



Annual Report

# 2020

**Instituto Medico San Nicolas**



**INSTITUTO MEDICO  
SAN NICOLAS**

# ImSan

*Where people meet care.*

**ERNST & YOUNG**  
FOR IDENTIFICATION  
PURPOSES ONLY



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# Report of the Supervisory Board

## Introduction

The tasks of the Supervisory Board are established in the National Ordinance Instituto Medico San Nicolas 'ImSan' and its by-law and include:

- Supervising the performance of the Director;
- Supervising the management of costs and resources;
- Supervising the general course of ImSan;
- Assist the director with advice.

## Members

The Supervisory Board changed in composition in 2020 and consists of the following persons:

- Mrs. N. Geerman (new)
- Mr. C. Richardson (new)
- Mr. G. Jimenez (new)
- Mr. T. Every
- Mr. I. Reyes, Chairman

The following persons stepped down as Board members: Mrs. L. White, Mrs. V. van Bogaert and Mr. M. Yrausquin. Ms. I. Swaen acted as secretary of the Supervisory Board.

## Meetings and topics


During 2020, the Supervisory Board closely monitored the developments surrounding Covid-19 and how it affected ImSan. Attention was particularly given to:

- Ensure optimal quality healthcare services,
- Collaboration with Dr. Horacio Oduber Hospital (HOH),
- Relationship with "Uitvoeringsorgaan AZV" (AZV),
- Financial affairs, including a monthly financial report, AZV's monthly budget cut and the budget 2020-2021,
- Short Stay project construction/renovation,
- Corporate Governance,
- Internal affairs such as developments in the emergency department, dialysis and diabetes care, radiology, ophthalmology and surgery complex.

The following areas of special attention are foreseen for 2021:

- Completion of the Short Stay project and its implication for the operations of ImSan,
- PET CT scan,
- Joint Commission International (JCI) accreditation and extension contract Miami Cancer Institute/Baptist Health International,
- Collaboration with HOH and Dutch Caribbean Hospital Alliance (DCHA),
- Continuation of AZV's monthly budget cut,
- Corporate Governance.





The Supervisory Board would like to express its appreciation to the Minister responsible for Public Health for his interest in achieving the Master Plan and currently the completion of the Short Stay. This connection is an essential part of the larger goal, which is to improve the quality of healthcare in general while achieving cost-efficiency.

The Supervisory Board would like to express special thanks to the Director of ImSan, Dr. Rajnherc, for the excellent way in which he and his staff have supported the Board in their work. The staff of ImSan also deserves a lot of praise for the way in which they continued to work under difficult circumstances and continued to guarantee quality towards the patients. It is a pleasure to be part of an organization that is progressively working to bring medical care to the citizens of Aruba to a higher quality level. The Supervisory Board is happy to contribute to this.

Supervisory Board,

Aruba, March 30, 2021





# Report of the director

## Introduction

The legal entity Instituto Medico San Nicolas ('ImSan') was established by the National Ordinance of the 24th of February 2005. This National Ordinance was made effective on 1st of June 2005.

The objective of this medical institute is to offer and promote optimal healthcare services, providing high quality clinical-, outpatient- and ambulatory care that is accessible to all citizens.

2020 was quite a unique year unlike any other since ImSan was established. The coronavirus pandemic held the whole world firmly in its very tight grip. This placed great demands on all of us. Many people all over the world died from this viral infection, the economy of every country were affected, the stock markets slumped. In Aruba our livelihoods were destroyed as so many jobs were lost due to a total breakdown of tourism, which is our most important economic pillar. This pandemic also demonstrated exactly how fragile our healthcare system is and we are so very grateful for all the aid we received from the Netherlands to be able to face all the exceptional demands that resulted from this coronavirus pandemic. In all honesty the Aruban healthcare system on its own could never have survived without this enormous assistance.

We began 2020 with a predefined game plan. This year was supposed to be the year of culmination of the of ImSan's "Renovation and Expansion" project. All preparations were already in place to have an official opening on April 1st to celebrate the completion of this major accomplishment. However, on Friday March 13th all of Aruba came to an almost complete halt when the news broke that we had our first cases of Corona disease ('COVID-19'). All construction activities had to be postponed, new regulations were put in place by the Department of Public Health and this led to a totally unexpected delay in completion of our project. In the following months we learned to improvise and by adapting slowly to the disrupted environment, we made it possible to complete the project during the month of July. We were very happy and proud of this amazing achievement, but due to all the adverse conditions and all the pain caused by COVID-19 in Aruba and worldwide, it was very clear that ImSan could not and would not be able to celebrate the completion of this very complex 'Renovation and Expansion' construction plan. This event will be postponed to a later date when we can rejoice in having won the war on this aggressive and unforgiving invisible enemy.

## Director

The Director is responsible for leading and managing the Medical Institute.


This includes, but is not limited to:

- a. Performing the tasks assigned to the Medical Institute in a responsible manner;
- b. Ensuring the proper execution of the agreements entered by the Medical Institute.

The Director represents the Medical Institute in all aspects. The staff of the Medical Institute is hired by the Director based on an employment contract.

## General update

The completion of the 'Renovation and Expansion' project was done by the (main) contractor ELJO, the subcontractors, Baptist Health International, Hoevertsz Archi Design



(HAD) and the technical department of ImSan. They were able to complete this enormous undertaking in an adapted timely fashion and delivered to ImSan in July all the now finished phases, thus enabling ImSan to successfully restart providing the temporary suspended healthcare services to our community.

This pandemic changed the way our healthcare providers and the rest of our facility works in many ways. All employees had to quickly adapt and make changes to the processes. Protocols, safety precautions, and especially infection prevention and control measures were upgraded very rapidly. Everybody at ImSan took this pandemic very seriously. ImSan was the first medical facility on the island to make the wearing of masks mandatory. Other common measures such as using questionnaires at the entrance of the facility, screening visitors and personnel, cancelling public events and implementing visitor restrictions are but examples of measures undertaken to minimize the health risks for all who frequented ImSan. Enormously challenging to our purchasing department was the necessity to ensure a continuous supply of all personal protective equipment (PPE) despite the additional support we received from the Department of Public Health. As this major crisis further strangled what once was considered normal behavior, more and more of ImSans' non-essential workers adapted to working from home, with all the added challenges not in the least taking care of the children and their education as schools were also closed.

Despite all the adversities, ImSan was able to start with Radiation Therapy. On the first of April 2020, the very first patient in Aruba received his treatment. This historical achievement was delivered by an unrelenting team at ImSan under leadership of Dr. N. Sanchez in collaboration with our strategic partners at Miami Cancer Institute a division of Baptist Health of South Florida, led by Dr. M. Mehta. Since then these treatments have gained momentum and by the end of 2020 ImSan has treated 125 patients with Radiation and no patients had to be referred abroad for this type of treatment. All of this was done in collaboration with the team of medical specialists of the Dr. Horacio Oduber Hospital (HOH). The possibility to treat these patients at ImSan could not have come at a better time when taking into consideration that the borders between Colombia and Aruba were closed and patients could not travel to our reference hospital in Colombia for treatment there.

