

Statia Housing Foundation

at St. Eustatius

Report on the annual accounts 2023

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1.1 ANNUAL REPORT STATIA HOUSING FOUNDATION

Director's message (looking back on 2023)

The year 2023 marked a significant period for Statia Housing Foundation (SHF) on various fronts. By introducing Verhuursubsidy regulations, we could offer affordable rent prices to our tenants based on their household income, without compromising SHF's revenue.

In addition, 2023 was pivotal as we focused on enhancing our organization through the implementation of crucial corporate governance measures. It also marked the inaugural year of adjusting rents in line with the regulations.

Reflecting on the year, we dedicated ourselves to enhancing living conditions for both current and future tenants. Collaboration among the Board, Staff, OLE, and BZK was vital in contributing to a better Statia.

Jacquil Pandt
Director

The homes that we manage:

Statia Housing Foundation manages all social housing on St. Eustatius, but only owns a limited portion of the homes.

| Location | Number of homes | Owner |
|---|------------------------|--------------|
| Golden Rock | 77 | OLE |
| Lodi (5 sinds Januari 2023 en 8 sinds Oktober 2023) | 13 | OLE |
| Road to English Quarter 2 | 1 | OLE |
| Chapel Piece Road | 1 | OLE |
| Beatrix Road | 1 | RVG |
| Golden Rock | 3 | Bazalt |
| Lodi | 12 | SHF |
| Golden Rock | 2 | SHF |
| Totaal | 110 | |

Since January 1, 2023, SHF has taken on the management of five assisted living homes for seniors (Viola Van Zanten complex). These homes underwent a comprehensive technical inspection. The new building in Lodi, featuring eight apartments and one care unit, will be operational from October 2023. Although the new building has been completed and put into use, there are still some outstanding delivery points to be addressed by the year's end.

Moreover, one house on Chapel piece Road was deemed uninhabitable due to an unstable roof structure. The house has been vacant since October 1, pending a decision from OLE on its future. A structural inspection confirmed that renovating the house would incur significant costs. Given the location and the presence of a derelict house (OLE property) in the vicinity for many years, it is logical to consider demolishing these houses for new construction. Approximately four to six homes, possibly for the elderly, could be constructed at this site.

The substandard maintenance was primarily a result of inadequate past subsidies, leaving insufficient funds for upkeep. The signing of the LOI has provided a subsidy to renovate 20 homes. In 2022, SHF renovated six homes. OLE initially agreed to take up the renovation of the homes without a solid rationale. However, this approach lacked energy, resulting in only two homes being renovated by the end of 2023 (completed by late January 2024).

Limited maintenance was conducted on the remaining homes in 2023, as planned maintenance was deemed impractical in light of the upcoming renovations.

In 2023, six homes remained (partly) vacant awaiting renovation. Two homes in Lodi and one in Golden Rock were vacant throughout the year. Three homes became available in October 2023 as residents moved to the new building in Lodi. One of these homes was declared uninhabitable. A home in Golden Rock will serve as temporary housing post-renovation, while a home in Lodi will be rented to a regular tenant after renovation.

Registrations and home seekers

In 2023, the waiting list will undergo cleaning and updating starting in September. About 100 interviews were conducted, resulting in a list of 85 candidates divided into two groups: High Priority and Priority. The High Priority households are considered urgent, while the rest are in urgent need of housing due to challenges affording high private sector rents. Roughly 35% of home seekers are classified as High Priority, with over 70% having a household income below 1.5 WML. These households often consist of around 3 to 4 people, primarily families with children (78%), with only a small percentage being large families (5 or more members). Registration is open from the age of 18. After the 2023 update, around 18 households were removed from the list. Moving forward in 2023, there will be a stronger emphasis on maintaining this list, including regular interviews with households, especially those on the High Priority list, to ensure the data remains current.

A points system will start in 2024. The further details of this still need to be discussed with the OLE, in order to jointly determine which rules will be adhered to enable a fair housing allocation.

| Bracket | Housholdincome 2023 | # | % | household composition | # | % |
|----------------|-----------------------|----|------|-----------------------------|----|------|
| <1x WML | \$0 - \$ 17.352 | 32 | 38% | Single parent with children | 48 | 56% |
| 1- 1,5x WML | \$ 17.353 - \$ 26.028 | 29 | 34% | Couple with Children | 19 | 22% |
| 1,5 - 2,0x WML | \$ 26.029 - \$ 34.704 | 12 | 14% | Senior citizen | 6 | 7% |
| > 2,0x WML | > \$ 34.704 | 12 | 14% | Other | 12 | 14% |
| | | 85 | 100% | | 85 | 100% |

| # household | # | % | Age cohort | # | % |
|-------------|----|------|---------------|----|------|
| 1 | 13 | 15% | From 18 - 25 | 12 | 14% |
| 2 | 25 | 29% | From 26 - 35 | 25 | 29% |
| 3 to 4 | 43 | 51% | From 36 - 60 | 38 | 45% |
| 5 or more | 4 | 5% | Older than 61 | 10 | 12% |
| | 85 | 100% | | 85 | 100% |

In Lodi, 8 apartments are set to be completed in 2023. Out of these, 4 households from the waiting list have been assigned homes, while 3 homes have been allocated to "transfer users" who have previously rented from SHF. Unfortunately, a specially adapted wheelchair-accessible home remains vacant due to the absence of a rental contract. Alongside the 8 homes, there is a "care unit" for the caregivers of the disabled household to stay overnight if needed. As of October, this facility has not been utilized since the adapted home has not been rented yet.

