FCCA

Annual Report 2022

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Report of the Board of Supervisory Directors

REPORT OF THE BOARD OF SUPERVISORY DIRECTORS

For most of 2022 the Supervisory Board consisted of only three members instead of the preferred maximum of five members. This impacted particularly the activities of some of the standing committees of the Supervisory Board. Based on the Foundation's charter and detailed profiles, efforts were made to fill in the vacancies efficiently and responsibly.

2022 was the first full year of operation with a completely new Management Board which was fulfilled in 2021. In close consultation with the Supervisory Board a new Strategic Plan 2022-2026, *"Hunto nos ta logra"*, was drafted, discussed and approved.

Periodically the monthly reports of the Management Board were discussed, mainly in the presence of the Management Board, occasionally outside their presence.

During 2022, discussions were continued to strengthen the organization's governance, including proposals for adapting the Foundation's charter and Governance Code. Furthermore, in-depth analyses of processes, procedures and policies were conducted to enhance efficiency and effectiveness of the internal control system according to the three lines of defense.

Where necessary, the Supervisory Board endorsed Management in their efforts to align the structure and culture of the organization with the new Strategic Plan.

Composition of the Supervisory Board

As per December 31, 2022, the Supervisory Board consisted of the following members:

- Mr. Anko R.O. Ringeling, chairperson effective August 8, 2022 (member A).
- Mrs. Marielsa R. Croes, effective May 23, 2019 (member B).
- Mr. Leo Ponson, effective August 15, 2019 (member B), vice-chairperson effective July 21, 2022.
- Mr. Edgar Croes, effective July 20, 2022 (member C).

As of March 31, 2023, the Supervisory Board positions were completed with the appointment of Mr. Nilo Swaen (member C).
During 2022 until the appointment of Mr. Anko R.O. Ringeling in August 2022, Mr. Leo Ponson acted as chairperson of the Supervisory Board.

In October 2022 the Board said goodbye to its longtime member Mr. H.B.T. (Jossy) Figaroa after his maximum statutory term ended. The Board would like to thank him for his tireless and valuable commitment and positive contribution to the organization.

Committees of the Supervisory Board

The Supervisory Board has four Standing Committees consisting of the following members:

- The Audit Committee: Mrs. Marielsa R. Croes (chairperson); Mr. H.B.Th. (Jossy) Figaroa until October 2022; Mr. Edgar Croes, effective November 2022.
- The Construction and Innovation Committee: Mr. Leo Ponson (chairperson); Mr. H.B.Th.(Jossy) Figaroa until October 2022. Mr. Edgar Croes effective November 2022.
- The Funding and Governance Committee: Mr. H.B.Th. (Jossy) Figaroa (former chairperson) until October 2022; Mr. Edgar Croes (current chairperson), effective November 2022; Mrs. Marielsa R. Croes.
- The Selection and Remuneration Committee: Mr. Leo Ponson (chairperson); Mrs. Marielsa R. Croes; Mr. Anko R.O. Ringeling.

During 2022, the Audit Committee has met with the Board of Supervisory Directors (BOSD) FCCA, the Board of Directors (BOD) FCCA, the Head Internal Audit, the External Auditors, Accountants, CBA and external subject advisors.

Meetings were related to the audit plan for FCCA for the new audit cycle, three lines of defense, assessment of internal controls identified risk areas, general organizational and accountability aspects, monitoring of progress of audit plan and the Annual Report of 2022.

At all times, prioritization of matters addressed with or by the Audit Committee considered resource availability and impact consequence.

Head Internal Audit, in consultation with BOD, prepared an updated Internal Audit Plan, including risk assessments for FCCA, which was reported on and discussed during the period under revision.

During BOSD meetings and/or communication, relevant reports were provided to keep all BOSD members updated.

Due to the vacancies in the Supervisory Board, topics relevant for the other Committees have been discussed during regular Supervisory Board meetings.

Finally, the Supervisory Board would like to thank Management and staff for their positive collaboration and dedication.

Oranjestad, June 21, 2023

Board of Supervisory Directors of FCCA:

(Sgd.)
Mr. Anko R.O. Ringeling, Member

(Sgd.)
Mrs. Marielsa R. Croes, M. Sc., Member

(Sgd.)
Mr. Leo A. Ponson, Member

(Sgd.)
Mr. Edgar Croes, Member

(Sgd.)
Mr. Nilo Swaen, Member

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Report of the Board of Managing Directors

REPORT OF THE BOARD OF MANAGING DIRECTORS

FCCA's Comprehensive Approach to Social Housing, Financial Services, and Sustainable Community Development

Fundacion Cas pa Comunidad Arubano (FCCA) is a foundation established in 1979, dedicated to providing affordable housing and promoting homeownership, focusing on the more vulnerable groups in our community. We are working on building smart homes with a holistic approach. Our homes are affordable, suitable for multiple groups, and sustainable in a safe neighborhood with all its amenities to raise a family.

We operate on three primary pillars – social housing, residential mortgages, and other activities (including insurance and real estate) – FCCA has a social housing portfolio of 1,774 rental units and a residential mortgage portfolio of Afl.197 million.