Temporarily, elective surgeries had to be cancelled, but fortunately we were able to minimize the time of suspension of these activities. ImSan was able to reactivate many of these surgeries within weeks and in doing so we were able to avoid major complications for the patients awaiting surgical treatment. We were also able to regain control of the supply chain of ophthalmology products thus avoiding extra strain on the patients waiting for certain ophthalmic procedures.

As all three operating rooms are equipped with state-of-the-art equipment, ImSan has been able to increase its diversity in surgical specialties, thus providing more services to our patients. In this regard we have to mention specialties such as retinal surgical procedures, but also glaucoma operations including valvular implantations. Orthopedic procedures have become commonplace and all three local orthopedic specialists perform their operations on a weekly basis. General surgeries are performed by four of the local six specialists. The two plastic surgeons also make use of our operation rooms on a regular basis as does one of the ear, nose and throat (ENT)-specialists. At year-end, neurosurgery was also added to this list of possible procedures to be performed at ImSan.





## Eye Center

2020 was a very impressive year for the development of the Eye Center of Aruba. In January a specialized eye surgery nurse from Colombia trained during several weeks the entire staff at the eye surgery department, culminating in their certification before she returned to her home country. This enabled our team to perform the first retinal surgeries on Aruba starting mid January and since then this has become quite a routine procedure. Shortly there after the eye surgery center at ImSan made another major advance, performing valvular implantations, by the fourth ophthalmologist who joined the service of ImSan. On August 1st, a fifth ophthalmologist joined our team.

Since September ImSan has opened an outpatient auxiliary branch at the offices of Dr B.Jacobs in Camacuri to facilitate the extreme demand for specialized eye care. We are very proud to announce that finally there is a very intense cooperation between all eye healthcare providers on the island.

## Special occasion

On October 1st we celebrated the first “Ringing of the bell” at ImSan. This tradition took place to commemorate the finalizing of the radiation treatment of the 100th patient at the Radiation Oncology department of ImSan. So “why do we ring the bell?”. Nowadays almost every cancer treatment facility has bells that patients can ring to mark the end of their treatment. It’s thought that this tradition began at MD Anderson in 1996.

A former admiral in the U.S. Navy, Irve Le Moyne, was undergoing radiation therapy and told his doctor that he planned to follow a Navy tradition of ringing a bell to signify “when the job was done”. He brought a brass bell to his last treatment, rang it several times and left it as a donation. It was mounted on a plaque with the inscription:

Ringin Out  
Ring this bell  
Three times well  
Its toll to clearly say,  
My treatment’s done  
This course is run  
And I am on my way!  
– Irve Le Moyne –

This special occasion turned out to be even more special when we all were very pleasantly surprised by our Minister of Tourism, Public Health and Sport when he announced in his speech that the necessary funds for completion of the overnight stay department would be provided to ImSan within a short time by the ‘Uitvoeringsorgaan AZV (AZV)’. This will enable ImSan to support the Dr. H. Oduber Hospital during the renovation process of the existing building, as they will lose access to more than thirty beds. As a matter of fact this will in effect mean that San Nicolas from then on will have a hospital and as such a long time standing promise will have been redeemed.

## Personnel

A few highlights regarding Human Resource Management are as follows:

- As of December 31, 2020, ImSan had 234 employees, an increase of 21 compared to the beginning of the year.
- On January 1, 2020, a cluster manager was hired and appointed to be in charge of the

Nephrology & Dialysis Department, Radiology Department and the Radiotherapy Department.

- As of January 31, 2020, two candidates were enrolled into the program of general practitioner in training.
- In February 2020, an additional nurse was hired for the Eye Center.
- In February and August 2020, two ophthalmologists were hired for the Eye Center. These additional medical specialists were recruited to be able to meet the increased demand for treatment at the Eye Center.
- In March and June 2020, two department assistants were hired for our dialysis department.
- In March and November 2020, two nurses were hired for the emergency department.
- In March 2020, a junior purchasing employee was hired for the finance department.
- In April 2020, a stretcher-bearer was hired for the surgery complex
- In April and June 2020, two anesthesiologist assistants were hired for the surgery complex.
- On April 1, 2020, the head of the financial department of ImSan left our service. Ms. Rose Lyn Gomes was named as his successor and she has performed above and beyond expectations in the exceptional year. Her monthly financial presentations to the Supervisory Board among the many other duties she performs have been meticulous and refreshing.
- In May 2020, a nurse was hired for the Post Anesthesia Care Unit (PACU) of the surgery complex.
- In May and September 2020, two surgical assistants were hired for the surgery complex.
- In September and December 2020, two replacing doctors were hired for the Emergency department.
- In October 2020, an employee who has specific credentialing in sterilization, was hired for the Central Sterilization department.
- In November 2020, a radiation technician was hired for the Radiation Oncology department.
- In September 2020 the new Quality, Hygiene and Safety department was established. This department houses our hygiene & infection prevention expert (Ms. Lydia Letren) and our quality officer (Mrs. Marlene Illidge).

### Training courses

- Two of the three nurses of the emergency department (S.E.H.) who started a specialization course to become emergency room nurses are still on track.
- ImSan, in cooperation with VU University Medical Center Amsterdam (VUMC), is responsible for the general practitioner specialization in Aruba. In 2020, two new general practitioners started this special course and two general practitioners have successfully completed this course in 2020.
- One post graduate degree in diabetes podiatrist is still on track.

### Information and communications technology (ICT)

- Due to the increased number of employees having to work from home, the ICT department had to set up this option to enable this possibility with the necessary security protocols in place.
- Implementation and switch to Office 365 for the entire facility.
- Application of Exchange online.



- Retire the old Proxy Server.
- Implementation of the new Aria server for Radiation Oncology.
- Initiation of implementation of Ris / Pacs for Imaging department.
- Finalizing new HPE-Aruba network and installing the new Wi-Fi on this network.
- Configuration of Diabetic department at Rumbastreet and Ambulance department at Wayaca.

### Annual Quality Report 2019

The third annual Quality Report of ImSan (2019) was produced by the complaints officer in collaboration with all ImSan departments involved and submitted according to schedule to the department of Inspection of Health and subsequently received approval from that governmental department.

We would like to congratulate Mr. G. Jacobs on this accomplishment and thank him for his dedication and perseverance to compose this mandatory document.

### Peritoneal Dialysis

This department moved to a new location adjacent to the hemodialysis area. This department now houses two ultra modern training areas for patients starting on peritoneal dialysis. Here patients are prepared under supervision and guidance of specialized dialysis nurses on how to perform this technique in order to become self-sufficient and take care of themselves at home.

### The Joint Commission International

In collaboration with Baptist Health International significant progress has been made on the JCI accreditation project. This includes the recruitment of highly qualified personnel as well as the purchase of "state-of-the-art" medical equipment and assuring that all of this is duly certified according to the required standards.

### Financial Report

In 2020, ImSan requested an increase of the 2020 budget in the amount of approximately AWG 15,000,000 compared to the 2019 budget. This substantial increase was due to the increase in services rendered in 2019 which were not adjusted in the budget of 2019 as well as to complement for the additional care rendered in 2020. The AZV granted ImSan an initial budget in 2020 for the amount of AWG 40,000,000. In September 2020, the AZV adjusted the initial allocated 2020 budget with an amount of AWG 4,400,000. ImSan's budget for 2020 has therefore been set at AWG 44,400,000.

