

STICHTING ZIEKENVERPLEGING ARUBA

CONDENSED FINANCIAL STATEMENTS 2019

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1 INDEPENDENT AUDITOR'S REPORT

Independent auditor's report

Our reference: 134860/ A-32887

To the Board of Directors and Supervisory Board of
Stichting Ziekenverpleging Aruba

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Our Qualified Opinion

The condensed financial statements, which comprise the condensed balance sheet as at December 31, 2019, the condensed income statement for the year ended December 31, 2019, the condensed cash flow statement for the year ended December 31, 2019 and notes to the condensed financial statements, are derived from the audited financial statements of Stichting Ziekenverpleging Aruba ('the Foundation') for the year ended December 31, 2019.

In our qualified opinion, the accompanying condensed financial statements are consistent, in all material respects, with the audited financial statements of the Foundation, as described in Note 5.2. "Accounting Policies".

The Condensed Financial Statements

The condensed financial statements do not contain all the disclosures required by accounting principles generally accepted in the Netherlands. Reading the condensed financial statements and the auditor's report thereon, therefore, is not a substitute for reading the audited financial statements and the auditor's report thereon. The audited financial statements, and the condensed financial statements do not reflect the effects of events that occurred subsequent to the date of our report on the audited financial statements.

The Audited Financial Statements and Our Report Thereon

We expressed a qualified audit opinion on the audited financial statements in our report dated December 22, 2022

- Due to the cyber-attack on the financial administration of Stichting Ziekenverpleging Aruba in November 2019, data was lost, which resulted in the reconstruction of the financial administration by Stichting Ziekenverpleging Aruba. As a result, the performance of substantive audit procedures could not be fully performed, while the internal control measures relating to the 'purchasing process', the 'stock issuance process' and the 'stock management' of Stichting Ziekenverpleging Aruba were not effective during the financial year and/or could not be fully evaluated after year-end.

As a result, we were unable to obtain sufficient appropriate audit evidence regarding the financial statements line items and the related items of 'inventories' ("voorraden") of Afl. 14,523,341 as of December 31, 2019 and 'medical care products' ("medische kosten") ad Afl. 51,079,225 for 2019, which means that we could not determine whether any corrections were necessary with regard to the aforementioned amounts.

That report also includes:

- An emphasis of matter paragraph that draws attention to Note 8.24 of the audited financial statements. Note 8.24 of the audited financial statements refers to Note 3.9 the Board of Directors' assessment of the Coronavirus (Covid-19). This matter is addressed in Note 5.12 "Events after balance sheet date" of the notes to the condensed financial statements.
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The Board of Directors' Responsibility for the Condensed Financial Statements

The Board of Directors is responsible for the preparation of the condensed financial statements in accordance with the basis as described in Note 5.2 "Accounting Policies".

Auditor's Responsibility

Our responsibility is to express an opinion on whether the condensed financial statements are consistent, in all material respects, with the audited financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing 810, *Engagements to Report on Summary Financial Statements*.

Aruba, February 3, 2023
Grant Thornton Aruba

Original signed by Edsel N. Lopez

2 CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2019

<i>(In Afl)</i>	31 Dec 2019	31 Dec 2018
<u>ASSETS</u>		
Fixed Assets		
Tangible Fixed Assets	39.483.453	38.943.424
Financial Fixed Assets	301.214	226.385
Total Fixed Assets	39.784.667	39.169.809
Current assets		
Inventories	14.523.341	14.855.043
Accounts Receivables	32.911.340	36.703.841
Cash and cash equivalents	663.842	5.154.922
Total Current Assets	48.098.523	56.713.806
Total Assets	87.883.191	95.883.615
<u>LIABILITIES</u>		
Equity		
Foundation Capital	684.242	684.242
General reserve	4.258.018	5.065.558
Total Equity	4.942.260	5.749.800
Provisions	4.082.952	4.027.169
Non-current liabilities	24.956.946	28.794.854
Current liabilities	53.901.032	57.311.792
Total Liabilities and Equity	87.883.191	95.883.615