Rental policy

In 2023, SHF received its first landlord subsidy (VHS), following the Rent Commission, Rent Price Regulation, and Rental Subsidy Regulation adopted by the Island Council in November 2022. This led to rent increases being regulated in 2023. Tenants were briefed on the maximum rent per home and how rent is determined based on household income, using income data provided. Currently, there is no information sharing with the tax authorities on St. Eustatius.

For all properties, the maximum rent was calculated as per the Island Council's regulations from November 2022. The July 1 rent increase was based on the 7.7% inflation rate determined by CBS for 2023. Most tenants' contract rent, typically from an old contract with a maximum of \$279, was increased by inflation + 5%. Due to high inflation, an additional increase was capped at 2.5% after consulting the Ministry of the Interior and Kingdom Relations, raising most tenants' contract rent to \$307. New contracts, like those in Lodi, immediately follow the maximum rent calculation based on points and point price.

| Bracket | Housholdincome 2023 | # | % | AVG Cohort |
|----------------|----------------------------|----------|----------|-------------------|
| <1x WML | \$0 - \$ 17.352 | 41 | 46% | 13.622 |
| 1- 1,5x WML | \$ 17.353 - \$ 26.028 | 24 | 27% | 20.568 |
| 1,5 - 2,0x WML | \$ 26.029 - \$ 34.704 | 15 | 17% | 30.416 |
| > 2,0x WML | > \$ 34.704 | 9 | 10% | 54.727 |
| | | 89 | | |

Once the maximum rent per tenant is established, the tenant's rent is calculated based on the rental income table. Low-income households receive a discount on the agreed rent. Out of the 97 homes where the rent was adjusted, 89 households accepted the new terms. The remaining households failed to provide accurate income information on time and had to pay the maximum rent. Among the 89 households that accepted the new rent, approximately 90% have a household income of up to 2.0 WML. Refer to the table below for detailed information on the changes in rent following each rent increase date.

| Rent | 30-jun | 1-jul |
|---------------|---------------|--------------|
| <= \$ 112 | 51 | 18 |
| \$113-\$154 | 11 | 10 |
| \$155-\$223 | 12 | 10 |
| \$223 - \$279 | 19 | 17 |
| \$280-\$307 | 1 | 39 |
| >\$307 | 1 | 1 |
| Total | 95 | 95 |

New Homes and Renovation

In October 2023, management took over 8 apartments in the Yellow Lodi building, which were constructed and owned by OLE. Following SHF's renovation and renting out of 6 apartments in 2022, OLE took charge of the renovation process. A project leader for the renovations has been assigned, and most of the materials for renovating the initial 12 homes in Lodi have been ordered and received. The renovation work on the first two homes began in mid-November but was not completed by the end of the year. Ongoing discussions with OLE aim to align the renovation process with the original agreement outlined in the Letter of Intent.

Description of financial results & financial continuity

SHF maintains a fairly strong financial position, with \$108,000 in cash at the end of 2022 and \$ 355.000 by the end of 2023. The improved financial standing is primarily attributed to receiving VHS-subsidies.

In 2022, there was a negative annual result of - \$46.000. The result for 2023 is \$217.000 (positive).

In 2023, increased salary costs were incurred due to hiring a social worker in July to manage various tasks related to resident support and property renovations. While no loans were taken, provisions were set aside for future maintenance in 2023. The financial statements for 2023, prepared by BDO Accountants from Sint Maarten, reveal positive results, turnover, balance sheet total, and shareholders' equity, along with discussions held with the treasurer and Accountant in April 2024.

The primary risk for SHF is maintaining the habitability of its properties, which has been challenging due to limited financial resources. Renovations will mitigate this risk, emphasizing the need for ongoing maintenance both inside and outside the homes. Regular inspections are crucial for ensuring proper use and profitability.

Additionally, SHF faces typical operational risks such as unexpected maintenance costs and late tenant payments, despite maintaining a relatively stable turnover. Cash flow variations usually stem from necessary maintenance expenses.

Governance within SHF

With the signing of the LOI in 2022, SHF has committed to applying the Governance code. The AEDES Governance code was chosen as the model for Good Governance. The following progress has been made in the field of Good Governance in 2023:

- Website has gone live (necessary to work transparently)
- Whistleblower scheme introduced and published on website (1.4)
- Integrity scheme introduced and published on the website (1.4)
- Strategic plan / Multi-year policy plan drawn up and published on the website (2.1)
- Pay attention in annual report to continuity and effectiveness published on website (2.4)
- Indicate in annual report whether there are any complaints against SHF (2.7)
- The board draws up a schedule of resignation and publishes it on the website (3.19)
- Additional functions of the directors are stated in the annual report (3.26)

Within the agreements of the LOI, room has been made for guidance of the board in this governance transition, because OLE has made an advisor available. Two sessions were held with this advisor to discuss the current status and the path in which SHF will work to improve governance. The appendix (Jacquil: or better: place it on the website) to this annual report shows which parts of the AEDES Governance Code will be worked on in the coming years.