### AZV Revenue

The gross revenue of the AZV for 2020 is AWG 44,400,000, as determined by the AZV. A deduction of AWG 1,500,000 was implemented as a result of a surplus for the years 2017 and 2018. The AZV granted ImSan an above-budget amount of AWG 955,000 to complete the operational readiness of the overnight department of 22 beds (short stay). This is part of the final net revenue of AWG 43,855,000 for 2020.

## Non-AZV Revenue

Non-AZV revenue amounted to AWG 884,103 in 2020. This is a decrease of AWG 389,599 compared to 2019, which was mainly caused by the COVID pandemic and all the regulations and limitations as a result thereof.

## Balance sheet

As of December 31, 2020, the total assets of ImSan were AWG 90,495,140. This represents an increase of AWG 2,629,578 (3%) compared to 2019. Debts amounted to AWG 84,087,742 of the total liabilities, which included a loan granted by the Country of Aruba to ImSan and the loan from the National Investment Bank N.V. (NIBanc) to assist in funding ImSan's Masterplan.

In 2013, ImSan requested the Country of Aruba to wave ImSan's obligation to repay their loan and the corresponding interest. The reason to ask for the waiver was to obtain another loan. An additional loan was needed to finance the Masterplan. The Country of Aruba's loan balance was AWG 18,000,000, of which the accrued interest amounted to AWG 3,196,849. By means of the National Decree dated July 20, 2016 the Country of Aruba adjusted the existing loan terms and conditions. The modification states that ImSan will start repayments on June 8, 2036 instead of June 8, 2020. The outstanding loan- and interest up to and including the date of the National Decree shall be paid in 15 equal annual installments, starting June 8, 2036.

## Results

ImSan had an exploitation (operating) deficit of AWG 2,238,533 in 2020. This is mainly caused by the fact that the AZV has implemented the deduction of AWG 1,500,000 as related to the surplus in 2017 and 2018 (67%). ImSan increased the quality of their care in 2020 by administering additional Intravitreal Injections (IVIs) as well as new procedures in the existing departments. ImSan also experienced an increase of costs due to additional personnel and patient safety precautions in regard to the COVID pandemic. Additionally, in 2020, was the completion of the "Masterplan", which allowed ImSan to expand her healthcare for all new and existing departments.

## Investments

ImSan's total investments amounted to AWG 6,016,946 in 2020. The amounts invested mainly relate to the "ImSan Renovation and Expansion" project. At the end of December 2020, an amount of AWG 5,656,714 had been invested (work in progress) in that project.

## Disposals

ImSan had no disposals in 2020.

## Conclusion

Looking back on the past year, we have much we can be proud of. The pandemic has impacted the lives of us all. Many employees at ImSan have been working from home while others have continued to work in their assigned departments, ensuring the continued care to our patients. Together we managed to keep providing the best of care for our patients and



maintaining safety for our employees. We were able to minimize the number of COVID-19 infections in ImSan.

I am very impressed and proud of the commitment our employees have shown in this past year of the pandemic. I cannot finalize this report without mentioning specifically our frontline workers and make sure they are aware that all of us at ImSan are extremely proud of them.

I sincerely thank all our employees, also on behalf of the Supervisory Board. Your commitment once again underlines what a great medical institute ImSan is.

ImSan is delighted by the trust of its clients, the referrers, the AZV, our minister of Tourism, Public Health and Sports his Excellency Mr. D. Oduber, and others instilled in them again. I personally want to express my gratitude to our Supervisory Board for the excellent cooperation we again received to achieve this result in the interest and well-being of our patients.

Drs. J.R. Rajnherc, Director

Aruba, March 30, 2021



## 1. Balance sheet as at 31 December 2020

(Before profit appropriation)

Assets	Notes	December 31, 2020 AWG	December 31, 2019 AWG
<b>Non-current assets</b>			
Intangible assets	1	193,439	291,987
Tangible assets	2	<u>79,636,552</u>	<u>77,775,750</u>
		79,829,991	78,067,737
<b>Current assets</b>			
Inventory	3	1,128,801	842,682
Trade and other receivables	4	5,631,577	4,555,490
Cash and cash equivalents	5	<u>3,904,771</u>	<u>4,399,653</u>
		10,665,149	9,797,825
<b>Total assets</b>		<b>90,495,140</b>	<b>87,865,562</b>
Equity and liabilities	Notes	December 31, 2020 AWG	December 31, 2019 AWG
<b>Equity</b>			
Capital	6	7,300,000	7,300,000
Historical operating result		1,345,931	6,255,751
Operating result		<u>(2,238,533)</u>	<u>(4,909,820)</u>
		6,407,398	8,645,931
<b>Provisions</b>			
Anniversary allowance provision	7	185,546	149,022
<b>Long-term liabilities</b>			
Borrowings	8	56,078,066	45,829,963
Related party debt	9	<u>21,196,849</u>	<u>21,196,849</u>
		77,274,915	67,026,812
<b>Short-term liabilities</b>			
Short term portion of loan	8	2,695,980	4,976,923
Trade payables		1,726,168	2,765,787
Related party debt	10	240,514	240,514
Taxes and social premiums	11	536,985	513,292
Pension premium payable		168,178	133,410
Other liabilities	12	<u>1,259,456</u>	<u>3,413,871</u>
		6,627,281	12,043,797
<b>Total equity and liabilities</b>		<b>90,495,140</b>	<b>87,865,562</b>

The notes form an integral part of these financial statements.



## 2. Income statement for the year ended 31 December 2020

Income statement	Notes	2020 AWG	2019 AWG
<b>Income</b>			
AZV health care contribution	22	43,855,000	29,074,924
Other income	13	<u>884,103</u>	<u>1,273,702</u>
		44,739,103	30,348,626
<b>Expenses</b>			
Personnel expenses	14	25,199,233	20,230,392
Direct operational expenses	15	7,157,545	4,841,847
Accommodation expenses	16	3,687,031	2,766,864
Office expenses	17	887,506	773,050
Vehicle expenses	18	471,548	470,326
General expenses	19	1,601,976	1,433,827
Depreciation and amortization	20	<u>4,254,691</u>	<u>2,447,600</u>
		43,259,530	32,963,906
<b>Operating result before financial income and expenses</b>		<u><b>1,479,573</b></u>	<u><b>(2,615,280)</b></u>
Financial income and expenses	21	3,718,106	2,294,540
<b>Operating result</b>		<b>(2,238,533)</b>	<b>(4,909,820)</b>

The notes form an integral part of these financial statements.