We are pleased to report that FCCA has achieved another year of strong financial and operational performance. This year has been challenging, but we have remained committed to our mission to provide safe, qualitative, and affordable housing for those in need. FCCA has continued to adapt and innovate in the face of changing circumstances, and we are proud of our progress

Social Commitment and Sustainable Community Development

To fulfill our commitment to the community, we reinvest all our earnings into developing social housing and community facilities. In addition to our commitment to providing safe and affordable housing, we also play an essential role in supporting low to mid-income households, promoting social cohesion, and supporting the overall well-being of our community. As the only local Foundation providing social housing, FCCA plays a vital role in the Aruban community.

Market Conditions and the Role of Social Housing in Aruba

In recent years, Aruba has experienced inflation, reaching 5.7% in 2022, with housing and food prices substantially affecting our community's mid to lowest-income groups. The housing costs have risen to approximately 26% of the total CPI, significantly impacting lower-income households, especially those who depend on rental homes in Aruba. About 95% of households residing in a social house of FCCA have an income level at or below the subsistence level.

Furthermore, FCCA has over 3500 pending applicants for social housing, which highlights the urgent need for more affordable housing solutions and policies and programs that support the development of new housing supply. Providing affordable and sustainable housing to serve the continuous needs remains a high priority for FCCA to ensure everyone has access to safe and affordable housing.

Financial position and results

Despite the negative impact of COVID-19 and the financial difficulty many of our clients face, we have maintained a high level of service. FCCA has proven resilient by rapidly adapting its strategies to address the challenges and rose to the occasion to show our unwavering commitment to our communities. FCCA thrived in these difficult times and maintained a stable loan portfolio, increased our social housing portfolio and reduced our debts. Our financial results this year have been strong. Key financial ratios improved, and capital rose to 72.47% of the total assets (2021, 70.91%).

We remain committed to prudent financial Management as we continue to grow and expand our impact in the future.

Outlook

In the last quarter of 2022, we updated our strategic goals for 2022-2026. These goals have been established based on a thorough evaluation of our organization and achieved results. The coming years will be dominated by further strengthening our financial position and customer experience. We are committed to developing our employees and ensuring they have the skills and resources needed to excel in their roles and focus on simplifying and digitizing our processes. Strengthening employee skills and digitalizing our processes are key components to delivering excellent client service. Looking ahead, we recognize that many challenges must be addressed to achieve our goals successfully. We remain committed to advocating for policies, programs and adequate funding that support affordable housing. We also recognize the need to continue to innovate and adapt to meet the changing needs of our clients and the communities we serve.

Collaboration and Commitment

We sincerely thank our Staff, Supervisory Board Members, and Strategic Partners for their continued dedication and support. In collaboration with the Government of Aruba, Local Stakeholders, and International Partners, FCCA will persist in its essential role. Our ongoing efforts aim to foster social and economic development on the island by providing affordable and sustainable housing and promoting homeownership for those who rely on us.

Oranjestad, June 21, 2023

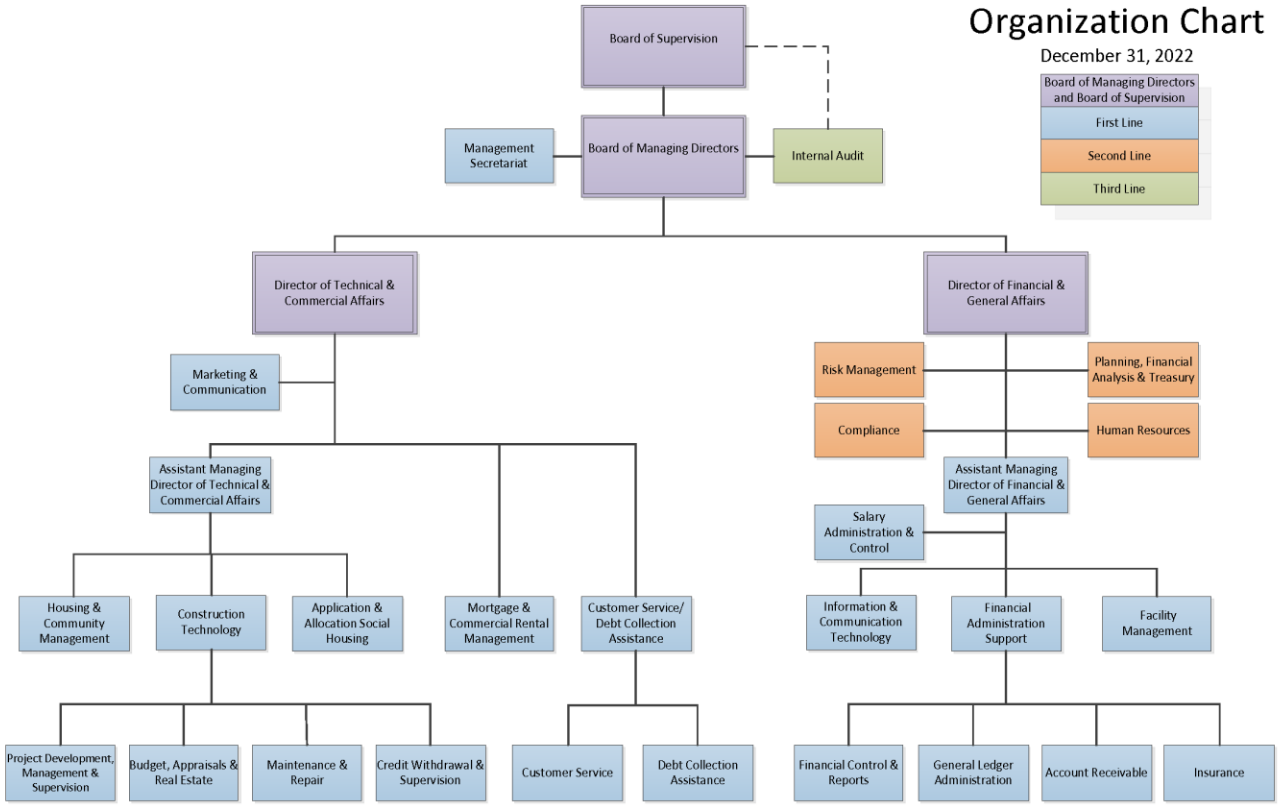
F.C.C.A. Board of Managing Directors:

(Sgd.)	(Sgd.)
Mr. R. Giovani Anthony	Mrs. E.J.R. Wever
Director Financial & General Affairs	*Director Technical & Commercial Affairs*

GOVERNANCE AND ORGANIZATION

A board consisting of two directors under the supervision of a supervisory board manages FCCA. The board is responsible for the Management of FCCA, which means, among other things, that the board is responsible for the realization of FCCA's objectives, strategy, financing, and policy. The board is accountable for this to the supervisory board. The board is also responsible for compliance with all relevant laws and regulations and managing the risks associated with FCCA's activities.

Below is a presentation of the organizational structure:



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Financial Statements

Statement of Financial Position as of December 31, 2022

	Note#	Dec. 31, 2022	Dec. 31, 2021	Jan. 1, 2021
(in Aruban florin)			Restated	Restated
Current assets				
Cash and cash equivalents	4.1.3	15,607,883	19,746,790	22,027,239
Trade and other receivables	4.1.1	6,788,671	7,244,998	3,937,212
Financial assets - loans	4.1.1	28,424,369	28,345,266	30,720,796
Investments measured at amortized cost	4.1.2	4,597,739	1,614,406	5,390,733
Inventory		1,240,603	2,345,185	1,471,676
		56,659,265	*59,296,645*	*63,547,656*
Non-current assets				
Financial assets - loans	4.1.1	162,788,704	162,459,032	166,093,999
Investments measured at amortized cost	4.1.2	6,226,536	10,422,974	11,676,617
Investment Properties	4.2.1	142,274,400	137,674,782	134,961,481
Tangible fixed assets	4.2.2	4,469,608	5,223,823	5,492,415
		315,759,248	*315,780,611*	*318,224,512*
Total assets		**372,418,513**	**375,077,256**	**381,772,168**
Current liabilities				
Trade and other payables	4.1.4	15,631,800	13,941,698	13,776,507
Lease liabilities		187,489	116,593	51,044
Borrowings	4.1.5	8,070,819	8,070,819	8,070,819
		23,890,108	*22,129,110*	*21,898,370*
Non-current liabilities				
Lease liabilities		5,722,500	5,954,296	6,024,828
Borrowings	4.1.5	72,052,647	80,123,465	88,194,284
Employee benefit obligations	4.2.3	868,845	909,335	939,418
		78,643,992	*86,987,096*	*95,158,530*
Total liabilities		**102,534,100**	**109,116,206**	**117,056,900**
Capital				
Capital		100	100	100
Regulatory loan loss reserve		10,457,761	10,398,081	10,432,354
Retained earnings	4.3	259,426,552	255,562,869	254,282,814
Total capital		**269,884,413**	**265,961,050**	**264,715,268**
Total liabilities and capital		**372,418,513**	**375,077,256**	**381,772,168**

The accompanying notes form an integral part of these financial statements.

Statement of Profit and Loss and Other Comprehensive Income for the Year 2022

	Note#	2022	2021
(in Aruban florin)			
Revenues			
Revenues from financial activities	5.1	18,408,984	16,641,756
Revenues from real estate activities	5.2	15,483,827	14,679,869
		33,892,811	**31,321,625**
Other income	5.3	1,149,918	3,892,751
Credit impairment (loss)/recovery		373,697	(1,725,472)
Expenses			
Personnel expenses	5.4	12,375,441	12,489,191
General expenses	5.5	5,705,972	5,069,168
Property expenses	5.6	3,334,411	4,577,085
Depreciation expenses	5.7	5,439,164	5,066,267
Finance costs	5.8	4,638,075	5,041,411
		31,493,063	**32,243,122**
Net result for the year		**3,923,363**	**1,245,782**

There are no items of other comprehensive income during 2022 and 2021.
The accompanying notes form an integral part of these financial statements.

