



Annual Report

# 2022

**Instituto Medico San Nicolas**



**INSTITUTO MEDICO  
SAN NICOLAS**

# ImSan

*Where people meet care.*

# INDEX

## Page

Report of the Supervisory Board

2

Report of the Director

4

### Financial Statements

1. Balance sheet as at December 31, 2022

18

2. Income statement for year ended  
December 31, 2022

19

3. Cash flow statement for the year ended  
December 31, 2022

20

4. Accounting policies and general notes

21

5. Notes to the balance sheet as at  
December 31, 2022

26

6. Notes to the income statement for year  
ended December 31, 2022

35

### Other information

Result appropriation

42

Independent auditor's report

43

### Supplementary information

*Break-down of operating expenses  
per department (Un-audited)*

46



# Report of the Supervisory Board

## Annual report of the Supervisory Board of Instituto Medico San Nicolas (ImSan) 2022

The tasks of the Supervisory Board are established in the National Ordinance Instituto Medico San Nicolas, and through its rules of procedure 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.

**Supervisory Board's composition in 2022 remains unaltered and consists of the following persons:**

- Mrs. N. Geerman
- Mr. C. Richardson
- Mr. G. Jimenez
- Mr. T. Every
- Mr. I. Reyes, Chairman
- Ms. I. Swaen, acted as secretary of the Supervisory Board.

During 2022 the Supervisory Board closely monitored the developments surrounding collaboration between Horacio Oduber Hospital (HOH) and ImSan and, ultimately, the signed memorandum of understanding (MoU); the electrical short circuit which caused overheating of electrical cables in the mechanical area in front of the operating rooms with the development of smoke which spread to the operating theaters; the celebration of the 500 patients who completed their radiation treatment successfully and how this marks a milestone for ImSan in cancer treatment; the continuous work related to the JCI accreditation.

Attention was particularly given to:

- Ensure optimal quality healthcare services
- The "landspakket" whereby loan conditions are set by the Netherlands for financial support to Aruba, which translated into AZV's monthly budget cut
- Financial affairs, including monthly financial reports
- Maintain excellent relationship with the Executive Body AZV (the National Health Insurer)
- Achieve JCI accreditation
- A Memorandum of Understanding (MoU) formalizing collaboration and cooperation between ImSan and Dr. H. Oduber Hospital was signed on December 8th. This document was cosigned by the Minister of Tourism and Healthcare, Mr. Danguillaume Oduber, and by the director of the UO AZV, Mr. Edwin Jacobs. This document reflects and respects competently motion number 14 of March 31, 2022, of the Parliament of Aruba, in which only collaboration and cooperation between both institutes is petitioned. To consolidate this collaboration, the MoU was formally signed by the above-mentioned parties
- Internal affairs such as developments in the Emergency Department, Dialysis, Diabetes Center, Radiology, Ophthalmology, and Surgical Department
- Corporate Governance



Special attention is foreseen in 2023 for:

- JCI accreditation by the end of the second quarter of 2023
- Once JCI-accredited, focus on medical tourism to diversify, and broaden the source of income
- Maintain outstanding collaboration with Miami Cancer Institute/Baptist Health International
- The “landspakket” 2023, execution of set loan conditions by the Netherlands and its impact on the healthcare sector
- Manage the continuation of AZV’s monthly budget cut while ImSan continues to expand its services
- Reduce waiting time at the Eye Center of ImSan
- Seek ways to be in continuous dialogue with HOH to enhance collaboration, ultimately to reach common goals, and agree on concrete action points (short, mid, and long term)
- Work towards a “Shared Service Center” with HOH
- Develop strategies to collaborate with Dutch Caribbean Hospital Alliance (DCHA)
- Investment PET / CT scan
- Corporate Governance

The Supervisory Board would like to express its appreciation to the Minister responsible for Public Health for his interest and trust in ImSan. The long overdue investment in the island's PET / CT scan is necessary. This investment is an essential part of the larger goal, which is to improve the quality of healthcare in general while achieving cost-efficiency and developing medical tourism.

The Supervisory Board would also 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 healthcare for the patient. 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, 2023





# 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 the 1st of June 2005.

ImSan aims to offer and promote optimal professional healthcare services, providing safe, effective, high-quality clinical-, inpatient-, outpatient- and ambulatory care accessible to all citizens.

The negative impact that COVID-19 has had on the economy of Aruba and consequently on the financial position of the AZV, superimposed with the effects of the 5.5% reduction in financial support for all sections of healthcare, will undoubtedly be felt for many years to come. Since the beginning of the pandemic, we have continuously put more demands on our staff to deliver the highest quality of care to more patients, many with more complicated illnesses, and despite all the extra limitations due to the reduced financial support, the entire team did their utmost to comply with all these unexpected requirements never considering their own personal interest. The effects of the COVID-19 pandemic are felt worldwide. It still has effects on the waiting time for consultations and treatments. This leads to an unprecedented rise in costs of equipment, medical supplies, and transportation, having devastating effects on the balance sheets of healthcare providers in general. Many are the negative consequences on the health and well-being of our staff and on the retention and recruitment of these and new caregivers.

But as the sun always shines after every storm, ImSan has managed to achieve impressive milestones in 2021 and 2022. Regardless of the reduction in financial support for healthcare, the rise in costs of healthcare, the extra burden on our healthcare system, and the overall exhaustion of our healthcare professionals, our quality and safety in healthcare services improved, and ImSan maintained its legally required AruBIG-registration as a hospital in the register of healthcare service providers.

## Director

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

This includes, but is not limited to:

1. Performing the tasks assigned to the Medical Institute in a responsible manner.
2. 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 disastrous effects of the COVID-19 pandemic on the Aruban healthcare system persisted during almost all of 2022 despite the unexpected speedy recovery of tourism in the last three quarters of that year. The reduction of healthcare expenses of 60 million Aruban florins annually, representing for ImSan a reduction of 5.5% of the annual budget allocated by the AZV, persisted almost unchanged during all of 2022. Additionally, the international economic crisis led to extremely high inflation rates exacerbating the negative financial effects on the already fragile Aruban healthcare system. The above-mentioned factors forced ImSan to make tough and financially weighted choices between providing continuous, direct care to patients or investing in the renovation, replacement, and expansion of medical equipment. Many of the investments which were designated as being essential had to be postponed till 2023 to ensure priority in providing continuous patient healthcare services. Despite the choice to focus almost exclusively on patient healthcare, it proved inevitable that waiting lists for some planned procedures increased to unacceptable levels. One of the primary causative factors is the persistent shortage of trained personnel and the increased stress on the existing staff. Furthermore, the COVID-19 pandemic caused an unprecedented disruption in the supply chain industry, where worldwide almost every company felt the coronavirus supply chain impact in some way. Many of these companies are still dealing with these ramifications. Labor shortages, logistics backups, and demand increases further add to the complexity of recuperating from the effect on the supply chain. Skyrocketing freight prices contribute further to accelerating inflation worldwide while increased demand persists. These are but some of the factors making it impossible for healthcare providers to depend solely on one supplier, as very often was common practice in the past. To provide continuous and sustainable healthcare for our patients, ImSan has been obliged to build new relationships with new suppliers and logistic partners. In addition, healthcare providers had to adapt to other products than they were accustomed to, which often posed its own challenges.

It's a well-known fact that Aruba's economy primarily depends on tourism. Tourism came to a complete halt during the second quarter of 2020, causing ripple effects across all sectors and triggering Aruba's deepest recession in history. The recovery of this industry in Aruba for 2022 is at 92%, which is remarkable and, in fact, one of the best in the world.

As a matter of fact, the International Monetary Fund (IMF) commented that Aruba is the second country in the world with the best recovery of tourism. According to the Minister of Tourism and Health, Mr. Danguillaume Oduber, this is largely due to the courage and determination to execute "our exit strategy in the middle of the pandemic in January 2022". By implementing proper and effective protocols in Aruba for protection against Covid-19, the tourists felt safe and secure to visit Aruba. This unpredicted recuperation of tourism and its positive effect on the Aruban economy, in general, had an improved revenue for healthcare as the contribution by the BAZV tax to the funding of the AZV significantly increased, resulting in positive adjustments to the financial budgets in 2022 allocated to the majority of the healthcare providers in Aruba.