The Supervisory Board

The board has undergone a change in the form of a departed member (Leonieke Zuidam) as of April 30, 2023 and a new member (Elvin Henriquez) as of August 1, 2023. The departure of Mrs. Zuidam created a vacancy on the board. A vacancy was published via Facebook (?), to which 3 candidates responded. Of these, 3 candidates came for an interview. The focus was mainly on the competence of the people. Due to the departure of Mrs. Zuidam, for a balanced composition of the board, there was a need for knowledge about real estate. For more diversity, preference would be given to a man for equal suitability (because the other members of the board are women). Ultimately, the choice fell on Mr Hendriquez. The board was unanimous.

In addition, Mrs. Fjodorofma Redan indicated that she would no longer be available as chair at the end of 2023, but as a regular member. Because, in accordance with the articles of association, the chairman must be elected from the members of the board, we examined which board member had the ambition to become chairman. These ultimately turned out to be 2 members. At the meeting of November 2023, a chairman was elected by the other 3 members, in the person of Mr. E. Hendriquez. He will formally take up this position on January 1, 2024.

The retirement schedule of the board is as follows

| Composition of the Board | | | | | | |
|--------------------------|-------------------|-----------------|----------------------|---------------------|----------------------|-------------------------|
| Name | Function | Appointed start | 1st Appointment ends | 2nd Appointed start | 2nd Appointment ends | Member of commission(s) |
| Sjudie | President | nov-19 | dec-23 | jan-24 | | |
| Andrenne | Treasurer | feb-23 | | | | Finance |
| Suzette | Secretary General | mei-20 | | | | HR |
| Elvin | Member | aug-23 | dec-23 | jan-24 | | Technical |
| Monica | Member | feb-23 | | | | Social |
| Leonike | | | | | | |

In the context of Governance, it was decided in 2023 to work with the following committees from 2024: Finance, HR, Technical and Social. Members of the board and employees of SHF are involved in such committees

| Composition of the Board | | | | | |
|--------------------------|-------------|-------------------|--------------------------|-------------------------|---|
| Name | Age in 2023 | Function | Profession | Additional funtions | Area of expertise |
| Sjudie | 36 | President | Adm/Finance/Entrepreneur | | Entrepreneurship/Finance/Admin |
| Andrenne | 43 | Treasurer | Accountant | | Finance/General Business Consultation |
| Suzette | 40 | Secretary General | Office Administrator | | Administrator |
| Elvin | 58 | Member | Civil Engineer | President SSFF | Construction Engineering & Project Management |
| Monica | 40 | Member | Pedi. Advisor | Nipa teacher (finished) | Social Work |

It is important for a board to be able to properly understand and manage all facets of a social housing association. To this end, it is important that the board has a balanced composition across the various knowledge areas. In addition, it is important that board members continuously develop and broaden their knowledge, the so-called permanent education.

| Composition of the Board | | |
|--------------------------|---------------------------|----------------------------|
| Name | Function | Education/training in 2023 |
| Sjudie | President | |
| Andrenne | Treasurer | |
| Suzette | Secretary General | |
| Elvin | Member | |
| Monica | Member | |
| Leonike | Member (until April 2023) | |

Unfortunately no trainings were done by board members in 2023.

In the context of governance and transparency, it is also mandatory to report the remuneration of the board members.

| Composition of the Board | | | |
|--------------------------|-------------------|------------------------|-----------------------------|
| Name | Function | Allowance (Year) in \$ | Extra information |
| Sjudie | President | 6.600 | Until December 2023 |
| Andrenne | Treasurer | 4.800 | Appointed February 2023 |
| Suzette | Secretary General | 4.800 | |
| Elvin | member | 1.750 | President from January 2024 |
| Monica | member | 4.200 | Appointed February 2023 |
| Leonike | member | 1.400 | resigned April 2023 |

No complaints about the organization (SHF) were reported to the board in 2023.

Minutes and decisions

The minutes and the list of decisions are drawn up by the secretary for each meeting. The following topics were discussed within the board in 2023:

- Translate articles of association into English
- Use of company car by director
- Director's financial authority
- Integrity code and whistleblower scheme
- Board and management training
- Possible purchase of 3 homes from Bazalt Wonen
- State of maintenance office

The following decisions were taken by the board in 2023:

- Decision to appoint Mrs. Zuidam should no longer be part of the board
- Appointing E. Hendriquez as member as of August 1 and as chairman as of January 1, 2024
- Selecting Hoeve & Rogers as legal advisor
- Decision to implement rent increases as of July 1, 2023
- Determining the financial annual result for 2022 as of May 17, 2023
- Approving the 2023 budget as of May 17, 2023
- Appointment of social worker as of July 1, 2023
- Change of law firm that works for SHF
- Approving the strategic plan for SHF by August 2023
- Approving the budget for 2024 as of December 2023

In 2023 there has been only one official meeting with OLE. Main topic was the renovation of the homes, but also the importance of governance for SHF.