3 CONDENSED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

<i>(In Afl)</i>	2019	2018
<u>REVENUES</u>		
AZV Revenues	185.100.000	179.343.281
Non-AZV Revenues	13.678.565	15.727.011
Other revenues	7.975.648	3.132.372
Total revenues	206.754.213	198.202.664
<u>EXPENSES</u>		
Personnel expenses	112.020.571	108.486.311
Medical supplies	51.079.225	49.546.469
Depreciation expenses	8.493.514	6.886.882
Operating expenses	33.743.980	33.362.286
Total expenses	205.337.291	198.281.948
Result from operations	1.416.923	-79.284
Financial income and expenses	-2.224.462	-2.917.461
Result for the year	-807.539	-2.996.745

4 CONDENSED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2019

<i>(In Afl)</i>	2019	2018
<u>CASH FLOW FROM OPERATING ACTIVITIES</u>		
Result for the year	-807.539	-2.996.745
Adjustments for:		
+/- Depreciation expenses	8.493.514	6.886.882
+/- Foreign exchange	45.683	296.724
+/- Interest expense	2.178.778	2.620.737
+/- Provisions	2.025.984	268.413
	12.743.959	10.072.756
Changes in working capital (excl. bank credit)		
+/- Inventories	331.702	-2.760.136
+/- Receivables	1.822.296	8.492.495
+/- Current liabilities	-4.113.009	8.706.381
Changes in working capital (excl. bank credit)	-1.959.011	14.438.740
Cash flow from operating activities	9.977.409	21.514.751
Interest Paid	-2.178.778	-2.620.737
Net cash from operating activities	7.798.631	18.894.014
<u>CASH FLOW FROM INVESTMENT ACTIVITIES</u>		
Investments in Financial Fixed Assets	-74.829	12.934
Investments in Tangible Fixed Assets	-9.033.542	-10.544.124
Disposals in Tangible Fixed Assets	-	438.157
Net cash from investing activities	-9.108.371	-10.093.033
<u>CASH FLOW FROM FINANCING ACTIVITIES</u>		
Proceeds from Long-term debts	3.565.224	-
Repayments of Long-term debts	-7.140.933	-8.274.942
Net cash from financing activities	-3.575.709	-8.274.942
NET CASH FLOWS	-4.885.449	526.039
Effects of currency translation on cash and cash equivalents	-45.683	-296.724
Net Increase/ decrease in cash and cash equivalents	-4.931.132	229.315
<u>CASH AND CASH EQUIVALENTS (INCLUDING BANK CREDIT)</u>		
Balance as of January 1	5.121.919	4.892.604
Net cash flow	-4.931.132	229.315
Balance as of December 31	190.787	5.121.919
Consisting of:		
Cash and cash equivalents	663.842	5.154.922
Line of Credit	-473.055	-33.003
Balance as of December 31	190.787	5.121.919

5 NOTES TO THE CONDENSED FINANCIAL STATEMENTS

5.1 General information

The Stichting Ziekenverpleging Aruba ("Foundation" or "SZA") has its registered office in Aruba and is located at Dr. Horacio E. Oduber Boulevard # 1. The Foundation's objective is to provide high-quality patient-centered and integrated care and its sole activity is the operation of the Dr. Horacio E. Oduber Hospital.

The accounting principles applied to the valuation of assets and liabilities and the determination of results are the same as those used in the previous year.

5.1.1 Cash flow statement

The cash flow statement has been prepared using the indirect method, whereby the result for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows. Exchange rate differences on cash and cash equivalents are shown separately in the cash flow statement. Interest income and expenditure are included in cash flow from operating activities. The purchase price of investments and disposals in tangible fixed assets is included in cash flow from investing activities, insofar as payment has been made in cash. Proceeds and repayments of long-term debts are included in the cash flow from financing activities.

The total of the cash and cash equivalents in the cash flow statement includes the current line of credit. This is not included in the balance sheet line item cash and cash equivalents.

5.1.2 Changes in accounting policies

In 2019 no changes in accounting policies were applied.

5.1.3 Estimates and changes in accounting estimates

In order to be able to apply the accounting principles for the preparation of the financial statements, it is necessary for the management of the Foundation to form an opinion on various matters and that the management makes estimates that may be essential for ensuring the accuracy of the amounts included in the financial statements. If it is necessary to provide the required insight, the nature of these judgments and estimates, including the associated assumptions, is included in the notes to the relevant financial statements items.

