at fair value. Unrealized holding gains and losses on trading securities are included in other revenues in the consolidated statement of activities.

(n) Fair Value Measurements

The Group uses valuation approaches that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The Group determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels in accordance with ASU 2011-04 (see Note 7 to the consolidated financial statements):

- Level 1 Inputs: Unadjusted quoted prices in active markets for identical assets or liabilities accessible to the reporting entity at the measurement date.
- Level 2 Inputs: Other than quoted prices included in Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.
- Level 3 Inputs: Unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

2. Significant accounting policies (continued)

(o) Website Development Costs

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any.

The initial cost of intangible assets consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

The Group capitalizes website development costs in line with the requirements of U.S. GAAP. Capitalized website development costs are included in intangible assets in the consolidated statements of financial position. The Group amortizes website development costs over 3 years using the straight-line method. Costs related to data entry and data conversion of the content of the website as well as costs incurred training the Group's employees on the new website are expensed as incurred. Capitalized website development costs are reviewed for impairment at each reporting period.

(p) New standards, updates to standards and interpretations

Gifts-in-Kind (ASU 2020-07) - Effective for all entities for years beginning after June 15, 2021 (calendar 2022). Retrospective application is required.

The application of these amendments did not have a material impact on the Group's consolidated financial statements.

3. Cash and cash equivalents

The cash and cash equivalents comprise of the following balances:

	2022	2021
	\$	\$
Current account	1,053,429	656,293
Money Market fund	-	-
Undeposited Funds	1,252	5,123
Cash on Hand	2,119	637
	1,056,800	662,053

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

*(stated in United States dollars)***4. Contributions receivable**

Management believes that contributions receivable are fully collectable and, accordingly, has not provided a reserve for uncollectible amounts.

5. Property, plant and equipment

	Land and buildings	Boats	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$	\$
Cost at January 1, 2022	1,804,075	142,907	408,669	83,644	2,439,295
Additions	-	-	45,922	46,951	92,873
Disposals/Write-downs	(174,221)	-	(3,699)	-	(177,920)
Cost at December 31, 2022	1,629,854	142,907	450,892	130,595	2,354,248
Accumulated depreciation at January 1, 2022	509,237	124,473	303,901	74,110	1,011,721
Charge for the year (Note 11)	40,991	8,372	48,440	14,228	112,031
Disposals/Write-downs	(20,175)	-	(3,699)	-	(23,874)
Accumulated depreciation at December 31, 2022	530,053	132,845	348,642	88,338	1,099,878
Net book value at December 31, 2022	1,099,801	10,062	102,250	42,257	1,254,370

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

*(stated in United States dollars)***5. Property, plant and equipment (continued)**

	Land and buildings	Boats	Furniture and equipment	Vehicles	Total
	\$	\$	\$	\$	\$
Cost at January 1, 2021	1,804,075	142,907	352,010	83,644	2,382,636
Additions		-	62,742	-	62,742
Disposals/Write-downs	-	-	(6,083)		(6,083)
Cost at December 31, 2021	1,804,075	142,907	408,669	83,644	2,439,295
Accumulated depreciation at January 1, 2021	467,900	116,043	258,109	61,227	903,279
Charge for the year (Note 11)	41,337	8,430	50,877	12,883	113,527
Disposals/Write-downs	-	-	(5,085)		(5,085)
Accumulated depreciation at December 31, 2021	509,237	124,473	303,901	74,110	1,011,721
Net book value at December 31, 2021	1,294,838	18,434	104,768	9,534	1,427,574

During April 2022 the Company also performed a revaluation of the research centre, including the Land and buildings above, through external valuers and noted that the fair market value of the building as of April 22, 2022 is US\$ 3,000,000.

