

**STICHTING ZIEKENVERPLEGING ARUBA**  
**CONDENSED FINANCIAL STATEMENTS 2018**

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# **1 INDEPENDENT AUDITOR'S REPORT**

## Independent auditor's report

Our ref.: 134860/ A-31871

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

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### *Our Opinion*

The condensed financial statements, which comprise the condensed balance sheet as at December 31, 2018, the condensed income statement for the year ended December 31, 2018, the condensed cash flow statement for the year ended December 31, 2018 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, 2018.

In our 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 an unmodified audit opinion on the audited financial statements in our report dated September 11, 2020. 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 includes 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.

### *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".

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### ***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, January 11, 2021  
Grant Thornton Aruba

Original signed by Edsel N. Lopez

## 2 CONDENSED BALANCE SHEET AS AT DECEMBER 31, 2018

<i>(In Afl)</i>	31 Dec 2018	31 Dec 2017
<b><u>ASSETS</u></b>		
<b>Fixed Assets</b>		
Tangible Fixed Assets	38.943.424	35.724.339
Financial Fixed Assets	226.385	239.319
<b>Total Fixed Assets</b>	<b>39.169.809</b>	<b>35.963.658</b>
<b>Current assets</b>		
Inventories	14.855.043	12.094.908
Accounts Receivables	36.703.841	45.713.066
Cash and cash equivalents	5.154.922	10.702.604
<b>Total Current Assets</b>	<b>56.713.806</b>	<b>68.510.577</b>
<b>Total Assets</b>	<b>95.883.615</b>	<b>104.474.235</b>
<b><u>LIABILITIES</u></b>		
<b>Equity</b>		
Foundation Capital	684.242	684.242
General reserve	5.065.558	8.062.303
<b>Total Equity</b>	<b>5.749.800</b>	<b>8.746.545</b>
Provisions	4.027.169	4.275.485
Non-current liabilities	28.794.854	35.645.413
Current liabilities	57.311.792	55.806.792
<b>Total Liabilities and Equity</b>	<b>95.883.615</b>	<b>104.474.235</b>

### 3 CONDENSED INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

<i>(In Afl)</i>	2018	2017
<b><u>REVENUES</u></b>		
AZV Revenues	179.343.281	173.234.912
Non-AZV Revenues	15.727.011	16.809.973
Other revenues	3.132.372	3.445.704
<b>Total revenues</b>	<b>198.202.664</b>	<b>193.490.589</b>
<b><u>EXPENSES</u></b>		
Personnel expenses	108.486.311	109.361.953
Medical supplies	49.546.469	42.738.470
Depreciation expenses	6.886.882	5.208.728
Operating expenses	33.362.286	32.480.612
<b>Total expenses</b>	<b>198.281.948</b>	<b>189.789.763</b>
<b>Result from operations</b>	<b>-79.284</b>	<b>3.700.826</b>
Financial income and expenses	-2.917.461	-3.186.306
<b>Result for the year</b>	<b>-2.996.745</b>	<b>514.520</b>