### 3. Cash flow statement for the year ended 31 December 2020

Cash flow statement	Notes	2020 in AWG	2019 in AWG
<b>Cash flow from operating activities</b>			
Operating result before financial income and expenses		1,479,573	(2,615,280)
Adjustments for			
Depreciation and amortization	2	4,254,691	2,462,071
Anniversary allowance provision	7	36,524	26,430
Movements in working capital			
Change in inventory		(286,119)	(138,121)
Change in receivables		(1,076,087)	(3,424,357)
Change in current liabilities (excl. short-term portion of loan and interest payable)		(3,135,573)	3,087,743
Cash flow from operations		1,273,009	(601,514)
Interest and bank charges paid	21	(3,718,106)	(3,141,526)
<b>Cash flow from operating activities</b>		<b>(2,445,097)</b>	<b>(3,743,040)</b>
<b>Cash flow from investing activities</b>			
Investments in intangible and tangible assets	2	(6,016,945)	(23,818,960)
<b>Cash flow from investing activities</b>		<b>(6,016,945)</b>	<b>(23,818,960)</b>
<b>Cash flow from financing activities</b>			
Change in long-term loan	8	7,967,160	23,240,696
<b>Cash flow from financing activities</b>		<b>7,967,160</b>	<b>23,240,696</b>
<b>Changes in cash and cash equivalent</b>		<b>(494,882)</b>	<b>(4,321,304)</b>
Beginning balance cash and cash equivalents		4,399,653	8,720,957
<b>Ending balance cash and cash equivalents</b>		<b>3,904,771</b>	<b>4,399,653</b>

The notes form an integral part of these financial statements.



## 4. Accounting policies and general notes



### GENERAL

The Medical Institute San Nicolas ("ImSan") is a public entity which was established by National Ordinance AB 2005 no 6 and was incorporated on June 1, 2005 through the National Ordinance Decree of May 26, 2005, no 1. ImSan is domiciled at the Pastoor Hendrikstraat 10 in San Nicolas, Aruba.

The annual report for 2020 has been approved by the Board of Supervisory Directors on March 30, 2021.

The objective of ImSan is to provide and promote optimal clinical, outpatient and ambulatory care and the accessibility thereof for all citizens of Aruba and especially those of "pariba di brug". ImSan comprises the "Centro Medico Dr. Rudy Engelbrecht" in San Nicolas, the Diabetic Center at Rumbastraat, the Ambulance Service at Wayaca and Schotlandstraat and the Eye Center at Dakota.

On May 31, 2005, ImSan legally received, by national ordinance, the tangible assets which were in use at the Centro Medico Dr. Rudy Engelbrecht and at the

Ambulance Service; in order for ImSan to manage the operations thereof. In addition, ImSan acquired the leasehold of the buildings and land that were managed by the Centro Medico Dr. Rudy Engelbrecht on May 31, 2005. The settlement of the debt to the Land Aruba was arranged by National Ordinance in 2007. That debt existed due to the receipt of the leasehold of the buildings of Centro Medico Dr. Rudy Engelbrecht. Through that National Ordinance, Country Aruba forgave the debt of AWG 7.3 million, which is currently part of ImSan's equity (refer to note 6 Equity).

ImSan has an agreement with the executive body AZV to provide healthcare to AZV-insured individuals.

The financial statements have been prepared in accordance with generally accepted accounting principles in the Netherlands (Dutch GAAP) and the guidelines for annual reporting of the Dutch Accounting Standards Board (DASB). The financial statements were prepared on March 25, 2021.



### *Functional and presentation currency*

The financial statement line items are valued using the transaction currency in which ImSan primarily conducts its business (the functional currency). The financial statements are presented in Aruban Florins (AWG) which is the entity functional and presentation currency.

### *Foreign currency transactions*

Transactions in foreign currencies during the reporting period are accounted for in the financial statements are converted to the functional currency using exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are converted to the functional currency using the currency on the balance sheet date. The translation differences resulting from settlement and conversion are credited or charged to the statement of income and expenditure. Non-monetary assets valued at historical cost in a foreign currency are converted at the exchange rate of the transaction date. Non-monetary assets valued at fair value in a foreign currency are converted at the exchange rate on the date when the fair value was determined.

### *Offsetting*

Assets and liabilities are only offset in the financial statements if and to the extent that:

- An enforceable legal right exists to offset the assets and liabilities and settle them simultaneously and
- The firm intention is to settle the assets and liabilities on a net basis or simultaneously.

## GENERAL ACCOUNTING POLICIES

### *General*

Assets and liabilities are generally valued at the acquisition price or at fair value. If no specific valuation principle is mentioned, valuation occurs at the acquisition price. References to the footnotes are included in

the statement of financial position, the statement of income and expenditure and the statement of cash flows.

### *Judgments*

In the process of applying the appropriate accounting policies, management made the necessary judgments, which have a significant effect on the estimates recognized in the financial statements.

### *Financial instruments*

Financial instruments include both primary financial instruments, such as receivables, securities and payables, and derivative financial instruments.

All purchases and sales of financial assets made according to standard market conventions are recognized as at the transaction date, being the date on which the entity enters into a binding agreement.

For the accounting policies applicable to primary financial instruments, please refer to the treatment of individual balance sheet items.

### *Impairment of intangible and fixed assets*

At each balance sheet date, ImSan assesses whether impairment indicators for intangible and fixed assets are present. If impairment indicators exist, then the recoverable value of the asset is estimated. If it is not possible to determine the recoverable value of an individual asset, then the recoverable value of the cash generating unit to which the asset belongs is estimated. An impairment loss is recognized whenever the carrying value of an asset is greater than the recoverable value; the recoverable value is the higher of its net realizable value and its value in use.

The net realizable value is determined using an active market. An impairment loss is recognized directly as an expense in the statement of income and expenditure.

If a recognized impairment from the past decreased or no longer exists, a partial or complete reversal, of that impairment charge needs to occur. The increased



carrying value of the relevant asset cannot be greater than the carrying value that would have been recorded if no impairment had been recognized in the first place.

## ACCOUNTING POLICIES - ASSETS AND LIABILITIES

### *Intangibles assets*

Intangible assets are valued at acquisition cost, less accumulated amortization and, if applicable, impairment losses. Capitalized software is amortized on a straight-line basis over its estimated useful life.

An intangible asset is recognized in the balance sheet if:

- It is probable that the future economic benefits that are attributable to the asset will accrue to the group.
- The cost of the asset can be reliably measured.

Costs relating to intangible assets not meeting the criteria for capitalization are recognized directly to the income statement.

Intangible assets are amortized on a straight-line basis over their expected useful economic lives, subject to a maximum of 20 years. The useful economic life and the amortization method are reviewed at each financial year-end.

### *Fixed assets*

Tangible assets are valued at acquisition or manufacturing cost, less the straight-line depreciation based on the expected useful life, taking into account the residual value, or the lower realizable value (in this case the higher of the value in use and net realizable value). Changes in the expected useful lives, if any, are accounted for as a change in accounting estimate. Periodic major maintenance costs are charged to the statement of income and expenditure in the reporting period when the costs were incurred.

### *Inventory*

Inventories are valued at historical cost or the lower realizable value. The inventory of medication and medical devices are

determined utilizing the first-in first-out (FIFO) principle. The realizable value is the estimated sales price less direct sales costs. In determining the realizable value, the obsolete inventory is accounted for as well.

### *Accounts receivable*

Trade receivable are initially recognized at fair value and subsequently measured at amortized cost. Fair value and amortized cost generally approximate to the nominal value. The allowance for doubtful accounts receivables is deducted from the carrying value. This allowance is determined based on individual assessment of the receivables.

