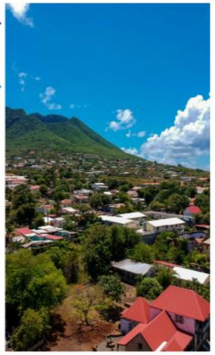
STATIA HOUSING FOUNDATION FINANCIAL REPORT 2024

Statia Housing Foundation

Financial Report & Financial Statements 2024



Providing quality social housing that allows families to thrive within society.

Mission and Vision

Our mission is providing quality social housing that allow families to thrive within society.

Since Social housing is a community concern, especially on a small island. Our vision is that we are reliable and approachable for tenants and future-tenants. We procure, build and manage affordable and sustainable homes for tenants who find it difficult to provide for their housing due to income or other circumstances. We are involved and dedicated to providing a home for our tenants in a pretty neighborhood. We're working together with our tenants, the public entity and other stakeholders.

Directors Message

In 2024, Statia Housing Foundation (SHF) became the execution partner for the renovations, and we were thrilled for this project. This achievement allowed us to reach the milestone of renovating 20 homes, as stated in the "Letter of Intent" (LOI). With this success, an evaluation was conducted, leading to the decision to extend renovations into 2025, with the goal of renovating an additional 20 homes.

By the end of 2024, the board expressed interest in transitioning to a "Raad van Toezicht" (RVT) model, which aligns more closely with the operations of social housing corporations in the Netherlands. This was a big step, as it signifies progress in governance. It also demonstrates our commitment to making meaningful changes for the betterment of the community, a moment I will always cherish being part of.

Another crucial step in maintaining the quality of the newly renovated homes is the development of a multi-year maintenance plan. This plan enables us to schedule necessary upkeep, preventing a return to previous conditions. We will have a clear timeline for painting, replacing windows and doors, updating kitchens, and more. Thanks to the verhuurdersubsidie, we can make this plan a reality. While some adjustments are still needed, we are certainly moving in the right direction. Additionally, discussions regarding solar panels led to the installation of solar panels on 19 homes in 2024. Each social home now benefits from four solar panels, generating savings of approximately $30 to $70 per month, which is a significant benefit for many residents.

Reflecting on 2024, we made some very big steps that will help us prepare for much larger ones in 2025. Much thanks to the involvement of all parties in order to make these developments possible.

Important Activities of the Entity

Incorporation

On January 24, 1985, Statia Housing Foundation was incorporated by the Island Territory under the Netherlands Antilles laws as a not-for-profit foundation.

Activities

The Foundation's primary purpose is to operate in the field of public housing on the island of St. Eustatius. In particular, the Foundation's task is to provide priority housing for locals who are not (or not sufficiently) financially able to acquire suitable housing on their own. According to the articles of Incorporation, the Foundation may attempt to achieve its objectives through various activities.

Governance within SHF

Good governance is essential for the effective functioning and sustainability of the housing foundation, ensuring accountability, transparency, and integrity in all operations. With the signing of the Letter of Intent (LOI) in 2022, SHF committed to applying the Governance Code, specifically adopting the AEDES Governance Code as its model for good governance. In 2024, significant progress was made in this area, reinforcing our dedication to uphold the highest standards in governance practices. This commitment not only enhances our organizational performance but also fosters trust and confidence among our stakeholders.

The following progress was made in the area of Good Governance:

- Management Regulation (2.3)
- Management reports (2.4)
- Implementation website SHF (2.4)
- Website has been updated (necessary to be able to work transparently)
- Complaints reports (2.7)
- Management is suitable for its task (3.1)
- Description & division tasks within BOARD (3.2)
- Remuneration STAFF/ BOARD (3.4)
- Evaluation rapport SHF staff
- Evaluation director (3.8)
- Conflicts of interest policy (3.6 & 3.7)
- Education (planning) personnel & BOARD (3.11)
- Assess procuration regulation & legal framework / Review statutes (3.12)
- Self-evaluation BOARD (3.13 to 3.16 & 3.24)
- Annual report (3.14)
- Recruitment and selection Board & Management (3.17)
- Retirement schedule BOARD (3.19 & 3.20)
- Introduction program BOARD (3.21)

- Board Member Policies: Benefits, Activities, and Appearances (3.24)
- Ancillary positions of the directors are mentioned in the annual report (3.26)
- Conflict of Interest Reporting and Regulation in Board Governance (3.27)
- Temporary Directorship Protocol and Board Resignation Procedure (3.29)
- Sub-committees to support supervision (3.30)
- Consulting Employees and Tenants for Public Housing Policy in regional Market (4.2)
- Meeting with organization tenants (4.3)
- Collaborative Public Housing Policy Implementation (4.4)
- Risk Management & Transparency in SHF Activities (5.1 & 5.3)
- Procurement policy (5.2)
- External Auditor Appointment and Oversight Policy (5.7 & 5.8 & 5.9 to 5.10)
- Assessment and Oversight of External Accountant (5.11)

Continuing with the agreements of the LOI, the SHF Board has also continued with an assigned advisor's guidance of the board towards transition to meet the requirements of "Raad van Toezicht" model. This year there were several meetings held with this advisor to discuss the current state of affairs and the way SHF will work on improving governance. One of the main topics was the preparation of the new statutes.