Statement of Cash Flows for the year ended December 2022

	Note#	2022	2021
(in Aruban florin)			Restated
Cash flow from operating activities			
Net result for the year		3,923,363	1,245,782
Adjustments:			
Depreciation expenses	5.7	5,439,164	5,066,267
Credit impairment loss	5.4	(373,697)	1,725,472
Write-offs of doubtful debtors (net)	4.1.1	(49,356)	(225,586)
Employee benefit obligations	4.2.3	40,490	30,083
Refinanced loans	4.1.1	10,380,013	3,150,681
Increase in borrowings	4.1.5	45,848	45,848
Impairment of assets	4.2.2.1	-	184,855
Interest income	5.1	(774,011)	(841,106)
Interest expense	5.8	4,161,593	4,562,631
		18,870,044	*13,699,145*
Movement in working capital:			
Increase in lease liability		(160,900)	(4,983)
Movement in receivables	4.1.1	558,361	(2,671,368)
Movement in Trade and other payables	4.1.4	(2,514,142)	(4,414,073)
Movement in Inventory		1,104,582	(873,509)
		(1,012,099)	*(7,963,933)*
Interest paid	5.9.1	(38,329)	(43,534)
		(38,329)	*(43,534)*
Cash flow from operating activities		**21,742,979**	**6,937,460**
Cash flow from investing activities			
Held-to-maturity investment			
Increase in investments	4.1.2	1,263,000	5,000,000
		1,263,000	*5,000,000*
Investment Property			
Additions	4.2.1	(9,532,464)	(8,463,224)
Repurchase	4.2.1	-	(288,000)
Disposals and sale of assets	4.2.1	244,781	1,405,522
		(9,287,683)	*(7,345,702)*
Tangible fixed assets for own use			
Additions	4.2.2.1	(305,282)	(522,852)
Disposals and sale of assets	4.2.2.1	23,677	9,752
		(281,605)	*(513,100)*
Mortgage and other loans			
Increase in loans	4.1.1	(48,579,002)	(33,743,037)*
Repayments received	4.1.1	38,346,059	34,659,491*
Interest received	5.1.1	774,011	841,106
		(9,458,932)	*1,757,560*
Cash flow from investing activities		**(17,765,220)**	**(1,101,242)**
Cash flow from financing activities			
Repayment of borrowings	4.1.5	(8,116,666)	(8,116,667)
Cash flow from financing activities		**(8,116,666)**	**(8,116,667)**
Net increase in cash and cash equivalents		**(4,138,907)**	**(2,280,449)**
Cash and cash equivalents as of January 1		***19,746,790***	***22,027,239***
Cash and cash equivalents as of December 31		***15,607,883***	***19,746,790***

The accompanying notes form an integral part of these financial statements. Refer to note 4.1.3 for further details.

*These comparative figures have been restated to illustrate the actual amount as prior year these were misstated. The restatement has no influence on the 2021 financial figures.

Statement of Changes in Capital for the year ended December 31, 2022

(in Aruban florin)	Capital	Regulatory loan loss reserve	Retained earnings	TOTAL
Balance as of December 31, 2020	100	10,432,353	254,282,814	**264,715,268**
Regulatory loan loss reserve	-	(34,272)	34,272	**-**
Net result for the year	-	-	1,245,782	**1,245,782**
Balance as of December 31, 2021	**100**	**10,398,081**	**255,562,869**	**265,961,050**
Regulatory loan loss reserve	-	59,680	(59,680)	**-**
Net result for the year	-	-	3,923,363	**3,923,363**
Balance as of December 31, 2022	**100**	**10,457,761**	**259,426,552**	**269,884,412**

The accompanying notes form an integral part of these financial statements.

FCCA is a foundation; there are no shares issued or dividend payout. The result of the Foundation's products and services is to the benefit of its products and services to the inhabitants of Aruba. Its equity is affected by this result.

As a financial institution under the prudential supervision of the Central Bank of Aruba (CBA), part of the equity is specially reserved for special purposes.

NOTES TO THE FINANCIAL STATEMENT 2022

(1) GENERAL AND SIGNIFICANT ACCOUNTING POLICIES

(1.1) General information

Stichting Fundacion Cas pa Comunidad Arubano ('FCCA' or 'the Foundation') is a foundation that was founded and established in Aruba on February 13, 1979. The introduction to the annual report discloses the address of the registered office and principal place of business.

The primary purposes of the Foundation are related to the improvement of social housing and community facilities:

- building and acquiring houses;
- acquiring or leasing lease land;
- improving and renovating houses;
- promoting the building of own properties;
- selling properties;
- providing construction credits and mortgages;
- managing and operating housing in general, in particular, the division of housing, the rent, the collection of rental income and the provision of maintenance and renewal of houses;
- assisting in the provision of insurance contracts, the collection of insurance premiums, the settlement of damage claims and the provision of advice with insurance problems;
- managing and operating real estate;
- providing services to third parties respecting housing; and
- promoting and improving the living and housing environment by providing community facilities.