### *Cash and cash equivalents*

Cash and cash equivalents include cash in hand and bank balances and are carried at face value.

### *Anniversary allowance provision*

The employee jubilee benefits are stated within the labor union agreement (Dutch: CAO) which has been in effect since June 1, 2015. ImSan completed an actuarial valuation for the jubilee benefits to establish the present value. The valuation utilized assumptions such as future salary increases of 1% (2019:1%) service years and mortality rates.

The actuarial discount rate used is 5% and the retirement age is 65 years.

### *Non-current liabilities*

On initial recognition, non-current liabilities are carried at fair value. In case the non-current liabilities are not carried at fair value through the income statement after initial recognition, the fair value at initial recognition must be reduced with the directly attributable transaction costs.

After initial measurement, non-current liabilities are carried at amortized cost using the effective interest method. Gains and losses are recognized to the income statement when the liabilities are derecognized, as well as through the amortization process.



## *Short term liabilities*

Short term liabilities are initially recognized at fair value. Transaction costs that are directly attributable to obtaining the debt are included in the initial measurement. Subsequent measurement of the current liabilities is at amortized cost, in which premiums or discounts, less transaction costs, is processed. The difference between the determined carrying amount

and the ultimate redemption value is recognized as interest expense in the statement of income and expenditure based on the effective interest over the estimated life of the debt.

## *Pensions*

The general principle is that the recognized pension expense in the reporting period equals the pension contributions payable to the insurance company over that period. Unpaid contributions are recognized as a liability in the statement of financial position. Prepaid contributions as of year-end are recognized as prepayments if the funds need to be collected from the insurance company or if it will be settled with future pension contributions.

## ACCOUNTING POLICIES – OPERATING RESULT

### *General*

The operating result is the difference between the revenue and expenses of the reporting period. Income is recognized in the period when they are realized. Operating expenses are recorded by applying the aforementioned accounting policy and they are recognized in the reporting period to which they relate to. Likewise, for other expenses and losses an accrual is recognized in the period when they became foreseeable.

### *Revenue*

AZV healthcare benefit reimbursements for AZV insured patients are recorded based on the agreed-upon budget and any additional agreements made with AZV, the executive body. AZV healthcare reimbursements are recognized in the

statement of income and expenditure in the period when the subsidized expenditure is recorded.

Other income, including medical services provided to privately insured individuals, is recognized in the period when the services were provided. Investment subsidies are recognized in the statement of income and expenditure in the period when the subsidized expenditure is recorded.

## *Depreciation expenses*

Depreciation occurs proportionally, based on the expected economic life.

## *Personnel expenses*

### *Remuneration*

Wages, salaries, and secondary benefits are based on the employment conditions and recorded in the statement of income and expenditure only when those amounts are payable to the employees.

### *Pensions*

Pension expenses are recorded based on the obligation principle. The annual premiums are recognized as expenses in the statement of income and expenditure. The pension contributions are determined based on the applicable pension plan, recorded as an obligation and ultimately paid to the insurance company.

### *Operational lease*

There may be leases where most of the advantages and disadvantages associated with the ownership of the leased item does not pertain to ImSan. Those leases are accounted for as operational leases whereby the related obligations are recognized in the statement of income and expenditure on a straight-line basis over the term of the lease contract. Any compensation received from the lessor is accounted for in the statement income and expenditure in the period it was received. The accounting method utilized for operational leases also applies to rental contracts.

## *Financial income and expenses*

Interest income and expenses are recognized proportionally, considering the effective interest rate of the related assets



and liabilities. When recording the interest expenses, the company takes the reported transaction costs of the debt into consideration.

### *Prior year comparison*

The accounting principles in determining the operating result did not change compared to those used in the previous year.

## PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. The cash and cash equivalents in the cash flow statement consists of the cash on hand. Cash flows in foreign currencies are translated using the exchange rate on the date of the transaction. Cash receipts and disbursements related to interest are included in the operational activities of the cash flow statement. Transactions that do not lead to cash inflows or outflows are excluded from the cash flow statement.

## 5. Notes to the balance sheet as at 31 December 2020

### 1. Intangible assets

The intangible assets can be specified as follows:

Intangible assets	2020 AWG	2019 AWG
Book value January 1	291,987	-
Prior year reclassification	54,910	-
Restated book value January 1	346,897	-
Investments	38,978	404,716
Depreciation and amortization	(192,436)	(112,729)
<b>Book value as of December 31, 2020</b>	<b>193,439</b>	<b>291,987</b>

The capitalized software is amortized on a straight-line basis over its estimated useful life of three years. The residual value is nil.

### 2. Tangible assets

The tangible assets can be specified as follows:

Tangible assets	2020 AWG	2019 AWG
Buildings	63,128,335	59,051,263
Medical equipment and other operating assets	16,085,097	16,695,062
Vehicles	239,008	334,372
Work in progress	184,112	1,695,053
<b>Total tangible assets</b>	<b>79,636,552</b>	<b>77,775,750</b>



## 2. Tangible assets (continued)

The tangible assets movement schedule are specified below:

Tangible assets	Buildings	Medical equipment and other operating assets	Vehicles	Work in progress	Total
	AWG	AWG	AWG	AWG	AWG
<b>Acquisition value</b>					
Cost price as of Jan. 1	65,953,252	23,587,372	2,056,378	1,695,053	93,292,055
Investments 2020	62,918	258,336	-	5,656,714	5,977,968
Capitalization of work in progress	5,277,645	1,890,009	-	(7,167,655)	(1)
Acquisition value as of Dec. 31, 2020	71,293,815	25,735,717	2,056,378	184,112	99,270,022
<b>Depreciation</b>					
Accumulated depreciation as of Jan. 1	6,901,989	6,947,220	1,722,006	-	15,571,215
Current year depreciation	1,263,491	2,703,401	95,363	-	4,062,255
Accumulated depreciation as of December 31, 2020	8,165,480	9,650,621	1,817,369	-	19,633,470
<b>Carrying value as of Dec. 31, 2020</b>	<b>63,128,335</b>	<b>16,085,096</b>	<b>239,009</b>	<b>184,112</b>	<b>79,636,552</b>
Carrying value as of Dec. 31, 2019	59,051,263	16,695,062	334,372	1,695,053	77,775,750

The comparative figures have been adjusted for presentation purposes.

### *The depreciation percentages are:*

Buildings	2%
Medical equipment and other operating assets	6½%-20%
Vehicles	20%

During the depreciation calculation, a residual value of 10% is included for buildings, medical equipment, and other operating assets. The residual value for vehicles (ambulances) is nil. Land is not depreciated.

The leasehold property of Centro Medico Dr. Rudy Engelbrecht was obtained in 2005 from the Land Aruba. The resulting debt of this transaction has been forgiven by the Country.

The medical equipment and other operating assets, including the vehicles, were obtained from the Land Aruba when the institute was established. These assets were legally transferred from Centro

Medico Dr. Rudy Engelbrecht to Instituto Medico San Nicolas as of June 1, 2005. During meetings with the Finance Directorate, it was indicated that this debt should be reduced by the accumulated depreciation to date.