Statia Housing Foundation

ref: R24.016/md/PL

1.1 ACCOUNTANT'S COMPILATION REPORT

The 2023 financial statements Statia Housing Foundation have been compiled by us using the information provided by you. The financial statements comprise the statement of financial position as at 31 December 2023 and the statement of profit and loss and other comprehensive income for the year then ended with the accompanying explanatory notes. These notes include a summary of the accounting policies which have been applied.

This compilation engagement has been performed by us in accordance with Dutch Standard 4410 for "Compilation engagements", which is applicable to accountants. The standard requires us to assist you with the preparation and presentation of the financial statements in accordance with International Financial Reporting Standards for Small and Medium-sized Entities (IFRS and SME). To this end we have applied our professional expertise in the fields of accounting and financial reporting.

In a compilation engagement, you are responsible for ensuring that the information you give us is correct and that you provide us with all relevant information. Therefore, we have conducted our work in accordance with the applicable regulations and on the assumption that you have fulfilled your responsibility. To conclude our work, we have read the financial statements as a whole and are satisfied that they present a picture in line with our broad understanding of Statia Housing Foundation. We have not performed any audit or review procedures which enable us to express an opinion or a conclusion as to the fair presentation of the financial statements.

During this engagement we have complied with the relevant ethical requirements prescribed by the 'Verordening Gedrags- en Beroepsregels Accountants' (VGBA). You and other users of these financial statements may therefore assume that we have conducted the engagement in a professional, competent and objective manner and with due care and integrity and that we will treat all information provided to us as confidential.

Philipsburg, 22 May 2024

BDO St. Maarten B.V.

P. C. Lungu FCCA

2. FINANCIAL STATEMENTS

Statia Housing Foundation, St. Eustatius

2.1 STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

| | | <u>31 December 2023</u> | <u>31 December 2022</u> |
|--------------------------------------|----------|-------------------------|-------------------------|
| | | \$ | \$ |
| ASSETS | | | |
| Fixed assets | | | |
| Property, plant and equipment | <i>1</i> | | |
| Land and buildings | | 526,742 | 535,214 |
| Machinery | | 5,409 | 2,523 |
| Furniture, fixtures and fittings | | 23,207 | 1,794 |
| Vehicles | | <u>23,060</u> | <u>38,433</u> |
| | | 578,418 | 577,964 |
| Renovation loans | <i>2</i> | 14,782 | 15,954 |
| Current assets | | | |
| Inventory | <i>3</i> | 35,866 | 33,865 |
| Receivables | | | |
| Accounts receivable | <i>4</i> | 45,555 | 37,497 |
| Other receivables and current assets | <i>5</i> | <u>10,820</u> | <u>57,069</u> |
| | | 56,375 | 94,566 |
| Cash and cash equivalents | <i>6</i> | 355,944 | 108,566 |
| Total assets | | <u><u>1,041,385</u></u> | <u><u>830,915</u></u> |

Statia Housing Foundation, St. Eustatius

| | <u>31 December 2023</u> | | <u>31 December 2022</u> | |
|---|-------------------------|-------------------------|-------------------------|-----------------------|
| | \$ | \$ | \$ | \$ |
| EQUITY AND LIABILITIES | | | | |
| Foundation's funds | | | | |
| Foundation capital | | 56 | | 56 |
| Additional capital | | 648,500 | | 648,500 |
| Retained funds | | 124,500 | | 170,609 |
| Result for the year | | <u>194,876</u> | | <u>(46,111)</u> |
| | | 967,932 | | 773,054 |
| Current liabilities | | | | |
| Payables to banks | 7 | 3,558 | | 287 |
| Trade payables | 8 | 25,557 | | 23,826 |
| Taxes and social security contributions | 9 | 22,558 | | 14,983 |
| Other payables and short term liabilities | 10 | <u>21,780</u> | | <u>18,765</u> |
| | | 73,453 | | 57,861 |
| | | | | |
| Total equity and liabilities | | <u><u>1,041,385</u></u> | | <u><u>830,915</u></u> |

Statia Housing Foundation, St. Eustatius

2.2 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR 2023

| | | 2023 | 2022 |
|-----------------------------------|----|-----------------------|------------------------|
| | | \$ | \$ |
| Net turnover | 11 | 649,264 | 392,124 |
| Cost of sales | 12 | <u>(644)</u> | <u>(4,285)</u> |
| Gross margin | | 648,620 | 387,839 |
| Other operating income | 13 | <u>45,054</u> | <u>-</u> |
| Gross margin | | 693,674 | 387,839 |
| Salaries and wages | 14 | 247,374 | 270,875 |
| Depreciation | | 38,919 | 36,523 |
| Housing expenses | 15 | 16,044 | 9,808 |
| Direct cost of operating property | 16 | 94,161 | 58,644 |
| General expenses | 17 | <u>99,860</u> | <u>66,657</u> |
| Total of sum of expenses | | <u>496,358</u> | <u>442,507</u> |
| Total of operating result | | 197,316 | (54,668) |
| Financial income and expense | 18 | <u>(2,440)</u> | <u>(819)</u> |
| | | 194,876 | (55,487) |
| Gain on sale fixed assets | 19 | <u>-</u> | <u>9,376</u> |
| Total of result after tax | | <u><u>194,876</u></u> | <u><u>(46,111)</u></u> |