5.1.4 Related parties

The Supervisory Board and the Board of Directors of the Stichting Ziekenverpleging Aruba also act as the Supervisory Board, respectively Board of Directors, of the Stichting Bloedbank Aruba and the Fundacion Servicio Laboratorio Medico Aruba based on the regulations of these foundations.

The Stichting Bloedbank Aruba has a service-level agreement with the Stichting Ziekenverpleging Aruba for services in the areas of general management, human resources, quality and administration. The Stichting Bloedbank Aruba supplies its products to the SZA at the rate that the SZA charges to the AZV. This rate is equal to the integral cost price.

The Fundacion Servicio Laboratorio Medico Aruba (FSLMA) is a foundation established in June 2015 that acquired the activities of the former Landslaboratorium on January 1, 2016. As of January 1, 2016, this foundation also has a service-level agreement with SZA for management and administrative services. For services to the hospital, FSLMA charges SZA at the rate that the FSLMA charges to the AZV.

The Stichting Ziekenverpleging Aruba, the Stichting Bloedbank Aruba and the Fundacion Servicio Laboratorio Medico Aruba are closely related on an operational and administrative level. However, the funding of each of the foundations is completely separate and neither of the foundations carry any financial risk for any other foundation exceeding normal risks associated with the relationship with a major supplier or customer. Therefore, the financial statements of the three foundations are not consolidated.

5.2 Accounting policies

5.2.1 Form and presentation

The financial information used to produce the condensed financial statements 2019 was derived from the Foundation's audited financial statements 2019, and do not include all the detailed information and disclosures contained in the audited financial statements 2019. The audited financial statements 2019 have been prepared in accordance with the accounting principles generally accepted in the Netherlands for the valuation of assets and liabilities and determining the result. The audited financial statements from which these condensed financial statements were derived, were prepared in the Dutch language and were authorized for issue by the Board of Directors on November 7, 2022 and approved by the Supervisory Board on November 18, 2022.

The valuation principles and method of determining the result are further explained below. Unless stated otherwise, all amounts are in Aruban Florins (Afl). The fiscal year coincides with the calendar year. All assets and liabilities are valued at acquisition price, unless stated otherwise. The valuation principles and method of determining the result have remained unchanged compared to the previous year.

5.2.2 Foreign currency

The currency in which the financial statements has been prepared, is the Aruban Florins (Afl); this is the functional currency and the presentation currency of the Foundation.

Foreign currency transactions that have been settled during the reporting period are recognized at the exchange rate on the transaction date. All resulting exchange differences arising from these transactions are recognised in the result for the year.

Monetary items denominated in foreign currency are converted into the functional currency at the exchange rate on the balance sheet date. All resulting exchange differences arising from these transactions are recognised in the income statement and are recorded under financial income and expenses.

Non-monetary items in foreign currencies carried at historical cost are converted at the exchange rate of the functional currency on the transaction date.

5.3 Accounting policies applied to the valuation of assets and liabilities

5.3.1 Tangible fixed assets

The tangible fixed assets consisting of land and buildings, medical equipment, vehicles, cafeteria, various information systems, other automated systems and other inventory are valued at acquisition price or manufacturing price, less straight-line depreciation based on the expected useful life. If a change in the expected useful life occurs, the future depreciation is adjusted.

Each year it is assessed whether there are indications that a fixed asset may be subject to impairment. If there is evidence of impairment, the realizable value of the asset is determined. There is no obligation to repair after the use of the asset. No provision for major maintenance has been created for the future costs of major maintenance to the buildings.

Profits and losses on the disposal of tangible fixed assets are included in the depreciation.

5.3.2 Financial fixed assets

The financial fixed assets consist of shares in Medirisk, a mutual insurance company that insures medical liability for a large number of Dutch healthcare institutions. These shares are recognized at the acquisition price in euros, converted at the exchange rate on the transaction date, or at the lower net realizable value. The net realizable value is estimated at the cost price in euros converted at the exchange rate on the balance sheet date. Impairments and reversals of impairments are reported on the income statement.

5.3.3 Impairment

At each balance sheet date the Foundation assesses whether there are indications that a fixed asset, financial instrument, financial asset or equity instrument may be subject to impairment. If such indications are present, the realizable value of the asset is determined.