6. Intangible Assets

		December 31, 2022			
		Amortising intangible assets	Amortisation period	Gross carrying amount	Accumulated amortisation
Website	3 years		10,915	(10,915)	-
Waiver Portal	3 years		67,733	-	67,733
Total			78,648	(10,915)	67,733

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

6. Intangible Assets (continued)

Amortising intangible assets	Amortisation period	December 31, 2021		
		Gross carrying amount	Accumulated amortisation	Net carrying amount
Website	3 years	10,915	(10,915)	-
Total		10,915	(10,915)	-

The net carrying amount of the intangible Assets as at December 31, 2022 is \$67,733 and 2021 was \$nil.

7. Investments

The Group held no investments as of December 31, 2022 and 2021.

The Group's accounting policy is to recognize transfers between levels of the fair value hierarchy on the date of the event or change in circumstances that caused the transfer. The realized gains and losses associated with these sales were included within other revenue in the consolidated statement of activities.

8. Permanently restricted net assets

There were no permanently restricted net assets during the year ended December 31, 2022 or 2021.

9. Temporarily restricted net assets

Temporarily restricted net assets were classified as follows:

	2022	2021
	\$	\$
Facilities	651,980	334,586
Research	1,321,977	601,720
Education	159,533	321,376
	2,133,490	1,257,682

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

*(stated in United States dollars)***10. Unconditional promises to give**

Included in contributions receivable are the following unconditional promises to give:

	2022	2021
	\$	\$
Total Contributions receivable	2,320,154	1,325,177
Amounts due in:		
Less than one year	1,609,875	825,928
One to five years	710,279	499,249
	2,320,154	1,325,177

11. Expenses

Expenses were as follows:

	2022	2021
	\$	\$
Salaries (Notes 12 and 13)	682,076	716,843
Depreciation and write-offs	112,031	164,525
Direct research and education expenses	130,059	126,537
Marketing and promotion	154,314	113,170
Professional fees	92,589	96,269
Repairs, maintenance and supplies	94,475	68,569
Food and subsistence	67,623	51,860
Travel and accommodation	97,456	45,564
Insurance	37,725	21,563
Utilities and fuel	22,431	17,169
Other	35,003	15,742
Bank charges and interest	21,473	9,989
Communication	9,314	8,397
	1,556,569	1,456,197

CENTRAL CARIBBEAN MARINE INSTITUTE, INC.

Notes to the Consolidated Financial Statements (continued)

December 31, 2022

(stated in United States dollars)

12. Staffing costs

The Group maintains a defined contribution retirement plan for its employees. The Group pays contributions to an administered pension insurance plan on a mandatory basis as required by the National Pensions Act of the Cayman Islands, which is normally 5% of the salary or wage of the employee. In the Cayman Islands, the Group has no further payment obligations once the required contributions have been paid. The contributions are recognized as pension expense when they are due and are included in salaries. Pension for the employees based in the US is also contributed to a US pension scheme. During the year ended December 31, 2022, the Group recorded \$26,423 (2021: \$26,350) in pension expense.

13. Related party transactions

For the year ended December 31, 2022 the Group paid salaries and benefits to related parties in the amount of \$289,572 (2021: \$331,010).

14. Risks and uncertainties

Credit Risk

Credit risk is the risk that a party to a financial arrangement will cause a loss by failing to discharge an obligation. Cash and cash equivalents are subject to credit risk to the extent that those balances exceed applicable FDIC or SIPC limitations applicable to balances held with financial institutions located in the United States. At December 31, 2022, the Group held \$1,053,429 (2021: \$656,293) in cash and cash equivalents with reputable financial institutions in the United States and Cayman Islands, of which \$811,044 (2021: \$428,294) is held with financial institutions based in the Cayman Islands and is therefore not covered by FDIC and SIPC provisions.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Uncertainties

The ability of the Group to operate as a going concern and meet its objectives is dependent on the adequate receipt of donations and financing.

15. Subsequent events

In preparing these consolidated financial statements, management has evaluated and disclosed all material subsequent events up to the audit report date, which is the date the consolidated financial statements were available to be issued.