Statia Housing Foundation, St. Eustatius

2.3 CASH FLOW STATEMENT FOR THE YEAR 2023

| | | 2023 | 2022 |
|--|------|----------------|-----------------|
| | | \$ | \$ |
| Total of cash flows from (used in) operating activities | | | |
| Operating result | | 197,316 | (46,110) |
| <i>Adjustments for</i> | | | |
| Depreciation | 1 | 38,919 | 36,523 |
| Renovations loans | 2 | <u>1,172</u> | <u>1,171</u> |
| | | 40,091 | 37,694 |
| <i>Changes in working capital</i> | | | |
| Decrease (increase) in inventories | 3 | (2,001) | 32,703 |
| Decrease (increase) in trade receivables | 4 | (8,058) | 17,182 |
| Decrease (increase) in other receivables | 5 | 46,249 | 7,442 |
| Increase (decrease) in other payables | 8-10 | <u>12,321</u> | <u>(38,666)</u> |
| | | <u>48,511</u> | <u>18,661</u> |
| Total of cash flows from (used in) operations | | 285,918 | 10,245 |
| Interest paid | | (2,438) | (819) |
| Gain on sale fixed assets | | <u>-</u> | <u>9,376</u> |
| | | <u>(2,438)</u> | <u>8,557</u> |
| Total of cash flows from (used in) operating activities | | 283,480 | 18,802 |
| Total of cash flows from (used in) investment activities | | | |
| Purchase of property, plant and equipment | 1 | (39,373) | (49,831) |
| Disposal of property and equipment | | <u>-</u> | <u>7,625</u> |
| Total of cash flows from (used in) investment activities | | (39,373) | (42,206) |
| Total of cash flows from (used in) financing activities | | | |
| Increase (decrease) in payables to credit institutions | | 3,271 | 287 |
| Net cash flow | | 247,378 | (23,117) |
| Exchange rate and translation differences on cash | | <u>-</u> | <u>(8,558)</u> |
| Total of increase (decrease) in cash and cash equivalents | | <u>247,378</u> | <u>(31,675)</u> |

Statia Housing Foundation, St. Eustatius

Movement in cash and cash equivalents

| | | | |
|--|---|-----------------------|-----------------------|
| Cash and cash equivalents at the beginning of the period | 6 | 108,566 | 140,240 |
| Increase (decrease) cash and cash equivalents | | <u>247,378</u> | <u>(31,674)</u> |
| Cash and cash equivalents at the end of the period | 6 | <u><u>355,944</u></u> | <u><u>108,566</u></u> |

2.4 STATEMENT OF CHANGES IN FOUNDATION FUNDS FOR THE YEAR 2023

| | Foundation capital | Additional capital | Retained funds | Total |
|---------------------------------|-----------------------|-----------------------|-------------------|----------------|
| Balance as at 1.1.2022 | 56 | 648,500 | 170,610 | 819,166 |
| Capital contribution | - | - | - | - |
| Net result for the year | - | - | (46,110) | (46,110) |
| Balance as at 31.12.2022 | 56 | 648,500 | 124,500 | 773,056 |
| Balance as at 1.1.2023 | 56 | 648,500 | 124,500 | 773,056 |
| Capital contribution | - | - | - | - |
| Net result for the year | - | - | 194,876 | 194,876 |
| Balance as at 31.12.2023 | 56 | 648,500 | 319,376 | 967,932 |

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 USO 648,500. The transfer taxes and fees for this transaction amounted to USO 37,900, which the Foundation paid. Based on the capital approach (IAS 20), the donated assets were credited to equity as additional foundation capital.

Statia Housing Foundation, St. Eustatius

2.5 NOTES TO THE FINANCIAL STATEMENTS

Entity information

Registered address and registration number trade register

The registered and actual address of Statia Housing Foundation is Golden Rock, in St. Eustatius. Statia Housing Foundation is registered at the Chamber of Commerce under number 449 (0).

General notes

The most important activities of the entity

Incorporation

On January 24, 1985, Statia Housing Foundation (the Foundation) was incorporated by the Island Territory under the Netherlands Antilles laws as a not for profit foundation. The Foundation was formed pursuant to the Legislative Council of St. Eustatius's decision dated January 23, 1985, number 3. On October 21, 2020, the articles of incorporation were amended to limit political influence on the 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, including:

- (a) Acquiring land;
- (b) Building, acquiring, encumbering, demolishing, and selling residential properties, dwellings, and other buildings;
- (c) Maintaining, improving, or making provisions for the real estate mentioned under (b);
- (d) Managing, allocating, and renting out the real estate mentioned under (b);
- (e) Performing other activities that benefit the enjoyment of living in a neighborhood or district;
- (f) Establishing housing for the elderly, disabled, and individuals that require care or guidance;
- (g) Contributing arrangements concerning housing, care, and services that promote independent living;
- (h) Granting mortgages;
- (i) Collaborating with other institutions and instances in the field of housing.