An impairment exists when the carrying value of an asset is higher than the realisable value; the realisable value is the higher of the fair value less cost to sell and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

If it is established that an impairment that was recognised in the past no longer exists or has reduced, the increased carrying amount of the asset concerned is set no higher than the carrying amount that would have been determined if no impairment value adjustment for the asset concerned had been reported.

5.3.4 Inventories

Inventories mainly concern medical supplies. Inventories are valued at historical acquisition prices and costs incurred in order to bring the inventories to their current location and current condition, or at lower realizable value, using standard cost prices. The realizable value is determined as the estimated selling price. If the current acquisition price deviates significantly from the standard cost price, the latter will be adjusted. Obsolete inventories are valued at the estimated direct realizable value.

5.3.5 Accounts receivables

Receivables are measured at the fair value of the consideration upon initial recognition. After initial recognition, receivables are valued at amortized cost. The allowance account for trade receivables are deducted from the carrying value of the receivable.

5.3.6 Cash and cash equivalents

Cash and cash equivalents include petty cash, bank balances and deposits with terms of less than twelve months. Overdrafts at banks are recognised as part of debts to lending institutions under current liabilities. Cash and cash equivalents is carried at nominal value.

5.3.7 Provisions

Provisions are liabilities of which the amount or timing of settlement is uncertain. A provision is formed for liabilities and losses arising from past event(s) that results in a legal entity having no other realistic alternative than to settle the obligation. This is only the case if:

- settlement of the obligation is legally enforceable; or
- in the event of a constructive obligation, the event (which may be an act of the legal person) has raised legitimate expectations among those involved that the legal person will fulfill its obligation.

Provisions are measured at the best estimate of the amount that is necessary to settle the obligation as per the balance sheet date. The best estimate takes into account the risks and uncertainties that inevitably surround many events and circumstances. Provisions are carried at the nominal value of the expenditure that is expected to be necessary in order to settle the obligation. Provisions are reassessed at each balance sheet date and are adjusted to reflect the best current estimate of their amount. If it is no longer probable that an outflow of resources will be required to settle the obligation, the provision is reversed.

Provisions are used for those expenditures for which the provision was originally recognised. Additions to and reversed amounts from provisions are recorded with a debit or credit, respectively, in the income statement.

5.3.8 Liabilities

Liabilities are the existing and fixed obligations on the balance sheet date that will be settled by payment.

Liabilities are measured at fair value upon initial recognition. In commercial transactions, fair values at the time of the transaction are equal to cost. Transaction costs that are directly attributable to the processing of the debts are included in the valuation upon initial recognition. After initial recognition, liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

Liabilities are presented as current or non-current liabilities and are not offset against the assets for which the liabilities have been incurred. Liabilities (including liabilities without payment terms) are classified under current liabilities if they can be claimed within 12 months after the balance sheet date and under non-current liabilities if otherwise. If the loan conditions of a long-term loan agreement are not met on the balance sheet date, resulting in the liability becoming immediately due and payable, the liability is classified as current.

5.3.9 Leasing

Financial leasing

The Foundation does not make use of financial lease contracts.

Operational leasing

The Foundation may have lease contracts whereby a large part of the risks and rewards associated with ownership are not for the benefit of nor incurred by the Foundation. The lease contracts are recognised as operational leasing. Lease payments are recorded on a straight-line basis, taking into account reimbursements received from the lessor, in the income statement for the duration of the contract.

5.4 Principles for the determination of the result

5.4.1 General

The result is determined as the difference between the revenues and expenses for the year. Revenue is recognized in the year in which the services are provided. Costs are determined with due observance of the aforementioned valuation principles and allocated to the year they are incurred. Losses are recognised in the year in which they are foreseeable.

5.4.2 Revenues

Revenues with regard to AZV-insured patients are accounted for on the basis of the budget agreement and any additional agreements with the AZV. To this end, the declared amount for the care provided to AZV-insured patients in the year is corrected to the agreed upon amount.

Revenues relating to private patients are recognized in the year in which the care was provided. Other revenues are recognized in the year in which the goods or services are delivered.

Revenues from sale of goods (over-the-counter pharmacy, cafeteria) are recognized at the time of delivery of the goods.

5.4.3 Personnel expenses

Salaries, wages and social security contributions are charged to the income statement based on the terms of employment, where they are due to employees.