The Board of Managing Directors has prepared these financial statements. The Board of Supervisory Directors authorized the financial statements for the year ending December 31, 2022, on June 21, 2023.

FCCA is gradually recovering in line with the Aruban economy from Covid-19. Despite the global inflation and crisis, the Foundation showed resilience and looks forward to growing its rental and mortgage portfolio following the revamped strategy to meet affordable and sustainable housing demand.

The Foundation continues to service the Intercreditor Agreement dated August 28, 2017. Although not compliant, the Debt Service Coverage Ratio (DSCR) showed significant improvement as of 2022. The Foundation expects to comply with the DSCR for 2023 and forward due to the continued revenue growth and the debt position shrinking. The Foundation formally requested and obtained waivers from the lenders. Despite the default position, FCCA showed its repayment ability while complying with the regulators' prudential liquidity and capital ratio.

In August 2022, FCCA initiated the negotiation of the Intercreditor Agreement, which is still ongoing. FCCA aims to ease the debt service, increase investments in affordable and sustainable housing development, and maintain a healthy liquidity position.

The liquidity forecast assessment basis is the realized figures of 2022, and the 2023 budget derived from the strategy includes the existing debt service of the Intercreditor Agreement and reveals a positive operational cash flow to finance investment meanwhile maintaining the required liquidity position.

Conclusion

The preparation of the financial statements is under the assumption that the Foundation operates on an ongoing concern basis.

LNT Accountability

Due to the lack of further rules under the National Ordinance on the standard of top incomes ("Landsverordening Normering Topinkomens"/LNT), no LNT accountability can be drawn up by the Foundation following and according to the LNT provisions. This has been confirmed by the Minister of Finance & Culture through the letter dated February 28, 2023, with the topic "Overgangsperiode LNT" with reference MinFic-23/2506. The other LNT provisions in force since August 1, 2022, apply fully during the transitional period where there are no further rules concerning LNT accountability.

(1.2) Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies apply consistently to all the years presented unless otherwise stated.

(1.2.1) Basis of preparation

(i) Compliance with IFRS

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the IFRS Interpretations Committee applicable to entities reporting under IFRS. The financial statements comply with IFRS issued by the International Accounting Standards Board (IASB).

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise judgment in applying the Foundation's accounting policies.

(ii) Historical cost convention

The preparation of the financial statements is under the historical cost convention.

(iii) Standards, amendments, improvements, and interpretations effective first time in the current year and relevant to the Foundation's operations

New Standards adopted as of January 1, 2022:

Some accounting pronouncements which have become effective from 1 January 2022 and the adoption thereof do not have a significant impact on the Foundation's financial results or position:

- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Property, Plant and Equipment: Proceeds Before Intended Use (Amendments to IAS 16);
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37); and
- Annual Improvements (2018-2020 Cycle):
  - Fees in the '10 percent' Test for Derecognition of Liabilities (Amendments to IFRS 9);
  - Lease Incentives (Amendments to IFRS 16).

(iv) Standards, amendments, and interpretations to existing Standards that are not yet effective and have not been early adopted by the Foundation.

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards and Interpretations have been published by the IASB. None of these Standards or amendments to existing Standards have been adopted early by the Foundation.

Other Standards and amendments that are not yet effective and have not been adopted early by the Foundation include:

- IFRS 17 Insurance Contracts;
- Amendments to IFRS 17 Insurance Contracts (Amendments to IFRS 17 and IFRS 4);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Deferred Tax related to Assets and Liabilities from a Single Transaction; and
- Definition of Accounting Estimates (Amendments to IAS 8).

This standard and these amendments are not expected to significantly impact the financial statements at the moment of initial application. Therefore, the disclosures do not deem necessary.

(1.2.2) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The presentation of the financial statements is in Aruban Florin (Afl.), the Foundation's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates at the dates of transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and the translation of monetary assets and liabilities are denominated in foreign currencies at year-end exchange rates and are generally recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net basis within general expenses.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates when the fair value was determined. Translation differences in assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities, such as equities held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets, such as equities classified as available-for-sale financial assets, are recognized in other comprehensive income.

(1.2.3) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand, deposits held at calls with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, if any, are shown within borrowings in current liabilities in the statement of financial position.

(1.2.4) Inventory

Inventory consists of items used for repair/maintenance of the Foundation's tangible fixed assets and plots available for sale, and plots held for sale to third parties. Items used for repair/maintenance are not held for sale to third parties.

Inventory items used for repair/maintenance are stated at lower cost and net realizable value. Inventory costs comprise items such as purchase price, insurance, freight, and other direct costs, if any. Determination of Costs of purchase is after deducting rebates and discounts. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Assignation basis of Costs to individual items of Inventory is weighted average costs.
Inventory plots available for sale are stated at cost.

(1.2.5) Financial instruments

Financial Assets

(i) Classification

The Foundation classifies its financial assets in the following categories: fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) or amortized cost (AC). The classification depends on the following:

- the Foundation's assessment of the overall objective of the business model within which the asset is held; and
- the contractual cash flow characteristics of the assets.