In executing these activities, the Foundation must take into consideration the public housing policies of the island of St. Eustatius.

General accounting principles

The accounting standards used to prepare the financial statements

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 historical cost basis. The historical cost is generally based on the fair value of the consideration given in exchange for assets. The principal accounting policies adopted are set out below. These have been applied consistently during the year.

The financial statements have been prepared on the going concern basis following management's assessment at December 31, 2023, 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.

Statia Housing Foundation, St. Eustatius

The differences and reasons that led to the revision of the classification and amounts compared to the previous year

The 2022 figures are, where necessary, reclassified for comparative reasons with the 2023 figures. The comparative figures are derived from the 2022 report prepared by the previous Accountant. These reclassifications have no effect on the reported net result of operations.

The functional currency

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

Statement of cash flows

The statement of cash flows, based on the indirect method of calculation, gives details of the sources of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS for SME requires management to make judgments, estimates, and assumptions that affect the application of policies and reported amounts of assets and liabilities, income, and expenses. The following are the critical judgments and estimates that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognized in these financial statements:

- Provision for doubtful debts (note 4)
- Useful life and residual value of assets (note 1)

The estimate and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting principles

Property, plant and equipment

Land, property, leasehold improvements, and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the assets.

Depreciation is charged so as to write off the costs of assets, other than land, over their estimated useful lives using the straight-line method on the following basis:

- Real-estate properties and improvements 10-40 years
- Office equipment and furniture 5 years

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in income.

Impairment of property, plant and equipment

At each balance sheet date, the Foundation reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Recoverable amount is the higher of fair value less costs to sell and value in use.

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If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Financial assets

Receivables recognized under financial fixed assets are initially valued at the fair value less transaction costs. These receivables are subsequently valued at amortized cost price, which is, in general, equal to the nominal value. For determining the value, any depreciation is taken into account.

Deferred tax assets are recognized for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognized insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

Deferred tax assets are valued at their nominal value.

Non-current assets

Renovation loans are recognized as financial assets on the date funds are disbursed to the clients or payments are made on behalf of clients for labor and materials. Interest income and fee income associated with these loans are recognized in accordance with the effective interest method. At initial recognition, renovation loans are measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset. Subsequently, these loans are measured at amortized cost using the effective interest rate method. This includes the capitalization of interest at a fixed rate of 5% per annum, compounded monthly until the end of the renovation period.

Inventories

Inventories are stated at the lower of cost and realizable value. Costs are assigned to inventories held on the first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and cost necessary to make the sale.

Trade receivables

Trade receivables are stated at their carrying value reduced by appropriate allowances for estimated irrecoverable amounts. The carrying value approximates fair market value.

Cash and cash equivalents

The statement of cash flows, based on the indirect method of calculation, gives details of the sources of cash and cash equivalents which became available during the year and the application of these cash and cash equivalents over the course of the year.

Current liabilities

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received taking into account premiums or discounts and minus transaction costs. This is usually the nominal value.

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Financial risk management

Credit risk

Credit risk arises from outstanding receivables. Bearing in mind that the Foundation is in the business of public housing, starting 2020, management strives to limit the risk and exposure by stringent collection policies and frequent review of the balances to prevent balances older than 60 days.

Foreign exchange risk

The Foundation does not operate internationally and is not exposed to foreign currency risk since all transactions are concluded in US dollars, the reporting currency of the Foundation and the Foundation currently holds no cash positions in foreign currencies.

Liquidity and capital risk management

Ultimate responsibility for liquidity risk management and to maintain a going concern rests with the Board. In order to ensure short, medium, and long-term funding and liquidity management has taken the following action as of 2020: (a) intensive collection efforts, (b) continuous monitoring of budget, and (c) negotiation for a subsidy based on a guaranteed rental income per house.

Accounting principles for determining the result

The result is the difference between the realizable value of the goods/services provided and the costs and other charges during the year. The results on transactions are recognized in the year in which they are realized.

Revenue recognition

Revenue from a contract to provide services is recognized immediately upon completion of the contract. Other income from services is recognized when services are rendered.

Rental contracts regarding government-owned properties under management of the Foundation are also recognized in the same manner since 1988 based on government's intent that the exploitation of these public houses are for account of the Foundation.

Since book-year 2000, the government subsidy is recognized in profit or loss on a systematic basis over the periods in which the Foundation recognizes as expenses the related costs which the subsidy is intended to compensate.

Government grants for the benefit of performing renovation on the social homes managed by the Foundation are treated as deferred income and released to the profit and loss account when the renovation work is executed and the renovation expenses are incurred.

Income tax expense

The Foundation is not liable for tax based on St. Eustatius tax laws.