The Foundation applies the liability approach for all pension schemes. The premium payable during the financial year is charged to the result. The pension premiums are determined based on the applicable pension and retirement legislations, which are recorded as liabilities and paid to the pension fund and insurance company. Besides the premium contributions, there are no further obligations.

For determining the “cessantia” provision, the expected payment on the retirement date is determined for each participant. Future salary increases are taken into account. Subsequently, the payment on the retirement date is allocated to the years of service between the date of employment and the retirement date. The provision at year-end only relates to the part of the rights accrued based on the number of active years of service up to the balance sheet date and only if a participant qualifies for the “cessantia” according to the legal requirements. Because delayed retirement lead to higher benefits, a linear accrual has been taken into account when determining the provision. The rights accrued in proportion to the years of service are then discounted at a discount rate. Also taken into account, is

the chance that the participant will leave employment prior to the retirement date, which would lead to the “cessantia” being canceled.

5.4.4 Financial income and expenses

Interest income and interest expenses are recognized in the period to which they relate to. Currency translation differences arising upon the settlement or conversion of monetary items are recognised in the income statement in the period that they are realised.

5.5 Risk management

5.5.1 Operational risks

Volume risk

The Foundation has little influence on the demand for care. Epidemiological factors and medical specialists in particular determine how much effort is required from the hospital. Because the hospital must be continuously available and the costs are mostly fixed, a fixed lump sum payment has been agreed upon with the AZV since 2011. As a result, the revenue of the Foundation has become much less sensitive to fluctuations in the demand for healthcare. Incidentally, this compensation is determined on a cost basis, without any profit mark-up. This means that the result for the year is strongly influenced by fluctuations in the care for non-AZV patients, where a surcharge is included in the rates.

Claim risk

By law, the hospital is liable to patients in the event of claims against medical professionals arising from medical malpractice. Such claims can be for large amounts. The Foundation has a medical malpractice insurance providing coverage to all its employed medical professionals. The hospital is not covered for actions by independent medical professionals, but it is jointly liable. The Foundation therefore sets an adequate professional liability insurance as a condition for admission to the hospital.

5.5.2 Financial risks

Currency risk

Practically all of the Foundation's claims are in Aruban Florins, as well as most of its liabilities. Some of the suppliers are in euros. The currency risk on this has been reduced by reducing the average payment term. Hedging currency risk with forward contracts is not considered because the flow of payments is fairly even and the costs of currency forward contracts at local banks are quite high.

Interest rate and cash flow risk

The Foundation is exposed to interest rate risk on interest-bearing long-term and short-term debts (debts owed to credit institutions). There are no significant interest-bearing receivables.

All debts have fixed interest rates during the term. With regard to these debts, the SZA is exposed to fair value risks as a result of changes in the market interest rate. These risks are minor as the Aruban interest rate is very stable.

Credit Risk

More than 90% of the Foundation's revenue is charged to the AZV. Therefore, there is a significant concentration of credit risks. However, this risk is mitigated by clear contractual agreements and frequent periodic consultation. It is also legally stipulated that the Government of Aruba covers deficits of the AZV, so that the remaining credit risk is limited.

SZA has receivables due from the Government of Aruba for medical care to prisoners, detainees and foreign nationals without a residence permit. In the past, the receivables were offset by debts due to rental obligations and a small receivable remained on balance. However, this changed in 2016 as there were no rental obligations anymore and since then the claim on the Government of Aruba has steadily increased. The credit risk of the Government of Aruba as counterparty is minor, however SZA and the Government of Aruba have not yet agreed upon the periodic settlement of these receivables.

For private and international patients it is often difficult to obtain payment after the patient has been discharged from the hospital. This is largely overcome by requesting payment in advance or during the hospital stay where possible. A strict collection procedure applies to outstanding items; this also applies to international patients. The rates include a surcharge that covers the cost of the eventual non-payment.

Liquidity risk

The financial position of the Foundation improved in the period 2014 - 2017, but deteriorated again in 2018-2019. The Foundation's assets are limited. In order to meet the financing requirement for the coming years, the Foundation has previously made agreements with its principal banker. Consultations will be held with the AZV and the bank in order to arrive at new integrated agreements.