The Supervisory Board

The supervisory board has undergone several changes and elected Mr. E. Henriquez as chairman, formally assuming this position on January 1, 2024. He served in this role until the board received an objection letter from OLE on May 7, 2024, regarding Mr. Henriquez's presidency of the SHF board, which was deemed a conflict of interest due to his employment in the PPMO department at OLE. Mr. Henriquez was given until October 30 to resign either from the SHF board or from his position at OLE-PPMO. He has opted to resign from the SHF board.

Adopting Raad van Toezicht (Rvt) Model Board

The supervisory board has unanimously decided, as of October 22nd, 2024, to reduce the number of board members from the current composition of 5 to 7 members to a smaller group of 3 to 5 members. This decision is an important step in our journey towards obtaining the status of a Recognized Institution (Toegelaten Instelling). The decision of the Sint Eustatius Housing Foundation to adopt the Raad van Toezicht (RvT) model board offers several significant benefits:

1. Enhanced Oversight and Accountability: The RvT model provides a structured approach to governance, ensuring that there is specialized oversight of the foundation's strategy and policies. This enhances accountability by clearly delineating responsibilities between the RvT and the managing director.

2. Operational Efficiency: By delegating daily operational management to the executive director, the RvT can focus on higher-level strategic decisions and oversight. This alleviates operational pressures on board members, allowing them to concentrate on governance rather than day-to-day management.

3. Professional Guidance: The RvT brings professional oversight and advisory capabilities, enabling the foundation to benefit from diverse expertise and insights. This can lead to more informed decision-making and better strategic planning.

4. Transparency and Compliance: The structure of the RvT model encourages adherence to financial policies and regulatory compliance. This transparency fosters trust among stakeholders and enhances the foundation's reputation in the community.

5. Facilitated Strategic Consultation: The advisor role of the RvT allows for constructive collaboration with the managing director, ensuring that strategic decisions align with the foundation's mission and goals, ultimately promoting effective governance.

6. Flexibility for Stakeholder Engagement: With the managing director representing the foundation publicly, the RvT can maintain a focus on governance without being encumbered by the demands of external representation. This allows for more strategic engagement with stakeholders.

Overall, transitioning to the RvT model equips the Sint Eustatius Housing Foundation with a stronger governance framework that supports the foundation's growth, sustainability, and responsiveness to the needs of the community it serves.

Changes 2024:

- On September 24th Ms. Monica Smith was voted as new secretary general.
- On October 30th Mr. Elvin Henriquez has turned in his resignation as President and from the board.
- On October 29th Mrs. Andrenne Roulston was voted in as new President.
- On November 5th Mrs. Fjodorofma Santana-Redan was voted in as Treasurer.
- On December 2nd Ms. Suzette Hassel has turned in her resignation from the board.

Sub-committees

In 2024, the housing foundation established active subcommittees to enhance its operational effectiveness. The Finance Committee reviewed proposals from various accounting firms and provided recommendations on the best choice for our needs. Also, a technical / financial committee was assembled which could discuss The Openbaar Lichaam St. Eustatias (OLE)/SHF Renovation Contract in depth and draft an advice to the board.

Meanwhile, the HR Committee convened to evaluate and approve staffing decisions, assess contracts, conduct the director's performance evaluation, and facilitate the self-evaluation of the board. While the work processes for these committees, as outlined in section 3.30 of the governance overview, are still pending finalization, we aim to complete this drafting process in 2025 to further streamline committee operations and enhance governance.

Based on the Policy Agenda Social Housing and infrastructure, the SHF is taking steps to meet the assessment frameworks for the management and functioning of the Autoriteit Woningcorporaties, using the governance code of Aedes as a starting point.

- An inventory has been made of the current situation with insights into the actions needed in the coming years to increasingly comply with that governance code.
- A key step for 2024 is the establishment of a tenant representation.