## 4 CONDENSED CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2018

<i>(In Afl)</i>	2018	2017
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>		
Result for the year	-2.996.745	514.520
Adjustments for:		
+/- Depreciation expenses	6.886.882	5.208.728
+/- Foreign exchange	296.724	1.259.268
+/- Interest expense	2.620.737	1.927.038
+/- Provisions	268.413	842.939
	<b>10.072.756</b>	<b>9.237.973</b>
Changes in working capital (excl. bank credit)		
+/- Inventories	-2.760.136	-1.416.772
+/- Receivables	8.492.495	-6.719.721
+/- Current liabilities	8.706.381	5.057.372
Changes in working capital (excl. bank credit)	<b>14.438.740</b>	<b>-3.079.121</b>
Cash flow from operating activities	21.514.751	6.673.372
Interest Paid	-2.620.737	-1.927.041
<b>Net cash from operating activities</b>	<b>18.894.014</b>	<b>4.746.331</b>
<b><u>CASH FLOW FROM INVESTMENT ACTIVITIES</u></b>		
Investments in Financial Fixed Assets	12.934	-31.056
Investments in Tangible Fixed Assets	-10.544.124	-16.880.117
Disposals in Tangible Fixed Assets	438.157	-
<b>Net cash from investing activities</b>	<b>-10.093.033</b>	<b>-16.911.173</b>
<b><u>CASH FLOW FROM FINANCING ACTIVITIES</u></b>		
Proceeds from Long-term debts	-	27.297.500
Repayments of Long-term debts	-8.274.942	-5.692.172
<b>Net cash from financing activities</b>	<b>-8.274.942</b>	<b>21.605.328</b>
<b>NET CASH FLOWS</b>	<b>526.039</b>	<b>9.440.486</b>
Effects of currency translation on cash and cash equivalents	-296.724	-1.259.268
<b>Net Increase/ decrease in cash and cash equivalents</b>	<b>229.315</b>	<b>8.181.218</b>
<b><u>CASH AND CASH EQUIVALENTS (INCLUDING BANK CREDIT)</u></b>		
Balance as of January 1	4.892.604	-3.288.615
Net cash flow	229.315	8.181.219
Balance as of December 31	<b>5.121.919</b>	<b>4.892.604</b>
Consisting of:		
Cash and cash equivalents	5.154.922	10.702.604
Line of Credit	-33.003	-5.810.000
Balance as of December 31	<b>5.121.919</b>	<b>4.892.604</b>

## 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 2018 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 2018 was derived from the Foundation's audited financial statements 2018, and do not include all the detailed information and disclosures contained in the audited financial statements 2018. The audited financial statements 2018 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 August 20, 2020 and approved by the Supervisory Board on August 21, 2020.

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. 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

<i>(In Afl)</i>	Buildings and renovations	Medical Equipment	ICT Equipment	Other Furniture and Equipment	Work in progress	Total
<b>Cost</b>						
Balance as of 1 January 2017	39.494.899	37.467.349	19.513.486	11.196.792	9.071.771	116.744.297
Reclass. to assets in use	500	964.271	108.312	198.278	15.608.756	16.880.117
Additions 2017	-	6.308.883	2.451.316	763.988	-9.524.187	-
Disposals 2017	-	-2.770.505	-	-	-	-2.770.505
<b>Balance as of 31 Dec 2017</b>	<b>39.495.399</b>	<b>41.969.998</b>	<b>22.073.114</b>	<b>12.159.058</b>	<b>15.156.340</b>	<b>130.853.909</b>
Additions 2018	16.443	1.233.049	382.979	178.334	8.733.319	10.544.124
Reclass. to assets in use	1.976.292	6.549.773	2.950.413	1.076.291	-12.552.769	-
Disposals 2018	-317.510	-4.958.596	-16.097	-363.856	-33.680	-5.689.739
<b>Balance as of 31 Dec 2018</b>	<b>41.170.624</b>	<b>44.794.224</b>	<b>25.390.409</b>	<b>13.049.827</b>	<b>11.303.210</b>	<b>135.708.294</b>
<b>Accumulated depreciations</b>						
Balance as of 1 January 2017	-36.886.763	-30.547.816	-15.207.968	-10.048.800	-	-92.691.347
Depreciation 2017	-995.764	-2.288.532	-1.466.711	-457.721	-	-5.208.728
Depreciation on disposals	-	2.770.505	-	-	-	2.770.505
<b>Balance as of 31 Dec 2017</b>	<b>-37.882.527</b>	<b>-30.065.843</b>	<b>-16.674.679</b>	<b>-10.506.521</b>	<b>-</b>	<b>-95.129.570</b>
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
<b>Balance as of 31 Dec 2018</b>	<b>-38.356.986</b>	<b>-28.799.867</b>	<b>-18.924.341</b>	<b>-10.683.676</b>	<b>-</b>	<b>-96.764.870</b>
<b>Book Value</b>						
As per 1 Jan 2017	2.608.136	6.919.533	4.305.519	1.147.992	9.071.771	24.052.951
<b>As per 31 Dec 2017</b>	<b>1.612.872</b>	<b>11.904.155</b>	<b>5.398.435</b>	<b>1.652.537</b>	<b>15.156.340</b>	<b>35.724.339</b>
<b>As per 31 Dec 2018</b>	<b>2.813.638</b>	<b>15.994.357</b>	<b>6.466.068</b>	<b>2.366.151</b>	<b>11.303.210</b>	<b>38.943.424</b>
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:

<i>(In Afl)</i>	31 Dec 2018	31 Dec 2017
Accounts Receivables AZV	26.856.821	37.121.009
Accounts Receivables private insurance companies	3.740.275	3.026.331
Accounts Receivables private individuals	11.698.866	11.372.388
Other current assets	3.961.140	3.229.870
<b>Subtotal current assets</b>	<b>46.257.102</b>	<b>54.749.598</b>
<b>Allowance for doubtfull debts</b>	<b>-9.553.261</b>	<b>-9.036.532</b>
<b>Total current assets</b>	<b>36.703.841</b>	<b>45.713.066</b>

## 5.8 Liabilities

These can be specified as follows:

### Non-current liabilities

<i>(In Afl)</i>	31 Dec 2018	31 Dec 2017
Long-term debt Government of Aruba	442.699	442.699
Long-term debt loans	35.203.392	43.478.335
Repayments within 1 year	-6.851.237	-8.275.621
<b>Total Non-current liabilities (&gt;1 year)</b>	<b>28.794.854</b>	<b>35.645.413</b>

### Current liabilities

<i>(In Afl)</i>	31 Dec 2018	31 Dec 2017
Short-term portion of long-term loans	6.851.237	8.275.621
Line of credit	33.003	5.810.000
Accounts payables	30.407.846	23.808.884
Taxes and social premiums	2.937.777	2.786.954
Liabilities related to pension obligations	2.657.797	4.469.951
Other short-term liabilities	7.062.590	6.442.304
Accrued liabilities	7.361.542	4.213.078
<b>Total current liabilities</b>	<b>57.311.792</b>	<b>55.806.792</b>

## 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 2018, six claims were pending, three of which were ultimately declared unfounded / inadmissible. The verdicts on the other three claims remain pending. No provision has been formed for these claims 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 2018, two cases were pending, both of which were settled in 2019. 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 2018 but for which a contractual obligation to suppliers exists is Afl 12.065.065.

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 2019.

#### ***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 1.635.921. 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 127.326 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, the cyber-attack that took place and the consequences of the coronavirus outbreak.

#### ***Covid-19***

At the time of preparing the annual report, the coronavirus (Covid-19) pandemic has developed rapidly, with a significant number of cases globally. The Board of Directors strives to obtain the best possible information to assess resulting risks and to implement appropriate measures. A number of measures have been taken to monitor and mitigate

the effects of COVID-19, also including measures for the future. These measures include safety and health measures for employees (such as personal protective equipment, limitation of social contacts and working from home), evaluation of contracts, making quarantine areas available, where necessary attracting additional financial resources to support the continuity of business operations and communication with key stakeholders; the Government of Aruba, the AZV, the employees and the external lenders.

From the AZV, it has been understood that the policy of the SZA in this respect is supported and that the measures as imposed by the Council of Ministers, in a letter dated 19 May 2020, in which reference is made to a cost reduction from the AZV of Afl. 5 million per month for the healthcare costs of the Government of Aruba, a condition is set for granting the total interest-free loan to the Government of Aruba of Afl. 113.3 million, monitor closely and, in consultation with the SZA, carefully implement these savings within the overall care system of Aruba. The starting point here is that the availability and continuity of care is safeguarded for the long term. The measures that are discussed include:

- Financial support for the duration of the corona crisis;
- Possibilities for a liquidity or continuity contribution, for the total duration of the corona crisis;
- Reimbursement of extra costs incurred in connection with the corona crisis.

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 2018 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 2018 has been drawn up on based on the going-concern assumption.