5.6 Tangible Fixed Assets

(In Afl)	Buildings and renovations	Medical Equipment	ICT Equipment	Other Furniture and Equipment	Work in progress	Total
Cost						
Balance as of 1 January 2018	39.495.399	41.969.998	22.073.114	12.159.058	15.156.340	130.853.909
Reclass. to assets in use	1.976.292	6.549.773	2.950.413	1.076.291	-12.552.769	-
Additions 2018	16.443	1.233.049	382.979	178.334	8.733.319	10.544.124
Disposals 2018	-317.510	-4.958.596	-16.097	-363.856	-33.680	-5.689.739
Balance as of 31 Dec 2018	41.170.624	44.794.224	25.390.409	13.049.827	11.303.210	135.708.294
Additions 2019	29.599	1.333.598	267.917	348.146	7.054.282	9.033.542
Reclass. to assets in use	-	4.571.954	8.372.301	114.722	-13.058.977	-
Disposals 2019	-	-586.674	-3.106.964	-	-	-3.693.638
Balance as of 31 Dec 2019	41.200.223	50.113.102	30.923.663	13.512.696	5.298.515	141.048.198
Accumulated depreciations						
Balance as of 1 January 2018	-37.882.527	-30.065.843	-16.674.679	-10.506.521	-	-95.129.570
Depreciation 2018	-661.257	-3.433.001	-2.265.759	-526.865	-	-6.886.882
Depreciation on disposals	186.798	4.698.977	16.097	349.710	-	5.251.582
Balance as of 31 Dec 2018	-38.356.986	-28.799.867	-18.924.341	-10.683.676	-	-96.764.870
Depreciation 2019	-479.915	-4.171.004	-3.257.933	-584.662	-	-8.493.514
Depreciation on disposals	-	586.674	3.106.964	-	-	3.693.638
Balance as of 31 Dec 2019	38.836.901	-32.384.197	-19.075.310	-11.268.338	-	-101.564.745
Book Value						
As per 1 Jan 2018	1.612.872	11.904.155	5.398.435	1.652.537	15.156.340	35.724.339
As per 31 Dec 2018	2.813.638	15.994.357	6.466.068	2.366.151	11.303.210	38.943.424
As per 31 Dec 2019	2.363.322	17.728.905	11.848.353	2.244.358	5.298.515	39.483.453
Depr. in usefull years	0 - 40 years	6 - 7 years	4 - 7 years	4 - 7 years		

5.7 Accounts Receivables

These can be specified as follows:

(In Afl)	31 Dec 2019	31 Dec 2018
Accounts Receivables AZV	19.353.772	26.856.821
Accounts Receivables private insurance companies	3.903.203	3.740.275
Accounts Receivables private individuals	14.893.096	11.698.866
Other current assets	6.284.735	3.961.140
Subtotal current assets	44.434.806	46.257.102
Allowance for doubtfull receivables	-11.523.466	-9.553.261
Total current assets	32.911.340	36.703.841

5.8 Liabilities

These can be specified as follows:

Non-current liabilities

<i>(In Afl)</i>	31 Dec 2019	31 Dec 2018
Long-term debt Government of Aruba	442.699	442.699
Long-term debt loans	31.627.681	35.203.392
Repayments within 1 year	-7.113.435	-6.851.237
Total Non-current liabilities (>1 year)	24.956.946	28.794.854

Current liabilities

<i>(In Afl)</i>	31 Dec 2019	31 Dec 2018
Short-term portion of long-term loans	7.113.435	6.851.237
Line of credit	473.055	33.003
Accounts payables	27.827.555	30.407.846
Taxes and social premiums	2.723.142	2.937.777
Liabilities related to pension obligations	3.543.559	2.657.797
Other short-term liabilities	7.831.029	7.062.590
Accrued liabilities	4.389.258	7.361.542
Total current liabilities	53.901.032	57.311.792

5.9 Contingencies and commitments

Medical malpractice liability claims

Liability claims arising from medical malpractice are regularly filed against the Foundation. For claims against external medical specialists, patients can turn to the hospital directly, regardless of whether the hospital is directly involved and / or the specialist is employed by the hospital. If claims are declared well-founded, the hospital can recover the claim from the health insurance that the external medical specialists are under obligation to take out before they can act medically. The Foundation will then recover any compensation to be paid from the medical specialists involved.