In 2024 committees that have been formed are:

Composition of the Board	SUB- COMMITTEE'S		
Name	Function	Profession	Area of expertise
E.J. (Elvin) Henriquez	President	Civil Engineer	Construction Engineering Project Management
S.L. (Suzette) Hassell	Secretary General	Office Administrator	Administrator
A. (Andrenne) Roulston	Treasurer	Accountant	Finance General Business Consultant
M.E.L. (Monica) Smith	Member	Policy Advisor	Social Work Project Management Organizational Changes
F.A. (Fjodorofma) Santana-Redan	Member	Administration Finance Entrepreneur	Administration Finance Entrepreneur

Board Education & Training

In 2024, the board undertook a comprehensive review of its development and recognized the need for critical changes to meet the standards of a good governance supervisory board.
Our initial step involved engaging with our sister organization, Fundashon Cas Bonairanu in Bonaire, which has successfully implemented the Raad van Toezicht model.

A delegation comprising three board members and the managing director traveled to Bonaire, where they benefited from a valuable exchange of knowledge and experiences. This interaction left a significant impression on us and inspired the necessary changes that ensued. Looking ahead to 2025, we have scheduled training programs aimed at upgrading, professionalizing, and equipping the remaining board members to further advance our commitment to effective governance.

Complaint

Handling complaints effectively at the housing foundation is crucial for maintaining trust and accountability within the community it serves. The supervisory board's approach to resolving complaints reflect its commitment to upholding good governance principles, including transparency, fairness, and responsiveness. By addressing grievances promptly and thoroughly, the board not only fosters a positive relationship with stakeholders but also ensures continuous improvement in its services and operations, ultimately enhancing the foundation's reputation and effectiveness in meeting the housing needs of the community.

General accounting principles

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) for Small and Medium-sized Entities (SME).The financial statements have been prepared on the going concern basis following management's assessment at December 31, 2024, which assumed that the OLE will continue to subsidize the Foundation's operations through (a) a rent subsidy and (b) the granting of rent income from the OLE houses under management of the Foundation.

The Functional Currency

The functional and reporting currency of the Foundation is the United States Dollars

Condensed Statement of Financial Position as at 31 December 2024

Assets	2024	2023
	USD	USD
Fixed Assets	533,438	578,418
Renovation Loans	13,610	14,782
Inventory	1,255	35,866
Receivables	70,883	56,375
Cash and Cash Equivalent	928,422	355,944
Total Assets	**1,547,608**	**1,041,385**
Funds and Liabilities	2024	2023
	USD	USD
Foundation's Funds	1,350,378	967,932
Current Liabilities	197,230	73,453
Total equity and liabilities	**1,547,608**	**1,041,385**

Notes to the Balance Sheet as at 31 December 2024

Renovation Loans

Under the Foundation's renovation program, loans were granted to individuals for the renovation and upgrading of the dwellings in which they were living. Assistance was granted through direct monetary advances to clients, payment of labor and material and through technical guidance supplied by personnel of the Foundation.

During the period of renovation, the amounts borrowed were increased with a charge for interest at a fixed interest rate of 5% per annum. Interest was compounded monthly. The client was further charged a one-time fee for closing, guidance and supervision which was approximately 2% of the approved loan amount. Repayment of the loans commenced at the end of the renovation periods. At that time, contracted interest rates were charged on the outstanding balance of the loans. Interest rates applied during the repayment period, varied depending on the income level of the applicant at the time the loan was granted. Renovation loans were granted for periods of maximum 10 years.

A provision of 100% of the outstanding balance was made because all paperwork related to the loans and thus needed for collection, were lost in an office fire. In 2020 all unspecified balances were written-off while the provision was adjusted to cover only the loan balance not being paid off. In 2021 the Foundation eliminated all the unspecified balances against the provision.

Current Liabilities

The “Renovation Project” is presented under other payables and short-term liabilities. The “Payable Renovation Project” account reflects an agreement between OLE and SHF for the renovation of 90 social housing units. No balance was recorded in 2023, indicating that the related obligation arose during 2024.

SHF will carry out the renovation work on behalf of OLE, with the main objective of upgrading all or most of the social homes in St. Eustatius. The renovation will involve replacing windows and doors, tiles, sanitary installations, kitchens, and fences. The purpose of this agreement is to support the execution of these renovations during the years 2024, 2025, and 2026, to the satisfaction of all parties involved. The payable renovation project reflects the net amount of proceeds received from OLE less the expenses incurred in connection with the renovations throughout the year.