For details of the encumbrance of the fixed assets, reference is made to note 8 "Borrowings"

The cost price of buildings includes and amount of AWG 1,218,873 in 2020 (2019: AWG 1,250,126) which has been capitalized during the construction process.

## 3. Inventory

Inventory	2020 AWG	2019 AWG
Inventory central warehouse	760,185	621,567
Medicines and medical instruments	301,418	156,753
Other inventory	67,198	64,362
<b>Total inventory</b>	<b>1,128,801</b>	<b>842,682</b>

A decrease of the carrying value for obsolete inventory is not deemed necessary at the balance sheet date.

## 4. Trade and other receivables

Trade and other receivables	2020 AWG	2019 AWG
Operating subsidy and contribution AZV receivable	4,747,681	3,062,436
Accounts receivable	435,127	804,511
Security deposits	192,862	162,613
Prepaid expenses	186,909	108,461
Loan receivable National Investment Bank N.V.	53,026	396,780
Other receivables	15,972	20,689
<b>Total trade and other receivables</b>	<b>5,631,577</b>	<b>4,555,490</b>

The accounts receivables have been pledged as collateral to secure the existing loan facilities with the National Investment Bank N.V. Refer to note 8 "Borrowings" for further details.

The allowance for doubtful receivable as at December 31, 2020 was AWG 935,471 (2019: AWG 761,650). This is applicable for the accounts receivables and for the other categories no allowance for doubtful receivables, these are nil.

## 5. Cash and cash equivalents

Cash and cash equivalents	2020 AWG	2019 AWG
Caribbean Mercantile Bank N.V.	3,843,194	4,310,416
RBC Royal Bank (Aruba) N.V.	29,449	27,964
Aruba Bank N.V.	17,734	23,405
Cash	14,394	37,868
<b>Total cash and cash equivalents</b>	<b>3,904,771</b>	<b>4,399,653</b>

There are no restrictions on the available cash and cash equivalents.



## 6. Statement of changes in equity

Statement of changes in equity	Capital AWG	Cumulative operating result AWG	Operating result AWG	Total AWG
<b>Movement 2019</b>				
Balance as of January 1	7,300,000	5,550,995	704,756	13,555,751
Determination of operating result	-	704,756	(704,756)	-
Operating result 2019	-	-	(4,909,820)	(4,909,820)
<b>Equity as of December 31, 2019</b>	<b>7,300,000</b>	<b>6,255,751</b>	<b>(4,909,820)</b>	<b>8,645,931</b>
<b>Movement 2020</b>				
Determination of operating result	-	(4,909,820)	4,909,820	-
Operating result 2020	-	-	(2,238,533)	(2,238,533)
<b>Equity as of December 31, 2020</b>	<b>7,300,000</b>	<b>1,345,931</b>	<b>(2,238,533)</b>	<b>6,407,398</b>

## 7. Anniversary allowance provision

Anniversary allowance provision	2020 AWG	2019 AWG
Balance as of January 1	169,260	151,087
Increase / (decrease) of provision	21,906	18,173
	191,166	169,260
Short term liability	(5,620)	(20,238)
<b>Balance as of December 31, 2020</b>	<b>185,546</b>	<b>149,022</b>

Refer to the table below for the assumptions utilized to calculate the anniversary allowance provision:

Assumptions	
Discount rate	5% based on management best estimate
Average annual salary increase	1% based on management best estimate
Turnover per year	8% best estimate based on the average of past 5 years
Retirement age	65 normal retirement age on Aruba

## 8. Borrowings

Borrowings	2020 AWG	2019 AWG
Loan National Investment Bank N.V.	59,152,633	51,315,261
<b>Total borrowings</b>	<b>59,152,633</b>	<b>51,315,261</b>

### *Loan National Investment Bank N.V.*

Loan National Investment Bank N.V.	2020 AWG	2019 AWG
Balance as of January 1	51,315,261	27,566,190
Drawdown during the year	10,241,686	23,749,071
Repayments	(2,404,314)	-
	59,152,633	51,315,261
Transaction costs	(378,587)	(508,375)
	58,774,046	50,806,886
Short term portion of loan	(2,695,980)	(4,976,923)
<b>Total loan National Investment Bank N.V.</b>	<b>56,078,066</b>	<b>45,829,963</b>

The maturities of the loan with National Investment Bank N.V. are included in the following table:

Loan National Investment Bank N.V.	Outstanding amount 31/12/2020	Less than 1 year	Between 1 and 5 years	More than 5 years
Loan	59,152,633	2,695,980	12,792,772	43,663,881
<b>Total</b>	<b>59,152,633</b>	<b>2,695,980</b>	<b>12,792,772</b>	<b>43,663,881</b>

The loan with National Investment Bank N.V. can be specified as follows:

Loan National Investment Bank N.V.	Principal amount	Duration	Drawdowns as per 12/31/20	Balance as of 12/31/20
Loan	62,700,000	20 years	61,278,953	59,152,633
<b>Total</b>	<b>62,700,000</b>		<b>61,278,953</b>	<b>59,152,633</b>

This loan was granted to execute the following projects:

1. Expansion of the oncological / radiation center;
2. Expansion of the treatment capabilities for other incontinuous diseases;
3. Improving the quality of care and the safety of their patients all clinical

facilities at ImSan, which led to receiving the Joint Commission International (JCI) accreditation;

4. Refinancing an existing loan with the Caribbean Mercantile Bank N.V.



## Continued Loan National Investment Bank N.V.

The loan was granted by the National Investment Bank N.V. jointly with the Caribbean Mercantile Bank N.V., RBC Merchant Bank (Caribbean) Limited, Ennia and Banco di Caribe. This loan is divided into two installments.

Installment 1: an amount up to AWG 44,800,000 is intended to finance the identified projects above. The annual interest rate is 5.5% and the term of this installment of the loan is 20 years.

Installment 2: an amount up to USD 10,000,000 is intended to finance the equipment. The annual interest rate is 5% and the term of this installment of the loan is 10 years.

ImSan provided the items listed below as collateral for this loan:

1. The right of first mortgage for an amount of AWG 44,800,000 on the property, located at Pastoor Hendrikstraat 10. ImSan also pledged a lien on the tangible assets included in this property.
2. A guarantee from the AZV that ImSan's annual budget is aligned with ImSan's operational obligations, required capital investments and debt obligations.

3. In addition, ImSan has pledged the future cash inflow from its accounts receivable to the bank.

The repayments on this loan started in March 2020.

The loan requirement requires ImSan to comply with the following financial covenants:

- Debt Service Coverage ratio of no less than 1.20 times
- Debt to Tangible net worth not to exceed 2 : 1
- Solvency ratio > 50%
- Current ratio > 1.10

As per December 31, 2020, ImSan does not comply with the Debt to Tangible net worth ratio. Conform the contract ImSan is required to submit a waiver request to the lenders. Within the contract there are no immediate contractual implications of the non-compliance. ImSan will take immediate action to ensure compliance with the financial covenants is achieved as soon as possible.