Business model assessment

The business model reflects how the Foundation manages its assets to generate cash flows, whether the objective is to collect contractual cash flows, sell financial assets or both. The Foundation assesses its business model at a portfolio level reflective of how groups of assets are managed together to achieve a particular business objective.

Factors considered by the Foundation in determining the business model for a group of assets include:

- how performance is evaluated and reported to key management personnel;
- performance risk and management of those risks;
- how managers are compensated; and
- the frequency and volume of sales in the prior period and expectations about future sales activity.

Contractual cash flow characteristics assessment

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Foundation determines if they give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, consistent with a basic lending arrangement. In this context, fundamental is the fair value of the financial asset on initial recognition, and interest is the consideration for the time value of money and credit risk associated with the principal amount outstanding during a particular period and for other key lending risks and costs as well as profit margin.

If the Foundation identifies any contractual cash flows, such that cash flows are no longer consistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

In making this assessment, the Foundation considers the following:

- contingent events;
- leverage features;
- prepayment and term extensions; and
- terms that limit the Foundation's recourse to specific assets and features that modify consideration of the time value of money.

(ii) Recognition and measurement

Initial recognition of financial assets is at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are recognized when the entity becomes a party to the contractual provisions of the instrument. Recognition of regular purchases and sales of financial assets practice are on the trade date.

Debt Instruments Measured at AC

Debt instruments are measured at AC if they are held within a business model whose objective is to hold for collection of contractual cash flows and where those cash flows represent solely payments of principal and interest. After initial measurement, debt instruments in this category are carried out at AC using the effective interest method. The AC is the amount at which the financial asset or financial liability is measured at the initial recognition amount minus the principal repayments, plus or minus the cumulative amortization using the Effective Interest Rate method of any difference between the initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

The debt instruments of the Foundation comprise loans and investment securities that are sovereign bonds. After assessing its business model for loans and sovereign bonds, held to collect the contractual cash flows, and where the cash flows represent solely payments of principal and interest, these instruments are measured at AC.

Recognition of purchases and sales of debt instruments at AC are at trade date – the date the Foundation commits to purchase or sell the asset – and are measured at AC when cash is advanced to the borrowers. Mortgage loans are recognized on the settlement date - the date on which the Foundation and the client sign the notary deed. There are cases of loans closed between the Foundation and its client for purchasing a house of the Foundation or former house of the Government of Aruba for which the mortgage rights have not been passed as per the balance sheet date. Recognition of these loans is at the trade date.

Interest income using the effective interest rate method is recognized in the Statement of Comprehensive Income through profit or loss. Impairment on debt instruments measured at AC is calculated using the expected credit loss approach. Loans and debt securities measured at AC are presented as net of allowance for credit losses in the Statement of Financial Position.

Debt Instruments Measured at FVOCI

Debt instruments are measured at FVOCI if they are held within a business model whose objective is to hold both for the collection of contractual cash flows and for the sale of financial assets, where the financial assets' cash flows represent payments that are solely payments of principal and interest, and that are not designated at FVPL. After initial recognition, unrealized gains and losses on debt instruments measured at FVOCI are taken through other comprehensive income in full unless the instrument is designated in a fair value hedge relationship.

When the asset is derecognized, the cumulative gain or loss previously recognized in Other Comprehensive Income (OCI) is reclassified from equity to profit or loss and recognized in Net Investment Income. Foreign exchange gains and losses that relate to the AC of the debt instrument are recognized through profit or loss.

Impairment on debt instruments measured at FVOCI is calculated using the expected credit loss approach. The expected credit loss on debt instruments measured at FVOCI does not reduce the asset's carrying amount in the Statement of Financial Position, which remains at its fair value. Instead, an amount equal to the allowance that would arise if the financial assets were measured at AC is recognized in OCI with a corresponding amount taken to Credit Impairment Losses in the Statement of Comprehensive Income. The accumulated amount recognized in OCI is recycled through profit or loss upon derecognition of the debt instrument.

Debt Instruments Measured at FVPL

Financial assets that do not meet the criteria for AC or FVOCI are measured at fair value through profit or loss.

Financial Assets Mandatorily Measured at FVPL

Financial assets meeting either of the conditions below are mandatorily measured at fair value through profit or loss (other than in respect of an equity investment designated as at fair value through other comprehensive income):

- Financial assets with contractual terms that do not give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; and
- Financial assets are held within a business model whose objective is achieved neither by collecting contractual cash flows nor by collecting contractual cash flows and selling financial assets. This includes financial assets held within a portfolio that is managed and whose performance is evaluated on a fair value basis. It further includes portfolios of financial assets that are 'held for trading.'

Financial Assets Designated as Measured at FVPL

A financial asset may be designated at fair value through profit or loss only if doing so eliminates or significantly reduces measurement or recognition inconsistencies (accounting mismatch) that would otherwise arise from measuring financial assets or liabilities or recognizing gains and losses on them on a different basis. They are carried in the Statement of Financial Position at fair value, with all changes in fair value recorded in profit or loss in the Statement of Comprehensive Income.