Foundation Funds

In 2012 the Openbaar Lichaam St. Eustatius ("OLE') donated 6,900m2 of land with six (6) dwellings thereon to the Foundation. The land and buildings were to be used for the purpose of the Foundation as established in the articles of incorporation. The properties were transferred by notarial deed at a fair market value of USD 648,500. The transfer taxes and fees for this transaction amounted to USD 37,900, which the Foundation paid. Based on the capital approach (IAS 20), the donated assets were credited to equity as additional foundation capital.

Financial Framework

The foundation applies several financial assessment frameworks to monitor and evaluate its financial position and long-term sustainability. These frameworks support the evaluation of the annual results, cash flow management, and multi-year budgeting process.

The following ratios are presented as key indicators of the foundation’s financial stability and performance.

No.	Ratios	2024	2023
1	Solvency Ratio	87%	93%
2	Liquidity Ratio (Current Ratio)	5.1	6.1
3	Return on Equity (ROE)	28.32%	20.13%
4	Return on Total Assets (ROA)	24.71%	18.71%
5	Operating Margin (OM)	45%	30%

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In 2024, the Statia Housing Foundation demonstrated strong financial health and operational efficiency across all key performance ratios. The solvency ratio of 87% reflects a solid financial foundation, showing that the majority of the foundation's assets are financed through its own reserves rather than external debt, ensuring long-term stability. Liquidity remains exceptionally strong with a current ratio of 5.1, indicating that the organization is more than capable of meeting its short-term obligations and maintaining smooth operations. The return on equity (28.32%) and return on total assets (24.71%) both improved significantly compared to 2023, highlighting more effective use of resources and enhanced financial efficiency in generating surplus from available assets and reserves. Additionally, the operating margin increased to 45%, signaling stronger cost control and a substantial improvement in the foundation's ability to generate surplus from its core activities. Overall, these results emphasize that the foundation is not only financially resilient but is also managing its resources strategically to support sustainable growth and continued service to the community.

Cash Flow Statement for the year 2024

Category	Description	2024 (USD)	2023 (USD)
Operating Activities	Net cash generated from core operations	566,865	283,480
Investing Activities	Net cash used for acquisition or maintenance of assets	8,931	-39,373
Financing Activities	Net cash from borrowings and repayments	-3,318	3,271
Net Change in Cash	Overall increase in cash during the year	572,478	247,378
Closing Cash Balance	(Implied from Statement of Financial Position)	928,422	355,944

Cash Flow Analysis 2024

Unlike the annual accounting result, the cash flow statement provides a clearer and more objective view of SHF's financial development, as it reflects actual cash movements rather than accounting estimates or valuation effects. SHF's financial policy aims to ensure that operational income is sufficient to cover maintenance costs, ongoing investments, financing obligations, and other operating expenses.

In 2024, the total cash flow from operating activities amounted to $566,865, compared to $283,480 in 2023. This increase reflects improved operational performance and stronger cash generation from core activities. The positive operating cash flow indicates that the foundation is able to meet its short-term obligations from its own operations without relying on external financing.

Cash flows from investment activities showed a net inflow of $8,931 in 2024, compared to an outflow of $39,373 in 2023. This improvement is mainly attributable to a lower level of capital expenditure combined with adjustments to accumulated depreciation.

Financing activities resulted in a small net outflow of $3,318, compared to an inflow of $3,271 in 2023, primarily reflecting changes in payables to credit institutions. Overall, the total increase in cash and cash equivalents amounted to $572,478 (2023: $247,378), showing a significant improvement in liquidity.

The foundation's operational cash flow remains sufficient to meet payment and repayment obligations. The overall positive cash position strengthens financial resilience and supports the continued execution of maintenance, renovation, and other strategic projects.

Condensed Statement of Activities & Other Comprehensive Income for the year 2024

	2024		2023
	USD		USD
Net turnover	854,016		649,264
Other operating income	37,864		45,054
Gross margin (after other income)	**891,880**		**693,674**
Total Operating Expenses	**509,434**		**496,358**
Operating result	**382,446**		**197,316**

Notes to the Statement of Activities & Other Comprehensive Income for the year 2024

<u>Management fee</u>

The Foundation had 111 houses under management in 2024 (2023: 111), for which rent was charged and collected monthly. Three (3) of the houses are owned by Bazalt Wonen. The rent charged is kept in a current account for them while the Foundation charges them USD 250 per house, per month in management fee.

<u>Late fee</u>

As per January 1, 2021, the Foundation started collection USD 10.00 p/month per invoice in late fees in an effort to encourage better payment behavior.

<u>Other income</u>

Under other income the income from inventory sale is recorded. In 2022 the Foundation had an increase of this income because of the sale of tiles initially purchased for the pilot renovation project.