It is said that an institution that never endured any misfortune never tried anything new. Reflecting on ImSan's year performance and healthcare services provided in 2022, we must dwell briefly on the misfortune that took place on June 6th, 2022. On this Monday, disaster struck ImSan, where an electrical short circuit caused overheating of electrical cables in the mechanical area in front of the operating rooms, resulting in the smoldering of the plastic insulation material of these cables and hence the development of tremendously thick smoke which unfortunately, when opening the entrance to this area in an attempt to extinguish this overheating process, led to further spreading of this smoke to the adjacent operating rooms where patients were undergoing surgical procedures at that time.



Immediate evacuation of these patients according to the protocol was duly executed by all operating room personnel with the assistance of the members of our emergency responder team. ImSan's Ambulance Department was alerted, and all three patients were successfully transported to Dr. Horacio E. Oduber Hospital for further treatment.

The remaining clinical course of these patients was uneventful, and we thank all the members of Dr. Horacio E. Oduber Hospital, including the board of directors, for all their assistance. A full audit of this event was carried out, and the necessary improvements to the electrical installation were performed accordingly. Full restoration of the Surgical Department took place in six weeks. Upon completion thereof, the whole department was recertified by independent regulatory instances. Electrical systems, air quality, and all equipment underwent thorough cleaning and certification before ImSan was given the green light to start performing operations in this department.

Finally, 2022 concluded with the almost elusive event that took place on Thursday, December 8th. At long last, a Memorandum of Understanding (MoU) formalizing collaboration and cooperation between ImSan and Dr. Horacio E. Oduber Hospital was signed. This document is named "Hoofdlijnen Overeenkomst HOH-ImSan" and was cosigned by the Minister of Tourism and Healthcare, Mr. Danguillaume Oduber, and by the director of the UO AZV, Mr. Edwin Jacobs.

This document does not include any reference to a merger of both hospitals; instead, it reflects and respects competently motion number 14 of March 31st, 2022, of the Parliament of Aruba, in which only collaboration and cooperation between both institutes is petitioned. To consolidate this collaboration, the MoU was formally signed by the above-mentioned parties.

BCZorg (prof. mr. J.H. Hubben en dr. P.L. Batenburg ) has been assigned the role of project management to support this process. Several goals have been described in this MoU. All parties are committed within four months after signing to produce an inventory of subjects that qualify for collaboration and to come up with a list of priorities accompanied by a temporary time plan. A number of topics are mentioned in the MoU, but these topics are not limitative. BCZorg will monthly provide a written progress report. ImSan wishes to express its gratitude to all parties involved in making this remarkable and historical accomplishment possible.

## Developments and Progress of ImSan's Personnel

In 2022, the Human Resource Management Department once more executed a strategic personnel planning, aiming to have the right person at the right place at the right time, doing the right job the right way, in order to reach ImSan's goals.

A few highlights regarding strategic planning by Human Resource Management are as follows:

- On December 31, 2021, ImSan had 271 employees.
- On January 1, 2022, ImSan had 268 employees, whereas on December 31, 2022, ImSan had 267 employees. In total ImSan had 15 hires in 2022, including four general practitioners in training. In total, 16 employees left ImSan, including three general practitioners in training who successfully completed their course. ImSan, in cooperation with the VUMC university hospital in Amsterdam, is responsible for general practitioner schooling in Aruba. In 2022, four new medical doctors started this course, and three general practitioners successfully completed it in 2022.
- As of May 1st, 2022, one anesthesiologist retired.
- In January 2022, two registered nurses started a training program to become certified Dialysis nurses.

- On March 10th, 2022, we celebrated the 10th anniversary of dr. J.R. Rajnherc as Director of ImSan.
- In March 2022, two registered nurses started a training program to become certified Emergency Department nurses.
- In March, one employee started a training program to become an OR assistant.
- In March, one employee started a training program to become an Anesthesia-assistant.
- In March, one Emergency Department physician obtained his license as an ATLS instructor (from the American College of Surgeons).
- In March, three registered nurses obtained their degrees in Basic Acute Care (BAZ).
- On April 1st, ImSan's Medical Staff (Board) was officially installed, and the official document containing the 'Rules and Regulations of the Medical Staff of ImSan' was signed and thus implemented.
- On May 13th, seven nurses graduated as certified Specialized Ambulance nurses.
- On June 6th, ImSan had a fire incident, where as a result of the smoke, 22 employees were affected, from which seven had to receive additional treatment at the Dr. Horacio E. Oduber Hospital.
- On September 22nd, we held the "Ring the Bell" ceremony to celebrate the 500th patient who fully completed his radiation treatment at our Radiation Oncology Department.
- On November 15th through 18th, ImSan had its first Mock Survey for the JCI accreditation performed by professional and experienced surveyors of Baptist Health International.

## Developments and Progress of the Quality Inspection Department

### *Transforming ImSan to a JCI-accredited hospital.*

Accreditation plays an important role in the regulatory oversight of hospitals, focusing on hospital care and management improvement based on a measurable change in terms of key dimensions of quality. Pursuing international accreditation from the Joint Commission International (JCI) was a decision that requires the entire organization's commitment. The reward for that commitment is the JCI Gold Seal of Approval.

In collaboration with Baptist Health International, ImSan has made significant progress 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.

### *Accreditation process*

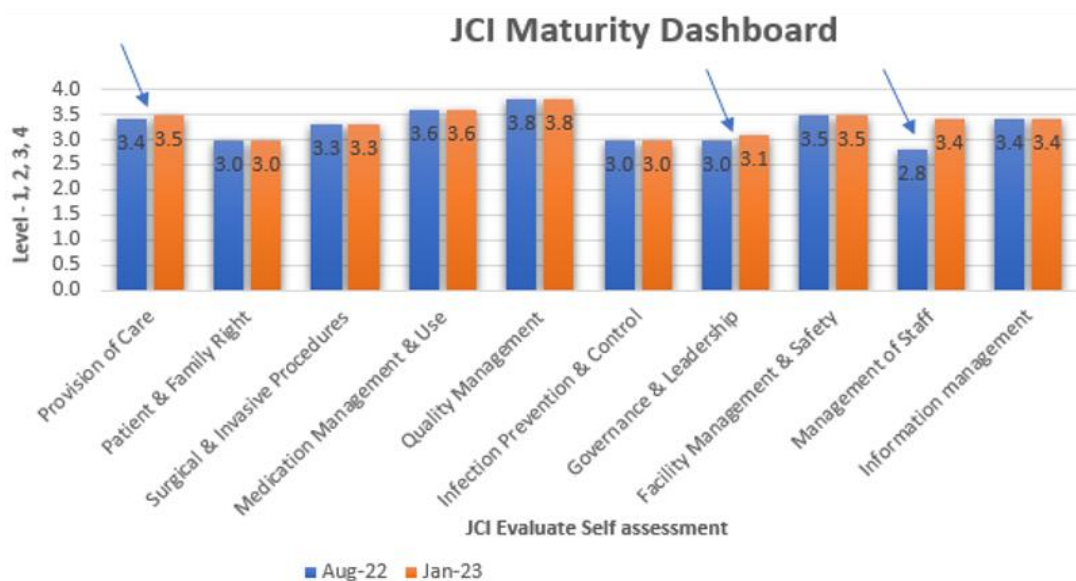
The Learning Stage of the accreditation process was the first step in familiarizing our employees with the JCI evidence-based standards. With the help of these standards, we prepare for the journey ahead and assure better outcomes in the long run.

The second stage of the accreditation process was the Assessing Stage, to measure the hospital's current state of quality maturity and to determine the hospital's readiness for JCI accreditation. This assessment was enabled by the JCI Navigator Evaluate online self-assessment tool for hospitals, by which the quality and patient safety can be measured on an organizational level. In 2022, ImSan's Director and Hospital Leaders spent one week interdependently with the 'JCI-Champions' to complete and submit the JCI Navigator Evaluate assessment (see figure on the next page for results).