Debt instruments of the Foundation comprise the following:

- Receivables, receivables of the Government of Aruba and current account with the Government of Aruba;
- Personal loans and mortgage loans; and
- Investments in time deposits and government bonds.

After assessing its business model for receivables, loans, and investments, mostly held to collect the contractual cash flows where the cash flows represent solely payments of principal and interest, these instruments are measured at AC.

Equity Instruments

Equity instruments are measured at FVPL unless an election is made to designate them at FVOCI upon purchase. For equity instruments measured at FVPL, changes in fair value are recognized in the Statement of Comprehensive Income as part of net gain/loss from other financial instruments carried at fair value. Instruments elected to be classified as non-trading equity instruments at FVOCI are made upon initial recognition on an instrument-by-instrument basis and, once made, are irrevocable. Gains and losses on these instruments are recorded in OCI, including when derecognized/sold, and are not subsequently reclassified to the income statement. The dividend received is recorded in the profit or loss.

(1.2.5.1) Trade and other receivables

If collection is expected in one year or less, Trade and other receivables are classified as current assets. If not, they are presented as non-current assets. The Foundation uses a simplified approach in accounting for Trade and Other Receivables and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Foundation uses its historical experience, external indicators, and forward-looking information to calculate the expected credit losses using a provision matrix.

The Foundation assesses the Impairment of trade receivables collectively as they possess shared credit risk characteristics they have been grouped based on the days past due.

Receivables, receivables of the Government of Aruba and current account with the Government of Aruba are recognized initially at fair value and subsequently measured at AC, using the effective interest method, less provision for Impairment.

Reclassification
The Foundation reclassifies debt instruments when and only when its business model for managing those assets changes. The reclassification is applied prospectively from the reclassification date, which is the first day of the first reporting period following the change in business mode; that results in the reclassification. Any previously recognized gains, losses or interest are not restated.

(i) Derecognition

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial assets have expired or when they have been transferred and either:

- the Foundation transfers all the risks and rewards of ownership substantially; or
- the Foundation neither transfers nor retains substantially all the risks and rewards of ownership, and the Foundation has not retained control.

(1.2.5.2) Impairment of financial assets

Scope

The Foundation recognizes impairment loss allowances for expected credit losses on the following categories of financial assets unless measured at fair value through profit or loss:

- financial assets that are debt instruments;
- loan commitments;
- financial guarantee contracts issued and not accounted for under IFRS 4 'Insurance contracts' (These contracts to the IAS 39 impairment model, which did not apply to loan commitments and financial guarantee contracts, as these were covered by IAS 37, Provisions, Contingent Liabilities and Contingent Assets); and
- receivables and contract assets recognized under IFRS 15 'Revenue from contracts with customers.

The Expected credit loss model is an incurred credit loss model whereby credit losses are recognized when a defined loss event occurs under IAS 39, to an expected credit loss model under IFRS 9, where provisions are taken upon initial recognition of the financial asset, based on expectations from potential credit losses at the time of initial recognition. The Foundation first evaluates individually whether objective Impairment exists for financial assets which are individually significant. It then collectively assesses financial assets that are not individually significant and loans that are significant but for which there is no objective evidence of Impairment.

The Foundation uses an Expected Credit Loss model developed to meet the requirements of IFRS 9. The allowance for credit loss calculations is an output of models with several underlying assumptions regarding the choice of variable inputs and their interdependencies. This model measures credit loss allowances using a three-stage approach based on the extent of credit deterioration since origination.
The Foundation assesses on a forward-looking basis the expected credit losses associated with its debt instrument assets carried at AC and FVOCI and the exposure arising from loan commitments and financial guarantee contracts. The Foundation recognizes a loss allowance for such losses at each reporting date.

The measurement of Expected Credit Loss reflects the following:

- an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- the time value of money; and
- reasonable and supportable information available without undue cost or effort at the reporting date about past events, current conditions, and forecasts of future economic conditions.

Presentation of allowance for credit losses in the Statement of Financial Position

- financial assets measured at AC: as a deduction from the gross carrying amount of the financial assets;
- debt instruments measured at fair value through other comprehensive income: no allowance is recognized in the Balance Sheet because the carrying value of these assets is their fair value. However, the allowance determined is presented in the accumulated other comprehensive income;

Write-offs
When a loan is uncollectible, it is written off against the related provision for loan impairment and reduces the gross carrying amount of the loan. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined.

Modified Loans
Loans are identified as renegotiated and classified as credit-impaired when the Foundation modifies the contractual payment terms due to significant credit distress of the borrower. Renegotiated loans remain classified as credit-impaired until there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows and retain the designation of renegotiated until maturity or recognition. A renegotiated loan is derecognized if the existing agreement is canceled, and a new agreement is made on substantially different terms or if the terms of an existing agreement are modified such that the renegotiated loan is a substantially

different financial instrument. Any new loans that arise following recognition events in these circumstances are considered to be purchased or originated credit-impaired financial assets (POCI) and will continue to be disclosed as renegotiated loans. Other than originated credit-impaired loans, all other modified loans could be transferred out of stage 3 if they no longer exhibit any evidence of being credit-impaired and, in the case of renegotiated loans, there is sufficient evidence to demonstrate a significant reduction in the risk of non-payment of future cash flows, over the minimum observation period, and there are no other indicators of Impairment. These loans could be transferred to stage 1 or 2 by comparing the risk of a default occurring at the reporting date (based on the modified contractual terms) and the risk of a default occurring at initial recognition (based on the original, unmodified contractual terms). Any amount written off as a result of the modification of contractual terms would not be reversed.