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2.6 NOTES TO THE BALANCE SHEET AS AT 31 DECEMBER 2023

Fixed assets

1 Property, plant and equipment

Changes in tangible fixed assets are presented as follows:

| | <i>Land and buildings</i> | <i>Machinery</i> | <i>Furniture, fixtures and fittings</i> | <i>Vehicles</i> | <i>Other tangible fixed assets</i> | <i>Total</i> |
|--------------------------------------|-------------------------------|------------------|---|-----------------|--|----------------|
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance as at 1 January 2023 | | | | | | |
| Cost | 930,937 | 89,482 | 85,776 | 46,120 | 101,161 | 1,253,476 |
| Accumulated depreciation | (395,723) | (86,959) | (83,982) | (7,687) | (101,161) | (675,512) |
| Book value as at 1 January 2023 | <u>535,214</u> | <u>2,523</u> | <u>1,794</u> | <u>38,433</u> | <u>-</u> | <u>577,964</u> |
| Movements | | | | | | |
| Additions | 10,209 | 5,042 | 24,122 | - | - | 39,373 |
| Depreciation | (18,681) | (2,156) | (2,709) | (15,373) | - | (38,919) |
| Balance movements | <u>(8,472)</u> | <u>2,886</u> | <u>21,413</u> | <u>(15,373)</u> | <u>-</u> | <u>454</u> |
| Balance as at 31 December 2023 | | | | | | |
| Cost | 941,146 | 94,524 | 109,898 | 46,120 | 101,161 | 1,292,849 |
| Accumulated depreciation | (414,404) | (89,115) | (86,691) | (23,060) | (101,161) | (714,431) |
| Book value as at 31 December 2023 | <u>526,742</u> | <u>5,409</u> | <u>23,207</u> | <u>23,060</u> | <u>-</u> | <u>578,418</u> |

Depreciation is charged to write off the costs of assets over their estimated useful lives using the straight-line method on the following basis:

| | |
|---|-------------|
| Land | n/a |
| Real-estate properties and improvements | 10-40 years |
| Office equipment and furniture | 5 years |
| Computer and communication equipment | 3 years |
| Vehicles | 3 years |

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| | <u>31-12-2023</u> | <u>31-12-2022</u> |
|--|-------------------|-------------------|
| | \$ | \$ |
| 2 Renovation loans | | |
| Participations in affiliated companies | <u>14,782</u> | <u>15,954</u> |

Renovation loans

| | <i>Renovation loan</i> |
|--------------------------------|----------------------------|
| | \$ |
| Balance as at 1 January 2023 | |
| Principal value | <u>15,954</u> |
| Balance as at 1 January 2023 | <u>15,954</u> |
| Movements | |
| Repayment | <u>(1,172)</u> |
| Balance movements | <u>(1,172)</u> |
| Balance as at 31 December 2023 | |
| Principal value | <u>14,782</u> |
| Balance as at 31 December 2023 | <u>14,782</u> |

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.

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Current assets

| | <u>31-12-2023</u> | <u>31-12-2022</u> |
|-------------------------------|-------------------|-------------------|
| | \$ | \$ |
| 3 Inventory | | |
| Raw materials and consumables | <u>35,866</u> | <u>33,865</u> |

Receivables

| | <u>31-12-2023</u> | <u>31-12-2022</u> |
|------------------------------|-------------------|-------------------|
| | \$ | \$ |
| 4 Accounts receivable | | |
| Rent receivable | 139,329 | 124,027 |
| Provision for doubtful debts | <u>(93,774)</u> | <u>(86,530)</u> |
| | <u>45,555</u> | <u>37,497</u> |

Management performed a detailed review of all outstanding balances and eliminated all those that were considered 100% not collectible against provision.

The aging of the rent receivable is as follows:

| | | |
|---------------------------------|----------------|----------------|
| Current (between 1 and 90 days) | (21,391) | (5,473) |
| Backlog (older than 90 days) | <u>160,720</u> | <u>129,500</u> |
| Total | <u>139,329</u> | <u>124,027</u> |

5 Other receivables and accrued income

| | | |
|-----------------------------------|---------------|---------------|
| Other debtors | 10,529 | 56,781 |
| Taxes and social security charges | <u>291</u> | <u>288</u> |
| | <u>10,820</u> | <u>57,069</u> |

Statia Housing Foundation, St. Eustatius

| | <u>31-12-2023</u> | <u>31-12-2022</u> |
|---|-------------------|-------------------|
| | \$ | \$ |
| Other debtors | | |
| Advances to personnel | 5,658 | 5,673 |
| Current account Bazalt Wonen | 3,371 | 2,319 |
| Security deposit | 1,500 | - |
| Receivable from OLE | - | 48,789 |
| | <u>10,529</u> | <u>56,781</u> |
| Advances to personnel | | |
| Balance as at December 31 | 17,426 | 17,441 |
| Provision for doubtful debts | (11,768) | (11,768) |
| Total | <u>5,658</u> | <u>5,673</u> |
| All of the advances to personnel relates to people no longer employed by the Foundation; 68% of the advance to personnel balance has been provided for. | | |
| 6 Cash and cash equivalents | | |
| Windward Islands Bank (operating account) | 349,619 | 87,101 |
| Windward Islands Bank (tax account) | 5,535 | 20,535 |
| Windward Islands Bank (savings account) | 640 | 830 |
| Cash on hand | 150 | 100 |
| | <u>355,944</u> | <u>108,566</u> |
| Bank balances are all at free disposal of the Foundation. | | |
| Current liabilities | | |
| 7 Payables to banks | | |
| Credit card | <u>3,558</u> | <u>287</u> |
| 8 Trade payables | | |
| Trade creditors | <u>25,557</u> | <u>23,826</u> |
| 9 Taxes and social security contributions | | |
| Wage tax payable | 14,178 | 9,494 |
| Healthcare premiums payable | 7,314 | 4,790 |
| General premiums payable | 1,066 | 699 |
| | <u>22,558</u> | <u>14,983</u> |
| 10 Other payables and short term liabilities | | |
| Accrued expenses | 16,814 | 16,310 |
| Tenants deposits | 4,966 | 2,455 |
| | <u>21,780</u> | <u>18,765</u> |