The JCI Navigator Evaluate framework is based on JCI Accreditation Standards for Hospitals, 7th Edition, which are consistent with the internationally accepted JCI Hospital Standards and are categorized into the following ten organizational functions:

- Provision of Care
- Patient Rights and Education
- Surgical & Invasive Procedures
- Medication Management & Use
- Quality Management
- Infection Prevention & Control
- Governance & Leadership
- Facility Management & Safety
- Management of Staff
- Information Management




#### *Policies & procedures*

ImSan created and implemented new policies and procedures, targeting improvements needed and working interdependently to overcome obstacles. This was achieved by recruiting 12 'JCI-Champions' to lead the JCI Chapters, Chapter team members, and Committee members to follow up on improvement and corrective action plans. ImSan's 'JCI-Champions' and other team members were trained on the JCI Standards by professionals from Baptist Health International. Access to and copies of the JCI accreditation Standard Manual and Survey Process Guide for hospitals were provided to all employees.

To evaluate ImSan's readiness, ImSan's scope of healthcare services, other services, and practices provided by ImSan were compared to the standards of JCI, resulting in gap analysis reports. With these gap analysis reports, we identified the standards we were not meeting. The gaps were addressed, and action plans were developed for improvement.

Continuously ImSan's staff is working diligently to develop, implement and maintain all high-quality and patient-safe care policies, best practices, and procedures that are required to meet the JCI standards and sustain compliance.

While preparing for the JCI Survey, several professionals from Baptist Health International visited ImSan to guide our professionals through the different stages and to perform a pre-survey or Mock Survey at ImSan.



Professionals from Baptist Health International visited ImSan five times in 2022 on-site, and many measurable elements were evaluated through interviews with staff and Hospital Leaders, along with inspections and reviews of records, protocols, and procedures. A thorough evaluation was done, and the findings were reported to the team, including our Director, Dr. Rajnherc, and action plans were developed to improve the process.

Visitation Baptist Health International in 2022:

- FMS Chapter Assessment February 28-March 3.
- FMS Chapter Working Sessions April 19-April 22.
- FMS Chapter assessment June 14-June 16.
- Reviews & Working Sessions August 8-August 12.
- Baptist Health International Mock Survey week November 14-November 19.

Once we received the good news from Baptist Health International that we were well on the way and that ImSan complied with the majority of the JCI accreditation requirements and standards, ImSan contacted JCI Accreditation, and on November 18th, 2022, we submitted an official request for accreditation. The official JCI Survey for accreditation will take place in June 2023.

### Developments and Progress of the Eye Center


Even though 2021 was a very impressive year for the development of the Eye Center of Aruba, in 2022, again, we achieved surpassing 30,000 encounters. Despite the disruption in global supply chains as a result of the COVID-19 pandemic and the ongoing conflict in Ukraine, ImSan has proven its capacity to adapt and innovate to keep moving forward, registering an impressive 31,957 encounters by the end of December 2022.

Another challenge ImSan had to face in 2022 was the enormous rise in demand for ophthalmic exams and treatments. To cope with this high demand and continue delivering high-quality patient care, we opened an additional diagnostic and treatment area in ImSan, expanded our ophthalmology team, and added new equipment to the Eye Center. By adding a new ophthalmology area, having more medical professionals, and having more equipment, we can perform multiple exams during one appointment, thus working much more efficiently and effectively, preventing patients with multiple exam requests from having to return to ImSan for each exam.

To keep up with the increasingly high demand for retina surgery, we added extra retina/cataract equipment, and we strategically removed dr. Moreno from the ophthalmologists-on-duty-schedule to enable him to perform these surgeries.

It is important to mention that ImSan is the only hospital providing professional ophthalmic exams and treatments. Therefore, our Eye Center handles an average of 1350 calls per month. Although this is a high number, it is not the total number of calls that are made monthly to the Eye Center. By appointing an operator dedicated to assisting all patients calling the Eye Center, we managed to remedy calls not being answered.

At ImSan, we believe that the success of medical treatment, patient experience, and treatment costs have a better outcome when patients are treated in their own country, close to their family and friends. Therefore, in 2022 we continued the successful collaboration with dr. Catalina (Colombia) in providing Strabismus surgery (eye misalignment) for adults and children at ImSan.



Since September 2020 ImSan has opened an outpatient auxiliary branch at the offices of dr. B. Jacobs in Dakota to facilitate the extreme demand for specialized ophthalmic care. We are very proud to announce that there is a very intense and productive cooperation between all ophthalmic medical professionals in Aruba.

### Developments and Progress of the Surgery Department

ImSan has three operating rooms that are equipped with state-of-the-art equipment. Since 2020 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 ENT specialists.

In 2022, i.e. Micro Invasive Glaucoma Surgery for advanced glaucoma, Electro Convulsive Therapy, and Pain management have been (regularly) performed at ImSan. In addition, having a state-of-the-art Medical-Surgical Unit with skilled professional staff, more complex surgeries are being performed at ImSan.

Despite the fire incident (June 2022), after which no surgeries were performed for a period of 7 weeks ImSan was able to perform a total of 2222 surgical procedures, which is only 248 procedures less than the total surgical procedures performed in 2021.

### Developments and Progress of the Medical-Surgical Unit

An amazing achievement in the expansion of our hospital was the inauguration of the Medical-Surgical Unit on April 1st, 2021. Our Medical-Surgical Unit has ten double occupancy rooms and two single-patient rooms, where postsurgical patients can recover as long as needed, varying from a brief hospitalization of a few hours to a longer stay of 72 hours which can be extended as needed, receiving special care and continuous observation until their clinical conditions are resolved after which they can be discharged.

In 2022, Our Medical-Surgical Unit registered 942 encounters for patients that were admitted for a brief hospitalization or for one or more overnight hospitalization.

### Developments and Progress of the Emergency Department

ImSan's Emergency Department operates 24 hours a day, seven days a week, and is one of the busiest departments of ImSan. Because we aim to provide professional emergency care to the highest quality and safety standards, ImSan is Aruba's trusted hospital for emergency care. Each year, more patients visit our Emergency Department for assessment and treatment of their medical emergency.

To keep providing high-quality emergency care, our registered nurses received specialized Basic Acute Care (BAZ) training. Furthermore, in 2022 two of our registered nurses obtained their degrees as Registered Specialized Emergency Care Nurses, and an ED physician obtained his ATLS-instructor license.

In 2022, ImSan Emergency Department registered 15,514 encounters, which is 1,204 encounters more than in 2021.



## Developments and Progress of the Radiation Therapy Department and Radiology Department

### *Setting the bar higher to increase the level of quality care of cancer treatment in Aruba*

Surgery, Chemotherapy, and Radiation therapy are the main modalities for treating cancer, and as of April 2020, radiation therapy became available in Aruba thanks to the immense efforts of ImSan and our strategic partners at Miami Cancer Institute, a division of Baptist Health of South Florida.

To provide the highest quality of care to our patients, ImSan acquired the newest leading-edge radiation therapy treatment system from the Varian portfolio, which is the Halcyon radiotherapy system. With the Halcyon system, we can achieve increased accuracy in image-guided radiation therapy, provide more safety with its six-point patient safety system, and deliver faster treatments while maintaining high quality.

In 2022 ImSan treated in total 234 patients, which is 30 patients more than in 2021, using high-quality Radiation therapy for precise and effective cancer treatment, and no patients had to be referred abroad for this type of treatment. All of this was done by an unrelenting team at ImSan under the leadership of dr. N. Sanchez, dr. J. Torrez and our strategic partners at Baptist Health of South Florida in collaboration with the team of medical oncologists of the Dr. Horacio E. Oduber Hospital.

Regarding the Radiology Department, ImSan registered 10,583 encounters, including 8,072 encounters registered to the X-Ray modality, 2,368 encounters registered to the Ultrasound modality, and 143 encounters registered to the CT modality. Compared to 2021, this is an impressive increase of 6,206 encounters.

## Developments and Progress of the Dialysis Department and Diabetic Department

At our Dialysis Department, most patients with end-stage kidney failure receive hemodialysis treatment. Qualifying patients receive at ImSan the initial training and guidance for independent at-home peritoneal dialysis treatment. Here patients are prepared under the 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.