## 9. Related party debt (long-term)

Related party debt (long-term)	2020 AWG	2019 AWG
Long-term debt Land of Aruba	10,402,078	10,189,744
Subsidy received in advance on the interest charge regarding the debt of Land of Aruba	10,794,771	11,007,105
<b>Total related party debt (long-term)</b>	<b>21,196,849</b>	<b>21,196,849</b>

### Long-term debt Land of Aruba and advancement of subsidy

ImSan received funds for the expansion of the medical center's facilities and the purchase of medical equipment. The nominal value of the debt is AWG

18,000,000 and has a term of 25 years with an interest rate of 2.5% per annum. The principal will be repaid in 15 equal annual instalments of AWG 1,200,000, starting June 8, 2036.

The outstanding interest up to and including the date of the National Decree of AWG 3,196,849 shall be paid in 15 equal annual instalments, also starting on June 8, 2036. As the interest rate is lower than the estimated market interest rate of 6.5%, this debt is valued lower than the fair value. The estimated market interest rate is based on the interest rate of loans to institutions in the market with a similar risk profile. The difference between the lower than fair value and the received amount of AWG 18,000,000 relates to the present value of the received benefit due to the lower than market interest.

This difference is recognized as a subsidy received in advance and is credited to the operating result in the same ratio as the interest expense on the debt.

ImSan made the commitment not to grant a mortgage right to third parties related to the leasehold on the land in San Nicolas known as Centro Medico Dr. Rudy Engelbrecht. ImSan will keep this commitment as long as it has not fully repaid the loan's principal amount, interest and any associated costs to the Country Aruba.

ImSan promises to fully cooperate, at the first request of the Country Aruba, in establishing mortgage rights in favor of the Island of the property and the related premises.

## 10. Related party debt (short-term)

Related party debt (short-term)	2020 AWG	2019 AWG
Interest payable Land of Aruba	240,514	240,514
<b>Total related party debt (short-term)</b>	<b>240,514</b>	<b>240,514</b>

## 11. Taxes and social premiums

Taxes and social premiums	2020 AWG	2019 AWG
Wage tax	266,703	257,955
Social Security Premiums ("AOV/AWW")	139,261	147,745
National Health Insurance premium ("AZV")	101,987	107,592
Sickness and accident premiums ("ZV/OV")	29,034	-
<b>Total taxes and social premiums</b>	<b>536,985</b>	<b>513,292</b>



## 12. Other liabilities

Other liabilities	2020 AWG	2019 AWG
Accrued employee vacation allowance	804,019	662,870
Accrued employee vacation days	280,486	227,343
Short term portion of anniversary allowance provision	5,620	20,238
Interest payable National Investment Bank N.V.	-	2,309,062
Other liabilities	169,331	194,358
<b>Total other liabilities</b>	<b>1,259,456</b>	<b>3,413,871</b>

The amount of AWG 2,309,062 was related to interest for prior years.

## Off balance sheet commitments

### Operational lease

Operational lease expenses are recognized in the statement of income and expenditure on a straight-line basis over the lease term. Lease payments recognized in the operating result for 2020 amounted to AWG 33,590 (2019: AWG 30,592). The lease period ends in 2025.

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Operational lease	48,870	79,110	-	127,980
<b>Total</b>	<b>48,870</b>	<b>79,110</b>	<b>-</b>	<b>127,980</b>

### Maintenance contracts

The payments relating to maintenance contracts included in the operating result for 2020 amounted to AWG 781,860 (2019: AWG 648,450).

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Maintenance contracts	1,693,738	2,582,490	-	4,276,228
<b>Total</b>	<b>1,693,738</b>	<b>2,582,490</b>	<b>-</b>	<b>4,276,228</b>

## Rental agreements

ImSan rents a location at Rumbastraat 18 for the Diabetic Center. The rental agreement ended on November 30, 2020 and has been extended for 2 years. ImSan also rents two locations for the Ambulance services, one is at Schotlandstraat and the other at Wayaca Falls.

As per September 2020, ImSan has opened a new location in order to be more

accessible to provide opthalmic care thus opened a new Eye center location at Dakota. The rental agreement of Bruce Holding N.V. has a duration of 2 years and the agreement ends as per August 31, 2022.

The lease of the Schotlandstraat ended on February 28, 2017 and is silently renewed for one year. The rental agreement of Wayaca Falls has been extended with two years until February 28, 2021.

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Rental agreement :				
Wayaca falls	81,600	95,200	-	176,800
Rumbastraat 18	80,136	-	-	80,136
Bruce Holding N.V.	63,000	42,000	-	105,000
Schotlandstraat	28,928	-	-	28,928
Parking lot	12,000	-	-	12,000
<b>Total</b>	<b>265,664</b>	<b>137,200</b>	<b>-</b>	<b>402,864</b>

## Construction contract

On June 5, 2018, ImSan entered into a construction contract with ELJO Construction and Real Estate N.V. for the renovation and expansion of the existing building and related installations where ImSan is located, situated at Pastoor Hendrikstraat 10, San Nicolas.

The start of this project was July 1, 2018 and was completed in July 2020.

The expected obligation towards ELJO Construction and Real Estate N.V. is as follows :

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Contracting agreement ELJO	73,386	-	-	73,386
<b>Total</b>	<b>73,386</b>	<b>-</b>	<b>-</b>	<b>73,386</b>



## 6. Notes to the income statement for year ended 31 December 2020

### 13. Other income

Other income	2020 AWG	2019 AWG
Medical services to non-insured individuals	620,454	768,176
Income training center	98,750	258,325
Income drugs and alcohol testing	90,026	100,257
Income ambulance service	37,188	73,431
Other income	37,685	73,513
<b>Total other income</b>	<b>884,103</b>	<b>1,273,702</b>

The income from medical services to non-insured individuals was earned for services provided by the Emergency, Radiology, Dialysis department, Eye Center and Operating Complex.

### 14. Personnel expenses

Personnel expenses	2020 AWG	2019 AWG
Wages and salaries	18,293,437	14,434,699
Social security premiums	3,056,732	2,501,410
Employee benefits and allowances	1,429,944	1,324,212
Pension premium	1,318,836	1,000,754
Insurances	750,321	559,456
Training and coaching expenses	327,096	373,371
Addition of anniversary allowance provision	42,294	42,108
SVB sickness benefits paid	(143,014)	(116,059)
Other personnel expenses	123,587	110,441
<b>Total personnel expenses</b>	<b>25,199,233</b>	<b>20,230,392</b>

#### *Pension plan*

For employees of ImSan, there is a defined contributions pension plan. The pension obligation is insured with Ennia Caribe N.V. The annual premium equals 15% of the gross salary, of which 10% is the employer's contribution. The surcharge for administrative costs reimbursement of the premium equals 8%.

The guaranteed interest is 3%. Of the interest earned above the guaranteed 3%, 80% will benefit the members through an increase of their pension capital. Any mortality gain will be used at the end of the contract term to proportionally increase the pension capital of the active members.

## Employees

Employees	2020	2019
Full time employees	223	199
Contractors and outsourced personnel	4	7
General practitioners in training	7	7
<b>Total number of employees</b>	<b>234</b>	<b>213</b>

## 15. Direct operational expenses

Direct operational expenses	2020 AWG	2019 AWG
Material expenses	6,483,815	4,506,962
Radiology expenses	673,730	334,885
<b>Total direct operational expenses</b>	<b>7,157,545</b>	<b>4,841,847</b>

The increase in direct operational expenses are mainly attributed to the inventory required to provide the additional services rendered in 2020.