Statia Housing Foundation, St. Eustatius

2.7 NOTES TO THE INCOME STATEMENT FOR THE YEAR 2023

| | <u>2023</u> | <u>2022</u> |
|---------------------------------------|----------------|----------------|
| | \$ | \$ |
| 11 Net turnover | | |
| OLE subsidy | 399,000 | 216,000 |
| Rent income | 213,645 | 156,576 |
| Government subsidy renovation project | 17,341 | - |
| Management fee | 9,000 | 7,000 |
| Other | 6,948 | 9,218 |
| Late fee | 3,330 | 3,330 |
| | <u>649,264</u> | <u>392,124</u> |

The Foundation had 111 houses under management in 2023 (2022: 98), 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.

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.

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

12 Cost of sales

| | | |
|---------------|------------|--------------|
| Cost of sales | <u>644</u> | <u>4,285</u> |
|---------------|------------|--------------|

13 Other operating income

| | | |
|-----------------------------------|---------------|----------|
| Client reimbursement expenditures | <u>45,054</u> | <u>-</u> |
|-----------------------------------|---------------|----------|

The client reimbursement expenditures consist of reimbursements received from Government for payments made by SHF on behalf of the Government.

14 Salaries and wages

| | | |
|---|----------------|----------------|
| Wages and salaries | 206,650 | 231,200 |
| Social security premiums and pension premiums | 31,050 | 36,604 |
| Other expenses of employee benefits | 9,674 | 3,071 |
| | <u>247,374</u> | <u>270,875</u> |

Wages and salaries

| | | |
|-----------------------------|----------------|----------------|
| Gross salaries | 157,356 | 180,472 |
| Board members' allowance | 25,609 | 22,725 |
| Bonus | 12,613 | 13,354 |
| Vacation allowance and days | 11,072 | 14,649 |
| | <u>206,650</u> | <u>231,200</u> |

The Foundation had 4 employees in 2023 (2022: 3) and 5 Board members.

Statia Housing Foundation, St. Eustatius

| | <u>2023</u> | <u>2022</u> |
|---|---------------|---------------|
| | \$ | \$ |
| Social security premiums and pension premiums | | |
| Healthcare | 20,622 | 23,875 |
| Pension fund | 7,432 | 9,260 |
| General premiums | 2,996 | 3,469 |
| | <u>31,050</u> | <u>36,604</u> |
| Other expenses of employee benefits | | |
| Study and training expenses | 6,467 | 416 |
| Other staff expenses | 3,207 | 2,655 |
| | <u>9,674</u> | <u>3,071</u> |
| 15 Housing expenses | | |
| Repair and maintenance | 10,411 | 4,345 |
| Utilities | 5,633 | 4,983 |
| Garbage collection | - | 480 |
| | <u>16,044</u> | <u>9,808</u> |
| 16 Direct cost of operating property | | |
| Repair and maintenance | 79,161 | 46,086 |
| Land lease | 15,000 | 12,558 |
| | <u>94,161</u> | <u>58,644</u> |
| <p>The land lease amount over 2022 represents the actual payments made in 2023 where the Foundation had to pay an additional USD 5,727 for the 2021 and USD 6,830 for 2022. The amount for 2023 is based on a estimate since no invoice was received.</p> | | |
| 17 General expenses | | |
| Professional fees | 40,205 | 36,679 |
| Business development | 18,877 | 7,430 |
| Postage and freight | 12,159 | 1,954 |
| Office supplies | 7,729 | 5,042 |
| Dotation to provision | 7,244 | - |
| Vehicle expenses | 3,151 | 3,698 |
| Advertising and promotion | 2,975 | 183 |
| Telephone and internet | 2,969 | 3,548 |
| Memberships and subscriptions | 1,966 | 3,840 |
| Bank (related) charges | 1,303 | 1,928 |
| Other | 1,282 | 948 |
| Fines and penalties | - | 1,407 |
| | <u>99,860</u> | <u>66,657</u> |

Statia Housing Foundation, St. Eustatius

| | <u>2023</u> | <u>2022</u> |
|--|----------------|--------------|
| | \$ | \$ |
| 18 Financial income and expense | | |
| Interest and similar expenses | <u>(2,440)</u> | <u>(819)</u> |
| Income tax expense | | |
| | <u>2023</u> | <u>2022</u> |
| | \$ | \$ |
| 19 Gain on sale fixed assets | | |
| Extraordinary income | <u>-</u> | <u>9,376</u> |