At our Dialysis Department, we provide the following healthcare services:


- Hemodialysis.
- Hemodiafiltration.
- Peritoneal Dialysis.
- Acute Dialysis.
- Pre-dialysis guidance.
- Kidney transplantation process guidance.

For hemodialysis, we have 20 hemodialysis machines, of which six were newly acquired state-of-the-art machines and operationalized in 2021. For peritoneal dialysis, we have ten machines.

In Aruba, there is a high demand for dialysis treatment, mainly due to a large number of patients with diabetes. For the treatment of all these patients, as of March 2021, ImSan's Dialysis Department is the only dialysis department in Aruba providing hemodialysis treatment in three shifts six days a week, starting from 07:00 am to 11:30 pm, servicing at this time hemodialysis for on average 84 patients weekly.

In 2022 we provided 12,247 dialysis treatments and 1,546 consults with a Nephrologist at ImSan.





A few highlights of 2022 and improvements the Dialysis Department achieved in 2022 are as follows:

- Prescreening and surgical procedures for the placement of 12 AV fistulas and 19 permanent dialysis catheters (including two patients from Bonaire) in collaboration with dr. A. Ponson. This is a major improvement in the quality of care received by our hemodialysis patients.
- Introduction and use of a special data drive that provides accurate and important information on ImSan's water quality that is used for hemodialysis and hemodiafiltration.
- Weekly evaluation of the implementation and execution of JCI norms.
- Setup and management of the kitchen by the Dialysis Department to provide sandwiches for our dialysis patients and for patients admitted to the Medical-Surgical Unit.
- The maximum number of patients has been adjusted from 79 to 84 hemodialysis patients, and, in addition, an adjustment from 11 to 14 peritoneal dialysis patients.
- Software used on the equipment of the Dialysis Department has been updated and upgraded to facilitate our peritoneal dialysis patients to independently use the PD machines.

Regarding the Diabetic Department, ImSan registered 8,031 encounters for a total of 1,500 patients who received medical treatment for diseases, complications, or issues secondary to diabetes.

### Developments and Progress of the Pharmacy

In 2021, a new hospital Pharmacist and a Pharmacy Assistant were hired to further set up and manage ImSan's Pharmacy.

During 2022, ImSan's Pharmacy implemented the following hospital-wide improvements:

- Temperature data loggers (InTemp) are operational for fridges at all departments where medication is stored.
- Management Medication stock: medication order lists were developed for every department, containing a selected formulary specific to each department, with minimum/maximum amounts to order and with the delivery schedule.
- Negotiations between the Pharmacist and suppliers/manufacturers for discounts on products to aid ImSan with the allocated budget by the UO AZV. Brocacef is one of the companies that is already cooperating, whereas negotiations with Medicosmetics are still in progress.
- The cooperation with Dr. Horacio E. Oduber Hospital Pharmacy has improved: medication orders placed have been diminished due to Pharmacist's adjustment in medication stock management and communication/collaboration with other medical suppliers.
- Post Exposure Prophylaxis (PEP) needlestick injury collaboration with Dr. Horacio E. Oduber Hospital Pharmacy: adjusted ImSan's needlestick injury policy in alignment with Dr. Horacio E. Oduber Hospital Pharmacy guidelines and medication procedure.
- Procedures and work instructions in place for Hepatitis B Immunoglobulins needlestick injuries occurring during and outside normal hours for purchase at Dr. Horacio E. Oduber Hospital Pharmacy.
- JCI policies and procedures drafted and implemented.
- Completion of validation procedure of medical gasses lines for Surgery rooms 1, 2, and 3 by Lindegas Aruba.
- A new project with the Radiology Department to supply new anti-inflammatory medication for Ultrasound-guided administration of the medication.



## Developments and Progress of the Hygiene & Infection Prevention Department

The Hygiene & Infection Prevention Department (HIP Department) provides activities to monitor, prevent, and control micro-organisms at ImSan. The main goal of infection prevention is to minimize and attempt to eliminate the transfer of pathogens between healthcare professionals and patients. ImSan's HIP Department aims to keep our healthcare professionals safe and healthy from patient-acquired infections and, as importantly, prevent the transfer of pathogenic organisms and infections from the healthcare professional to the patient. For 2022 the HIP Department collected data on infections from different departments in ImSan and implemented strict policies and appropriate screening of personnel for a safer hospital.

The HIP Department developed a surveillance plan in collaboration with the Dialysis Department and Surgical Department for the Dialysis Department to monitor Dialysis Events and the Surgical Department to monitor Surgical Site Infections (SSI). Dialysis Events include positive culture from Blood, Exit-site of HD catheter, wound on shunt or graft, and catheter tip (nominator). In 2022 the HIP Department registered and monitored 9 Dialysis Events and successfully managed to confine and remedy these events. Regarding Surgical Site Infections (SSI), the HIP Department is still collecting data to present these in 2023.

Furthermore, SARS-CoV-2 (Covid-19) and Multidrug-Resistant Organisms (MDROs) are monitored in our clinical departments to prevent outbreaks. The HIP Department monitored and tested all symptomatic patients for COVID-19 who presented for dialysis treatment. Of all patients tested, a total of 9 patients tested positive, who received special healthcare and treatment according to strict COVID-19 protocols to prevent any outbreak.

The use of vaccination as a modality for infection prevention in Occupational healthcare received high priority. Occupational healthcare consists of many responsibilities, of which the HIP Department offered healthcare services for all our healthcare professionals, such as:

- Influenza and Hepatitis B immunization.
- Screening new hires and students for MRSA.
- Test symptomatic healthcare professionals for COVID-19.
- Assess Blood Exposure Incidents.
- Provide infection prevention education and campaigns.
- Collaborating with other facilities (Public Health, Dr. Horacio E. Oduber Hospital) on healthcare and safety issues and related policy development.

To prevent the acquisition of infections due to blood-borne pathogens such as the Hepatitis B Virus, ImSan has a hospital-wide proactive policy to vaccinate all its healthcare professionals with a Hepatitis B Vaccine. To prevent the acquisition and spreading of the highly contagious Covid-19 virus, the COVID-19 2nd Booster was made available to all healthcare professionals.

For 2022, a total of 113 vaccines were administered to ImSan's healthcare professionals; this includes COVID-19 2nd Booster, Influenza, and Hepatitis B.

The HIP Department implemented mandatory education on hygiene and infection prevention for all employees. Infection Prevention Education consists of topics such as 'what are micro-organisms', 'standard precaution', 'hand hygiene', 'blood-borne pathogens', 'waste management', and 'hygiene at the workplace'. Education is also provided through newsletters and emails that are regularly posted on the intranet.

A total of 249 employees (83%) have completed this Infection Prevention Education.



## Developments and Progress of the Ambulance Department

Providing professional and swift ambulance service is of immense importance to ImSan. It is our priority to continuously provide our community with timely ambulance transportation and provide specialized medical care to the sick or injured by trained personnel who can give professional emergency care during the journey.

To provide ambulance services 24/7, all year long, ImSan has ten ambulances. These services are provided in 3 shifts, the first from 24:00 to 08:00, the second from 08:00 to 16:00, and the third from 16:00 to 24:00, thus covering 24 hours every day and using three ambulances per shift.

In 2022 the Ambulance Department provided ambulance service to 8081 clients, which is 651 more than in 2021.

To keep up with the high demand for ambulance services, ImSan appointed seven nurses in 2021 to undertake a special course and training to become specialized ambulance nurses. In 2022, these nurses successfully completed this course and thus obtained their degrees as Specialized Ambulance Nurses.

## Developments and Progress of the Safety & Training Department


ImSan is dedicated to the protection of its employees from emergencies. Our Emergency Response Plan (ERP) is initiated when (workplace) emergencies occur. We implemented a personnel emergency guide to ensure employee safety from emergencies during normal working hours and after normal working hours. Our ERP provides a plan detailing and organizing the actions and procedures to be followed by the personnel in case of a workplace emergency, which is required by local law. This plan applies to all operations in our organization where employees may encounter an emergency situation and is available to employees.

To further ensure safety, ImSan also has a Prevention & Emergency Response Team (PERT) that is trained to take charge in case of an emergency, respond effectively, protect the occupants of the hospital, and reduce the risk of physical injury, property damage, and business interruption. The PERT makes use of the principles of the Hospital Incident Command System (HICS).