For claims submitted to the hospital against non-external specialists, the hospital has an insurance with an external mutual insurance company with an annual deductible (own risk) of EUR 50,000. If claims exceed this deductible, the majority will be reimbursed.

At the end of 2019, five claims were pending, four of which were ultimately declared unfounded / inadmissible. The verdicts on the other claim remain pending. No provision has been formed for this claim as these can be recovered from the insurance of the medical specialists or because the claims are very minor.

Other claims

At the end of 2019, two cases were settled. The total of the amounts was not significant and therefore no provision was made.

Contractual obligations

In connection with the new construction project, there has been an extensive replacement and expansion of tangible fixed assets, including medical equipment, ICT equipment and office furniture. The total amount that has not yet been invoiced at the end of 2019 but for which a contractual obligation to suppliers exists is Afl 7.938.908.

In addition, in connection with the implementation of the Electronic Health Record (Cerner Millennium), there are contractual obligations of Afl 1.894.595, which will be invoiced in 2020.

Lease obligations

The Foundation uses operating leases for six cars. The costs of these operating leases amount to Afl 37.856 per year. Most of the lease contracts were entered into in June 2015 with a term of four years. A single lease contract was entered into in October 2016, also with a term of four years.

Rental obligations

The Foundation has a number of lease contracts for spaces outside the main hospital building, mainly for the accommodation of polyclinics. The annual rental obligations amount to Afl 1.069.221. The remaining term of the contracts varies between one and three years, with a clause for extension. In addition, the Foundation has a rental obligation for the Hospital Complex, consisting of: the buildings of the Dr. Horacio Oduber Hospital with its appurtenances up to and including the year 2042. This rent is Afl 1, - per year.

5.10 Transactions with related parties

The Foundation receives an annual fixed fee of Afl 430.640 from the Stichting Bloedbank Aruba for services rendered with regard to general management, human resources, quality and administration. All blood products supplied by the blood bank on behalf of patients of the Dr. H.E. Oduber Hospitaal, are invoiced by the hospital to the insurer c.q. the patient. For AZV patients, the AZV pays directly to the blood bank. For non-AZV patients, the hospital pays the cost to the blood bank. The margin included in the amount invoiced to the patient or the insurer serves to cover the debtor risk assumed by the hospital.

From the Fundacion Servicio Laboratorio Medico Aruba, the Foundation receives an annual fixed fee of Afl 1.211.770 for services rendered with regard to general management, human resources, technical support, purchasing and administration.

5.11 Appropriation of the result for the year

The Foundation has no specific statutory provisions with regard to the appropriation of the result for the year. The surplus is therefore added to the general reserves. After the general reserves, which had decreased immensely due to structural losses in recent years, have been brought back to a level deemed healthy in the sector, the general reserves can be used for healthcare purposes.

5.12 Events after balance sheet date

Events after the balance sheet date with financial consequences for the future are the vacancies and recruitment of new employees, the new construction and renovation, the conclusion of a new collective labor agreement 2019-2021, 2021-2022, the cyber-attack that took place and the consequences of the coronavirus outbreak.

Covid-19

Coronavirus (Covid 19) has already passed at the time of preparing the annual report, however the effects of the COVID-19 pandemic are still noticeable. Especially in the economically. For HOH this means that AZV revenues are still reduced

by 5.5%. The Board of Directors has significantly reduced costs by cutting salaries in 2020 and keeping a tight control on the operational expenses. In 2021 and 2022, the Board of Directors paid more attention to the third flow of funds, monitoring of operational expenses and have been cutting down on the collective labor agreement.

Partly due to the above measures taken, there are no material uncertainty that could raise to significant doubts as to whether Stichting Ziekenverpleging Aruba can continue its activities. The 2019 financial statements have therefore been prepared on the basis of the going concern assumption.

In addition to the above measures, the Board of Directors also strives to optimize the internal processes of the hospital and assesses where efficiency and business benefits can be achieved; this without compromising the availability and continuity of care in the long term. The Board of Directors concludes that the outbreak of the coronavirus, taking into account all uncertainties that existed as of the date on which the audited financial statements 2019 were drawn up, that there is no material uncertainty that could cast serious doubts on the continuation of the activities of Stichting Ziekenverpleging Aruba and therefore the audited financial statements 2019 has been drawn up on based on the going-concern assumption.