## 16. Accommodation expenses

Accommodation expenses	2020 AWG	2019 AWG
Utility expenses	2,055,688	1,572,902
Maintenance expenses	432,420	333,102
Security expenses	323,597	274,461
Cleaning cost	250,627	161,160
Rental properties	231,164	187,557
Property insurance	156,034	132,523
Laundry expenses	171,832	57,699
Land tax and ground lease expense	15,068	15,055
Other accommodation expenses	50,601	32,405
<b>Total accommodation expenses</b>	<b>3,687,031</b>	<b>2,766,864</b>

The increase of the accommodation expenses compared to prior year is mainly due to the expansion of the services provided by ImSan.



## 17. Office expenses

	2020 AWG	2019 AWG
Office expenses		
Computer expenses	558,759	482,202
Telephone cost	229,917	193,452
Rent office furniture	34,411	30,841
Office supplies	21,977	20,612
Other office expenses	42,442	45,943
<b>Total office expenses</b>	<b>887,506</b>	<b>773,050</b>

## 18. Vehicle expenses

	2020 AWG	2019 AWG
Vehicle expenses		
Fuel expenses	164,764	199,280
Repair and maintenance	164,402	133,465
Motor vehicle insurance	109,206	108,769
Motor vehicle taxes	12,076	10,220
Other vehicle expenses	21,100	18,592
<b>Total vehicle expenses</b>	<b>471,548</b>	<b>470,326</b>

## 19. General expenses

	2020 AWG	2019 AWG
General expenses		
General expenses	296,751	275,457
Legal, consultancy and accountants fees	369,292	223,905
Printing, postage and freight expenses	223,472	127,945
Addition provision for doubtful debts	173,822	148,844
Communication devices	124,087	57,662
Travel and accommodation expenses	105,068	210,433
Temporary physicians	55,077	-
Cash and foreign exchange rate differences	89,510	85,589
Remuneration supervisory board	28,350	83,800
Event expenses	16,167	76,003
Marketing expenses	12,812	15,974
Representation expenses	5,785	7,277
Extraordinary (income) / expenses	(11,596)	46,196
Other general expenses	113,379	74,742
<b>Total general expenses</b>	<b>1,601,976</b>	<b>1,433,827</b>

The legal, consultancy and accountants' fees in 2020 were AWG: 356,815 (2019: AWG 197,612). This increase is mainly due to the cost price calculation project.

The printing, postage and freight expenses in 2020 were AWG 223,472 (2019: AWG 127,945). This increase was mainly attributed to the introduction of new services rendered by ImSan, which required the import of more inventory that are locally unavailable. Furthermore, due to the COVID pandemic, many items that were available locally had to be imported as well due to the extreme local shortage.

The travel and accommodation expenses in 2020 were AWG 105,068 (2019: AWG 210,433) and this substantial decrease is mainly due to the COVID-19 related restrictions, which made it difficult to travel abroad for courses. Actual expenses were attributed to acting Medical Practitioners in different departments.

The comparative figures have been adjusted for presentation purposes.

## 20. Depreciation and amortization

Depreciation and amortization	2020 AWG	2019 AWG
Buildings	1,263,491	714,281
Medical equipment and other operating assets	2,703,401	1,485,206
Vehicles	95,363	135,384
Intangible assets	192,436	112,729
<b>Total depreciation and amortization</b>	<b>4,254,691</b>	<b>2,447,600</b>

## 21. Financial income and expenses

Financial income and expenses	2020 AWG	2019 AWG
Interest expenses bank loans	2,992,576	1,357,652
Interest expenses loan Land Aruba	676,135	662,333
Subsidy on interest expense Land Aruba	(226,135)	(212,333)
Transaction costs loan National Investment Bank N.V.	129,748	194,662
Financial expenses	89,361	247,545
Bank service charges	56,421	44,721
<b>Total financial income and expenses</b>	<b>3,718,106</b>	<b>2,294,580</b>



## 22. Related party transactions

Related party transactions occur when there is a relationship between the entity, significant stakeholders and their directors and leadership.

No related party transactions occurred which were not in the normal course of operations.

In 2020, the amount granted for healthcare benefits from AZV to ImSan was AWG 43,855,000 (2019: AWG 29,074,924). This amount is divided as follows:

- Approved budget for the amount of AWG 44,400,000 relating to operational expenses;
- Additional approved budget in the amount of AWG 955,000 for the short stay project; and
- Reduction of AWG 1,500,000 as a result of the operating surplus which was realized in the years 2017 and 2018. This amount was fully deducted from the 2020 "AZV Revenue". A repayment arrangement was agreed where the AWG 1.500.000 is deducted in 48 monthly installments starting in September 2020. As per 31 December 2020 an amount of AWG 953,204 remains to be settled. This amount is netted in the AZV receivable presented in note below.

As of December 31, 2020, receivables from related parties amounted to AWG 4,747,681 (2019: AWG 3,062,436), while payables to related parties amounted to AWG 21,437,363 (2019: AWG 21,437,363).

## 23. Remuneration of supervisory board members

The remuneration recorded by the entity for their current and previous supervisory board members amounted to AWG 28,350 in 2020 (2019: AWG 83,800).

## 24. Subsequent events

No subsequent events to be disclosed.

## Other information

### Profit appropriation

ImSan has no specific statutory provisions regarding the appropriation of the operating results. The operating deficit is therefore deducted from the cumulative operating result.



# Independent auditor's report

Auditor's report

Auditor's report (continued)



Auditor's report (continued)

## Supplementary information

### Specification of operating expenses per department (Unaudited)

Operating expenses per department	2020		2019	
	AWG	% of total	AWG	% of total
<b>Healthcare expenses</b>				
Dialysis center	10,045,089	21.4%	9,077,378	25.7%
Ambulance care	7,843,762	16.7%	8,052,440	22.8%
Surgery complex	5,715,747	12.2%	396,509	1.1%
Emergency department	5,167,297	11.0%	4,778,595	13.6%
Ophthalmic outpatient practice	4,933,357	10.5%	4,313,233	12.2%
Diabetic center	2,183,120	4.6%	1,942,777	5.5%
General practitioner training	2,042,735	4.3%	1,677,552	4.8%
Radiotherapy	1,801,884	3.8%	277,542	0.8%
Radiology	1,783,677	3.8%	1,305,528	3.7%
Training center	716,032	1.5%	803,520	2.3%
Sterilization center	490,245	1.0%	66,153	0.2%
General clinic	-	0.0%	119,620	0.3%
<b>Healthcare expenses</b>	<b>42,722,945</b>	<b>90.9%</b>	<b>32,810,846</b>	<b>93.1%</b>
Baptist Health	-	0.0%	-	0.0%
Depreciation and amortization	4,254,691	9.1%	2,447,600	6.9%
<b>Other expenses</b>	<b>4,254,691</b>	<b>9.1%</b>	<b>2,447,600</b>	<b>6.9%</b>
<b>Operating expenses per department</b>	<b>46,977,636</b>	<b>100.0%</b>	<b>35,258,446</b>	<b>100.0%</b>