In June 2022, ImSan's Safety & Training Department introduced a mandatory Safety Orientation for all employees. This 1-hour training provides essential information regarding emergency procedures, safety, and safety equipment used for new hires, current employees, contractors, and interns. Participants also receive a Personnel Emergency Guide to keep as a reference.

Our Safety & Training Department regularly performs Environment of Care Rounds to identify possible deficiencies or safety issues to be attended to, for which improvement recommendations reports are registered in a Dashboard Report system. In 2022, 35 inspection rounds were performed, resulting in a total of 804 observations, from which 447 were negative, and 357 were positive. For all negative observations, measures for improvement were implemented.

ImSan provides several courses to healthcare providers at all levels and to the general public.



In December 2022, the Safety & Training Department started a project to develop new courses and convert some existing classroom courses (or part thereof) to eLearning / online courses. The intention is to enhance compliance training for all employees, contractors, and interns. In collaboration with our Human Resources Department, we can track all employee training and make sure that employees have attended all mandatory training.

In 2022, ImSan's Safety & Training Department provided training to more than 2,500 persons.

For delivering certified and accredited training, ImSan holds agreements with and collaborated with several leading organizations in emergency medical care education:

- The American Academy of Clinical Toxicology.
- The American Heart Association.
- The Health & Safety Institute.
- The National Association of Emergency Medical Technicians.

## Report of the Financial Department

### *Financial Report 2022*

In 2021, ImSan requested the 2022 budget to be increased with approximately AWG 5,000,000 compared to the 2021 gross budget. This increase was needed due to the increase of services rendered in 2021, as well, as to complement for the additional care to be rendered in 2022. The AZV granted ImSan 50% of the requested gross budget increase.

### *AZV Revenue*

The gross revenue of AZV for 2022 is AWG 53,025,000, as determined by the AZV. As a result of the urgency to lower the waiting list of certain care, the AZV has granted ImSan the following above-budget amount:

- An amount of AWG 1,375,000 in order to reduce the waiting list of different care provided.

Cumulatively, after the application of the budget reductions as stipulated in the "5 wave model" due to COVID measures, result in a final net revenue of AWG 51,651,033 for 2022.

### *Non-AZV Revenue*


Non-AZV revenue amounted to AWG 2,450,632 in 2022. An increase of AWG 684,526 compared to 2021, 89% of this increase is related to compensation from our insurance claim regarding the fire related expenses at the surgical department, this for the amount AWG 610,750 and the remaining 11% for the amount of AWG 73,776 is related to a consequently stable year, as to income forecasted from care to NON-AZV patients.

### *Balance sheet*

As of December 31, 2022, the total assets of ImSan were AWG 86,022,372. This represents a decrease of AWG 989,824 (1,4%) compared to 2021. Total liabilities amounted to AWG 80,700,037, which includes a loan granted by the Country of Aruba to ImSan and the new loan from the National Investment Bank N.V. (NIBanc) to fund the ImSan's MasterPlan. This was completed in 2020.

In 2013, ImSan requested the Country of Aruba to grant ImSan remission of (payment of) its loan and the corresponding interest. This was needed to obtain a loan on the capital market so that ImSan could realize the project of "Renovation and Expansion of ImSan". The Country of Aruba loan balance was AWG 18,000,000, of which the interest amounted to AWG 3,196,849. Through 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 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 result) deficit of AWG 241,914 in 2022. This is mainly due to the amount deducted from ImSan's budget presented and approved, based on the accurate operational costs expected in 2022. ImSan does implement measures accordingly to have a responsible cost management of its income. Savings measures have been implemented on operational costs, however these measures were still insufficient to comply with the cuts applied on our net AZV revenue. Additional unforeseen expenses, in order to guarantee proper quality in the services rendered to patients and the continuously increases in existing costs, also impacted the results. All possible measures were critically assessed and determined, in order to guarantee continuity of quality care.

### *Investments*

ImSan's total investments amounted to AWG 170,235 in 2022. The amounts invested were mainly related to medical equipment and furniture and fixtures. Other investments relate to building renovations mainly focused on safety and efficient use of existing square meters within the building.

### *Disposals*

During 2022, ImSan disposed of medical equipment from the Dialysis department acquired from Posada in the year 2013 with a book value of AWG 34,573. ImSan also disposed of IT equipment and workstations (computers) at a book value of 46,179. A disposal of damaged furniture at the Surgery department took place at a book value of AWG 4,331. In addition there was a disposal of a UPS in the category Work in progress not related to Masterplan. There has also been a disposal for intangible assets with a book value of AWG 26,677.


### *Concluding note from the Director*

Despite the ongoing challenges of the persistence of the Covid-19 pandemic, the increased demand for quality healthcare services, the worldwide disruption in the supply chain industry, and the worldwide increase in product prices, ImSan has many accomplishments to be very proud of achieving in the past year. The entire medical and nursing staff, supported by all other employees, continued on their journey to excellence, which resulted in major advances toward our goal of obtaining the much-desired JCI accreditation by June 2023.

Once again, I would like to express my gratitude to all members of the team of Baptist Health International who truly excelled in guiding and training our staff to improve, implement, practice, and maintain new protocols, standards, and procedures that meet the JCI accreditation requirements and standards.

I would like to express my gratitude to all of our employees as each and everyone, in their own fashion, contributed to yet another major accomplishment of ImSan in 2022, which is maintaining our registration in the AruBIG as a hospital facility under number Z/21/000125/351.

ImSan wishes to express its gratitude to our Minister of Tourism and Public Health, his excellency Mr. Danguillaume Oduber for his continued support and trust, which facilitated the development of our hospital into becoming what it is today and the role it plays in healthcare, not only for the greater San Nicolas area but for all citizens of Aruba and its guests.



The Supervisory Board, under the leadership of its chairman Mr. I. Reyes, provided extraordinary advice and guidance where needed, thus making the task of improving the quality and quantity of healthcare for our patients so much easier. For this, I am extremely grateful.

ImSan is thankful to all its clients, the referrers, and the UO AZV for yet another year of trust and support, enabling us to deliver the highest quality of care for all who sought medical attention at our hospital.

Drs. J. R. Rajnherc, Director.

Aruba, March 30, 2023.



## 1. Balance sheet as at December 31, 2022

(Before profit appropriation)

Assets	Notes	December 31, 2022 AWG	December 31, 2021 AWG
<b>Non-current assets</b>			
Intangible assets	1	147,323	240,870
Tangible assets	2	<u>72,541,253</u>	<u>76,687,082</u>
		72,688,576	76,927,952
<b>Current assets</b>			
Inventory	3	1,119,885	1,221,231
Accounts receivable	4	560,463	851,700
Other receivables	5	4,999,086	5,521,446
Cash and cash equivalents	6	<u>6,654,362</u>	<u>2,489,867</u>
		13,333,796	10,084,244
<b>Total assets</b>		<b>86,022,372</b>	<b>87,012,196</b>

Equity and liabilities	Notes	December 31, 2022 AWG	December 31, 2021 AWG
<b>Equity</b>	7		
Capital		7,300,000	7,300,000
Historical operating result		(1,735,751)	(892,602)
Operating result		<u>(241,914)</u>	<u>(843,149)</u>
		5,322,335	5,564,249
<b>Provisions</b>			
Anniversary allowance provision	8	206,194	168,429
<b>Long-term liabilities</b>			
Borrowings	9	50,563,087	53,351,681
Related party debt	10	<u>21,196,849</u>	<u>21,196,849</u>
		71,759,936	74,548,530
<b>Short-term liabilities</b>			
Short term portion of loan	9	2,983,456	2,840,828
Trade payables		1,457,054	1,377,454
Related party debt	11	240,514	240,514
Taxes and social premiums	12	588,673	577,984
Pension premium payable		277,300	241,951
Other liabilities	13	<u>3,186,910</u>	<u>1,452,257</u>
		8,733,907	6,730,988
<b>Total equity and liabilities</b>		<b>86,022,372</b>	<b>87,012,196</b>

The notes form an integral part of these financial statements.

## 2. Income statement for the year ended December 31, 2022

Income statement	Notes	2022 AWG	2021 AWG
<b>Income</b>			
AZV health care contribution	23	51,651,033	49,026,915
Other income	14	<u>2,450,632</u>	<u>1,766,106</u>
		54,101,665	50,793,021
<b>Expenses</b>			
Personnel expenses	15	29,805,745	27,898,456
Direct operational expenses	16	7,573,248	7,837,843
Accommodation expenses	17	4,873,323	4,350,915
Office expenses	18	1,079,529	1,004,162
Vehicle expenses	19	658,569	584,387
General expenses	20	2,350,072	1,910,592
Amortization and depreciation	21	<u>4,224,114</u>	<u>4,331,759</u>
		50,564,600	47,918,114
<b>Operating result before financial income and expenses</b>		<u><b>3,537,065</b></u>	<u><b>2,874,907</b></u>
Financial income and expenses	22	3,778,979	3,718,056
<b>Operating result</b>		<b>(241,914)</b>	<b>(843,149)</b>

The notes form an integral part of these financial statements.



### 3. Cash flow statement for the year ended December 31, 2022

Cash flow statement	Notes	2022 in AWG	2021 in AWG
<b>Cash flow from operating activities</b>			
Operating result before financial income and expenses		3,537,065	2,874,907
<b>Adjustments</b>			
Amortization and depreciation	21	4,224,114	4,331,759
Anniversary allowance provision	8	21,072	13,493
<b>Movements in working capital</b>			
Change in inventory		101,346	(92,430)
Change in receivables		813,597	(741,569)
Change in current liabilities (excl. short-term portion of loan and interest payable)		1,876,984	(71,751)
<b>Cash flow from operations</b>		10,574,178	6,314,409
Interest and finance expenses paid	22	(3,649,231)	(3,588,308)
<b>Cash flow from operating activities</b>		<b>6,924,947</b>	<b>2,726,101</b>
<b>Cash flow from investing activities</b>			
Investments in intangible and tangible assets	1/2	(170,235)	(1,429,720)
Disposal of intangible and tangible assets		185,498	-
<b>Cash flow from investing activities</b>		<b>15,263</b>	<b>(1,429,720)</b>
<b>Cash flow from financing activities</b>			
Drawdown from long-term loan	9	-	-
Repayments of long-term loan	9	(2,775,714)	(2,711,285)
<b>Cash flow from financing activities</b>		<b>(2,775,714)</b>	<b>(2,711,285)</b>
<b>Changes in cash and cash equivalent</b>		<b>4,164,496</b>	<b>(1,414,904)</b>
Beginning balance cash and cash equivalents		2,489,867	3,904,771
<b>Ending balance cash and cash equivalents</b>		<b>6,654,362</b>	<b>2,489,867</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 2022 has been approved by the Board of Supervisory Directors on March 30, 2023.

The objective of ImSan is to continuously provide and promote optimal clinical, outpatient, ambulatory and hospital care since the opening of the short stay department in April 2022. ImSan undoubtedly improves the accessibility of this care for all citizens of Aruba, 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, Land Aruba forgave the debt of AWG 7.3 million, which is currently part of ImSan's equity (refer to note 7 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 30, 2023.

## *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 that are accounted for in the financial statements are converted to the functional currency using the average exchange rate. 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.

### *Estimates*

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.

The accounting policy regarding anniversary allowance provision is in opinion of management the most critical for the purpose of presenting the financial position and requires estimates and assumptions.

### *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 tangible and intangible assets*

At each balance sheet date, ImSan assesses whether impairment indicators for tangible and intangible 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

### *Intangible 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.

### *Tangible 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.

Maintenance expenditures are only capitalized when the maintenance leads to extension of the useful life of the asset and/or future performance units regarding the asset. Assets retired from active use are measured at the lower of book value or net realizable value.

### *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% (2021:1%) 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.

## *Depreciation and amortization expenses*

Depreciation and amortization 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.

### *Liquidity risk*

Liquidity risk includes the risk that ImSan is not able to meet the required financial obligations. For that purpose, ImSan regularly assess the expected cash flows. These cash flows include, among other operational cash flows, payments of interest, and relays of debts and replacement/expansion investments.

## 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 December 31, 2022

### 1. Intangible assets

The intangible assets movement schedule can be specified as follows:

Intangible assets	2022 AWG	2021 AWG
Book value January 1	240,870	193,439
Investments	-	233,258
Disposals (net of amortization)	(27,677)	-
Amortization	(65,870)	(185,827)
<b>Book value as of December 31, 2022</b>	<b>147,323</b>	<b>240,870</b>

The capitalized software is amortized on a straight-line basis over its estimated useful life of three years. The amortization rate is 33% per year. The residual value is nil.

### 2. Tangible assets

The tangible assets can be specified as follows:

Tangible assets	2022 AWG	2021 AWG
Buildings	61,114,875	62,371,077
Medical equipment and other operating assets	11,302,049	14,081,316
Vehicles	121,742	160,069
Work in progress	2,587	74,620
<b>Total tangible assets</b>	<b>72,541,253</b>	<b>76,687,082</b>

## 2. Tangible assets (continued)

The tangible assets movement schedule is 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	71,825,430	26,508,573	2,034,135	74,620	100,442,758
Investments 2022	38,355	131,880	-	-	170,235
Capitalization of work in progress	-	-	-	-	-
Disposal	-	(849,211)	-	(72,033)	(921,244)
Acquisition value as of Dec. 31, 2022	71,863,785	25,791,242	2,034,135	2,587	99,691,749
<b>Depreciation</b>					
Accumulated depreciation as of Jan. 1	9,454,352	12,427,264	1,874,764	-	23,756,380
Current year depreciation	1,294,558	2,826,057	37,629	-	4,158,244
Disposal	-	(764,128)	-	-	(764,128)
Accumulated depreciation as of Dec. 31, 2022	10,748,910	14,489,193	1,912,393	-	27,150,496
<b>Carrying value as of Dec. 31, 2022</b>	<b>61,114,875</b>	<b>11,302,049</b>	<b>121,742</b>	<b>2,587</b>	<b>72,541,253</b>
Carrying value as of Dec. 31, 2021	62,371,077	14,081,316	160,069	74,620	76,687,082

### The depreciation rates 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 Land Aruba.

The medical equipment and other operating assets, including the vehicles, were obtained from 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 9 "Borrowings"

The cost price of buildings includes capitalized interest for an amount of AWG 1,168,868 in 2022 (2021: AWG 1,193,870) which was capitalized during the construction process. This is regarding Loan of the financing of "Masterplan".

## 3. Inventory

Inventory	2022 AWG	2021 AWG
Inventory central warehouse	751,951	855,200
Medicines and medical instruments	272,365	296,806
Inventory in transit	46,770	28,981
Other inventory	48,799	40,244
<b>Total inventory</b>	<b>1,119,885</b>	<b>1,221,231</b>

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

## 4. Accounts receivable

Accounts receivable	2022 AWG	2020 AWG
Accounts receivable	1,583,140	1,686,061
Less: Allowance for doubtful accounts	(1,022,677)	(834,361)
Net receivables	560,463	851,700
<b>Total accounts receivable</b>	<b>560,463</b>	<b>851,700</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 9 "Borrowings" for further details.

## 5. Other receivables

Other receivables	2022 AWG	2021 AWG
Operating subsidy and contribution AZV receivable	4,404,028	5,194,202
Prepayments	336,500	131,934
Security deposits	211,365	188,162
Sickness and accident premiums ("ZV/OV")	24,174	-
Other receivables	23,019	7,148
<b>Total other receivables</b>	<b>4,999,086</b>	<b>5,521,446</b>

There is no allowance for doubtful receivables for the other receivables.



## 6. Cash and cash equivalents

Cash and cash equivalents	2022 AWG	2021 AWG
Caribbean Mercantile Bank N.V.	6,611,084	2,397,293
RBC Royal Bank (Aruba) N.V.	29,151	29,409
Aruba Bank N.V.	10,555	30,867
Cash	3,572	32,298
<b>Total cash and cash equivalents</b>	<b>6,654,362</b>	<b>2,489,867</b>

Cash and cash equivalents are at free disposal of the Company.

## 7. Statement of changes in equity

Statement of changes in equity	Capital AWG	Historical operating result AWG	Operating result AWG	Total AWG
<b>Movement 2021</b>				
Balance as of January 1	7,300,000	1,345,931	(2,238,533)	6,407,398
Determination of operating result	-	(2,238,533)	2,238,533	-
Operating result 2021	-	-	(843,149)	(843,149)
<b>Equity as of December 31, 2021</b>	<b>7,300,000</b>	<b>(892,602)</b>	<b>(843,149)</b>	<b>5,564,249</b>
<b>Movement 2022</b>				
Determination of operating result	-	(843,149)	843,149	-
Operating result 2022	-	-	(241,914)	(241,914)
<b>Equity as of December 31, 2022</b>	<b>7,300,000</b>	<b>(1,735,751)</b>	<b>(241,914)</b>	<b>5,322,335</b>

## 8. Anniversary allowance provision

Anniversary allowance provision	2022 AWG	2021 AWG
Balance as of January 1	204,659	191,166
Increase / (decrease) of provision	21,072	13,493
	225,731	204,659
Short term liability	(19,537)	(36,230)
<b>Balance as of December 31, 2022</b>	<b>206,194</b>	<b>168,429</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

## 9. Borrowings

Borrowings	2022 AWG	2021 AWG
Loan National Investment Bank N.V.	53,665,634	56,441,348
<b>Total borrowings</b>	<b>53,665,634</b>	<b>56,441,348</b>

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

Loan National Investment Bank N.V.	2022 AWG	2021 AWG
Balance as of January 1	56,441,348	59,152,633
Drawdown during the year	-	-
Repayments	(2,775,714)	(2,711,285)
	53,665,634	56,441,348
Transaction costs	(119,091)	(248,839)
	53,546,543	56,192,509
Short term portion of loan	(2,983,456)	(2,840,828)
<b>Total loan National Investment Bank N.V.</b>	<b>50,563,087</b>	<b>53,351,681</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 31/12/2022	Less than 1 year	Between 1 and 5 years *	More than 5 years *
Loan	53,665,634	2,983,456	13,641,761	37,040,418
<b>Total</b>	<b>53,665,634</b>	<b>2,983,456</b>	<b>13,641,761</b>	<b>37,040,418</b>

\* The repayments due between 1 and 5 years and more than 5 years are based on the current repayment schedules, which can be reassessed in 2023.

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 12/31/22	Balance as of 12/31/22
Loan	61,558,000	20 years	61,558,000	53,665,634
<b>Total</b>	<b>61,558,000</b>		<b>61,558,000</b>	<b>53,665,634</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.

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 financed 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 9,310,000 financed the purchase of equipment. The annual interest rate is 5.0% 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 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, 2022, ImSan does comply with the Debt Service Coverage Ratio, Debt to Tangible Net Worth Ratio, Solvency ratio and Current ratio. Subsequently ImSan is in compliance with the financial covenants, no waiver request is required.

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

Related party debt (long-term)	2022 AWG	2021 AWG
Long-term debt Land of Aruba	10,869,047	10,628,213
Subsidy received in advance on the interest charge regarding the debt of Land of Aruba	10,327,802	10,568,636
<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 installments 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 annual installments, 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 Land Aruba.

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

Related party debt (short-term)	2022 AWG	2021 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>

## 12. Taxes and social premiums

Taxes and social premiums	2022 AWG	2021 AWG
Wage tax	292,347	279,894
Social Security Premiums ("AOV/AWW")	171,742	171,041
National Health Insurance premium ("AZV")	124,584	124,015
Sickness and accident premiums ("ZV/OV")	-	3,034
<b>Total taxes and social premiums</b>	<b>588,673</b>	<b>577,984</b>

## 13. Other liabilities

Other liabilities	2022 AWG	2021 AWG
Deferred operating subsidy and contribution AZV	1,699,000	-
Accrued employee vacation allowance	944,101	926,565
Accrued employee vacation days	317,595	316,961
Short term portion of anniversary allowance provision	19,537	36,230
Other liabilities	206,677	172,501
<b>Total other liabilities</b>	<b>3,186,910</b>	<b>1,452,257</b>

## 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 2022 amounted to AWG 51,503 (2021: AWG 45,889). The lease period ends in 2026.

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Operational lease	39,852	54,594	-	94,446
<b>Total</b>	<b>39,852</b>	<b>54,594</b>	<b>-</b>	<b>94,446</b>



## Maintenance contracts

The payments relating to maintenance contracts included in the operating result for 2022 amounted to AWG 1,746,698 (2021: AWG 1,783,469).

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Maintenance contracts	2,310,812	1,961,560	-	4,272,372
<b>Total</b>	<b>2,310,812</b>	<b>1,961,560</b>	<b>-</b>	<b>4,272,372</b>

## Rental agreements

ImSan rents a location at Rumbastraat 18 for the Diabetic Center. The rental agreement ended on August 31, 2022 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, 2024.

The lease of the Schotlandstraat ended on February 28, 2017 and is silently renewed each year. The rental agreement of Wayaca Falls has been extended with 2 years until February 28, 2023.

The remaining duration is as follows:

Remaining period AWG	Balance < 1 year	Balance 1-5 year	Balance > 5 year	Total
Rental agreements:				
Wayaca falls	81,600	95,200	-	176,800
Rumbastraat 18	80,136	-	-	80,136
Bruce Holding N.V.	72,000	48,000	-	120,000
Schotlandstraat	29,217	-	-	29,217
Parking lot	12,000	-	-	12,000
<b>Total</b>	<b>274,953</b>	<b>143,200</b>	<b>-</b>	<b>418,153</b>

## 6. Notes to the income statement for year ended December 31, 2022

### 14. Other income

Other income	2022 AWG	2021 AWG
Medical services to non-insured individuals	1,361,579	1,238,336
Income training center	219,909	205,290
Income drugs and alcohol testing	68,705	71,751
Income ambulance service	46,944	29,969
Other income	753,495	220,760
<b>Total other income</b>	<b>2,450,632</b>	<b>1,766,106</b>

The income from medical services to non-insured individuals was earned for services provided by the Emergency department, Radiology, Radiotherapy, Dialysis department, Ophthalmic department and Surgical department.

There is an incidental one-time income presented under other income in the amount of AWG 610,750 as a result of the claim to the insurance company in regard to the fire that took place in June 2022 at the Surgical department.

### 15. Personnel expenses

Personnel expenses	2022 AWG	2021 AWG
Wages and salaries	21,034,186	20,002,902
Social security premiums	3,608,195	3,420,121
Employee benefits and allowances	1,732,743	1,711,422
Pension premium	1,668,531	1,525,075
Training and coaching expenses	917,702	353,299
Insurances	840,150	789,449
Addition of anniversary allowance provision	57,302	46,586
SVB sickness benefits paid	(178,148)	(141,321)
Other personnel expenses	125,084	190,923
<b>Total personnel expenses</b>	<b>29,805,745</b>	<b>27,898,456</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	2022	2021
Full time employees	259	262
Contractors and outsourced personnel	2	3
General practitioners in training	6	6
<b>Total number of employees</b>	<b>267</b>	<b>271</b>

## 16. Direct operational expenses

Direct operational expenses	2022 AWG	2021 AWG
Material expenses	6,731,734	6,857,332
Radiology expenses	708,881	758,502
Other direct operational expenses	132,633	222,009
<b>Total direct operational expenses</b>	<b>7,573,248</b>	<b>7,837,843</b>

## 17. Accommodation expenses

Accommodation expenses	2022 AWG	2021 AWG
Utility expenses	2,329,298	2,108,973
Maintenance expenses	1,074,511	882,742
Security expenses	354,366	385,733
Rental properties	328,664	305,664
Cleaning cost	247,990	241,896
Laundry expenses	217,671	217,543
Property insurance	159,678	157,302
Land tax and ground lease expense	15,055	15,055
Other accommodation expenses	146,090	36,007
<b>Total accommodation expenses</b>	<b>4,873,323</b>	<b>4,350,915</b>

The maintenance expenses in 2022 were AWG 1,074,511 (2021: AWG 882,742). This substantial increase is related to a new service level agreement as of

June 30, 2022 for equipment at Radiology and Radiotherapy department. The maintenance hereof were previously within the warranty period.

## 18. Office expenses

Office expenses	2022 AWG	2021 AWG
Computer expenses	727,438	686,251
Telephone cost	214,029	233,465
Rent office furniture	86,276	33,110
Office supplies	24,331	23,965
Other office expenses	27,455	27,371
<b>Total office expenses</b>	<b>1,079,529</b>	<b>1,004,162</b>

## 19. Vehicle expenses

Vehicle expenses	2022 AWG	2021 AWG
Fuel expenses	287,667	221,784
Repair and maintenance	224,541	215,505
Motor vehicle insurance	109,211	109,211
Motor vehicle taxes	11,750	11,750
Other vehicle expenses	25,400	26,137
<b>Total vehicle expenses</b>	<b>658,569</b>	<b>584,387</b>

## 20. General expenses

General expenses	2022 AWG	2021 AWG
Addition provision for doubtful debts	373,371	138,270
Legal, consultancy and accountants fees	323,748	403,354
Printing, postage and freight expenses	232,865	273,397
Travel and accommodation expenses	160,747	198,441
Communication devices	124,022	122,465
Bank service charges	118,407	128,223
Temporary physicians	102,474	161,719
General expenses	562,584	166,647
Extraordinary (income) / expenses	96,637	130,551
Event expenses	82,665	13,778
Remuneration supervisory board	26,700	21,700
Cash and foreign exchange rate differences	24,936	(431)
Prior year adjustment	24,159	-
Marketing expenses	9,668	10,046
Representation expenses	7,005	7,912
Other general expenses	80,084	134,520
<b>Total general expenses</b>	<b>2,350,072</b>	<b>1,910,592</b>

The general expenses in 2022 were AWG 562,584 (2021: AWG 166,647). This increase is mainly related to the additional costs as a result of the fire which took place in June 2022 at the surgery department.



## 21. Amortization and depreciation

Amortization and depreciation	2022 AWG	2021 AWG
Buildings	1,294,558	1,288,872
Medical equipment and other operating assets	2,826,057	2,778,122
Vehicles	37,629	78,939
Intangible assets	65,870	185,826
<b>Total amortization and depreciation</b>	<b>4,224,114</b>	<b>4,331,759</b>

## 22. Financial income and expenses

Financial income and expenses	2022 AWG	2021 AWG
Interest expenses bank loans	3,227,284	3,119,460
Interest expenses loan Land Aruba	706,488	690,834
Subsidy on interest expense Land Aruba	(256,488)	(240,834)
Transaction costs loan National Investment Bank N.V.	129,748	129,748
Other expenses	(28,053)	18,848
<b>Total financial income and expenses</b>	<b>3,778,979</b>	<b>3,718,056</b>

## 23. 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 that were not in the normal course of operations.

In 2022, the amount granted to healthcare net benefits from AZV to ImSan was AWG 51,651,033 (2021: 49,026,915). This amount is divided as follows:

- Approved net budget for the amount of AWG 47,722,500 related to operational expenses;
- An additional net budget for the amount of AWG 378,000 for Strabismus project;
- An additional net budget for the amount of AWG 756,000 for the third shift for Dialysis;
- An additional net budget for the amount of AWG 680,400 to distribute amongst the different cares rendered;
- An additional net budget for the amount of AWG 571,725 for agreements related to the Retina specialist;
- An additional net budget in the amount of AWG 1,299,375 to work towards lowering the waiting list of certain care and
- An additional net amount of AWG 243,033 related to the dispensation of the 5-wave model deduction for the month December 2022.

In 2022, ImSan received an amount from the AZV of AWG 1,699,000 for two projects that will be conducted in 2023. These amounts are presented under the "Deferred operating subsidy and contribution AZV" as per 31 December 2022. Refer to note 13.

The amounts received but not yet allocated for the projects are divided as follows:

- Approved net amount of AWG 1,529,000 regarding an 18-month project for a second Retina Specialist to decrease the waiting list of ophthalmic patients and
- Approved net amount of AWG 170,000 regarding a 24-month project on screening of diabetic retinopathy for diabetic patients in order to reduce the patient waiting list at the ophthalmic department.

In December 2022, ImSan received a letter from the AZV stating a commitment for the amount of AWG 1,651,450 for investments to be realized in 2023 in the following departments: Dialyses, Ambulance, Radiotherapy and IT. These amounts are scheduled to be received in 2023.

As of December 31, 2022, the total receivables from AZV amount to AWG 4,404,028 (2021: AWG 5,377,823). This amount relates to healthcare contribution. Refer to note 5.

The total payables to related parties amounted to AWG 21,427,363 (2021: AWG 21,427,363). Refer to note 10 and note 11.

## 24. Remuneration of supervisory board members

The remuneration recorded by the entity for supervisory board members amounted to AWG 26,700 in 2022 (2021: AWG 21,700).

### 25. Landsverordening Normering Topinkomens accountability

The Government of Aruba introduced the State Ordinance Landsverordening Normering Topinkomens (LNT) effective 1 August 2022. Imsan, being an entity that has been established by State Ordinance Landsverordening Instelling Instituto Medico San Nicolas, is required to adhere to his new law. This law states that information required to be disclosed in the financial statements and audit procedures to be performed by the auditor are to be stipulated in a State Decree. The State Decree has not been issued by the Government of Aruba per date of these financial statements. Consequently, Imsan cannot comply with article 7 of the State Ordinance. In accordance with the letter (MinFIC-23/2506) received from the Government of Aruba, Imsan must disclose this fact.

### 26. Subsequent events

There are no subsequent events to disclose.

### Other information

#### Result appropriation

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

# Independent auditor’s report

Auditor’s report

## Independent auditor's report

To: management and the Board of Supervisory Directors of Instituto Medico San Nicolas

### Report on the audit of the financial statements

#### Opinion

We have audited the accompanying financial statements of Instituto Medico San Nicolas, which comprise the balance sheet as at December 31, 2022, and the income statement and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Entity as at December 31, 2022, and of its result and its cash flows for the year then ended in accordance with accounting principles generally accepted in the Netherlands.

#### Basis for opinion

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

#### Other information included in the Entity's 2022 Annual Report

Other information consists of the information included in the Annual Report, other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of management and those charged with governance for the financial statements

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

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



The Board of Supervisory Directors are responsible for overseeing the Entity's financial reporting process.

**Auditor's responsibilities for the audit of the financial statements**

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

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

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

We communicate with management and the Board of Supervisory Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Oranjestad, March 31, 2023  
11937723 018/gdc/vg  
Ernst & Young Accountants

(Sgd.) Garrick de Cuba, MSc, RA

## Supplementary information

### Break-down of operating expenses per department (Un-audited)

Operating expenses per department	2022		2021	
	AWG	% of total	AWG	% of total
<b>Healthcare expenses</b>				
Dialysis center	10,849,033	20.0%	10,675,034	20.7%
Ambulance care	8,031,391	14.8%	8,157,283	15.8%
Surgery center	7,862,581	14.5%	6,834,971	13.2%
Ophthalmic outpatient training	6,286,383	11.6%	5,846,321	11.3%
Emergency department	5,307,630	9.8%	5,069,742	9.8%
Radiotherapy	2,826,737	5.2%	2,437,504	4.7%
Diabetic center	2,216,260	4.1%	2,195,374	4.3%
General practitioner training	2,176,145	4.0%	1,476,792	2.9%
Radiology	2,040,079	3.8%	2,040,864	4.0%
Medical surgical unit	1,369,414	2.5%	1,318,687	2.6%
Training center	734,550	1.4%	761,788	1.5%
Sterilization center	419,262	0.8%	490,051	0.9%
<b>Healthcare expenses</b>	<b>50,119,465</b>	<b>92.2%</b>	<b>47,304,411</b>	<b>91.6%</b>
Depreciation and amortization	4,224,114	7.8%	4,331,759	8.4%
<b>Other expenses</b>	<b>4,224,114</b>	<b>7.8%</b>	<b>4,331,759</b>	<b>8.4%</b>
<b>Operating expenses per department</b>	<b>54,343,579</b>	<b>100.0%</b>	<b>51,636,170</b>	<b>100.0%</b>