Modified loans that are not credit-impaired

Loan modifications that are not identified as renegotiated are considered to be restructured. Where a restructuring results in a modification such that the Foundation's rights to the cash flows under the original contract have expired, the old loan is derecognized, and the new loan is recognized at fair value. The rights to cash flows are generally considered to have expired if the restructuring is at market rates and no payment-related concession has been provided.

Non-performing loans

The Foundation's approach to classifying performing versus non-performing loans is through the utilization of the internal credit risk grading process. All credit graded/ categorized special caution, sub-performing and default are considered credit-impaired and require individual provisions or "Stage 3" Expected Credit Loss.

(1.2.5.3) Financial Liabilities

(i) Classification, Recognition and Subsequent Measurement

The Foundation classifies its financial liabilities as being measured at AC unless it has designated liabilities at fair value through profit or loss or is required to measure liabilities mandatorily at fair value through profit or loss. Financial liabilities are initially recognized at fair value (usually the issued proceeds, that is, the fair value of the consideration received) less, in the case of financial liabilities subsequently carried at AC, transaction costs. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the Statement of Comprehensive Income through profit or loss using the effective interest method for financial liabilities carried at AC.

A financial liability may be designated as at fair value through profit or loss only when:

- It eliminates or significantly reduces a measurement or recognition inconsistency (an 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on them on a different basis; or
- a group of financial assets, financial liabilities or both is managed, and its performance is evaluated on a fair value basis in accordance with documented risk management or investment strategy; or
- a contract contains one or more embedded derivatives that significantly change the cash flows of the contract, and the separation of the embedded derivative(s) is not prohibited.

The movement in own credit risk related to financial liabilities designated at fair value through profit or loss is recorded in other comprehensive income unless this would create or enlarge an accounting mismatch in profit or loss for the Foundation (in which case all gains or losses are recognized through profit or loss).

(ii) Derecognition

Financial liabilities are derecognized when they are extinguished, for instance, when the obligation specified in the contract is discharged, canceled, or expires.

(1.2.5.4) Trade and other payables

These amounts represent unpaid liabilities for goods and services provided to the Foundation before the end of the financial year. The charges are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are initially recognized at their fair value and subsequently measured at AC using the effective interest rate method.

(1.2.5.5) Leases

The Foundation as a lessee

For any new contracts entered on or after January 1st, 2019, the Foundation considers whether a contract is or contains a lease. A lease is defined as a contract or part of an agreement that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.

To apply this definition, the Foundation assesses whether the contract meets three key evaluations, which are whether:

- the contract contains an identified asset, which is either explicitly identified in the agreement or implicitly specified by being identified at the time the asset is made available to the Foundation;
- the Foundation has the right to obtain substantially all the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract, and
- the Foundation has the right to direct the use of the identified asset throughout the time of use. The Foundation assesses whether it has the right to control 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At the lease commencement date, the Foundation recognizes a right-of-use asset and a lease liability on the Statement of Financial Position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Foundation, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Foundation depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Foundation also assesses the right-of-use asset for Impairment when such indicators exist.

At the commencement date, the Foundation measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Foundation's incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in-substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

After the initial measurement, the liability will be reduced for payments made and increased for interest. It is premeasured to reflect any reassessment or modification or if there are changes in in-substance fixed payments. When the lease liability is premeasured, the corresponding adjustment is reflected in the right-of-use asset or profit and loss if the right-of-use asset is already reduced to zero.

The Foundation has elected to account for short-term leases and leases of low-value assets using practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments concerning these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

The Foundation as a lessor

The Foundation leases out investment properties under operating leases. Investment properties include real estate properties owned to earn rentals and for capital appreciation.

(1.2.5.6) Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at AC. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss throughout the borrowings period using the effective interest rate method. Fees paid on establishing loan facilities are recognized as loan transaction costs to the extent that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawn-down occurs.

To the extent there is no evidence that this is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.
Borrowings are removed from the Statement of Financial Position when the obligation specified in the contract is discharged, canceled, or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Foundation has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs

General and specific borrowing costs are expensed in the period they are incurred.

(1.2.6) Investment Properties

Investment Properties are properties held to earn rental income, not for capital appreciation. Investment properties are stated at cost less accumulated depreciation, except rental property, property available for sale, projects in progress and land stated at historical cost less depreciation. Projects in progress are stated at historical cost and are not depreciated during the period of construction. The land is stated at cost and is not depreciated.

The fair value is disclosed in the disclosure note of investment property based on recent appraisal reports.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, which ranges between 5 to 50 years (depending on the property type) from the property's purchase date without considering a residual value. The land is not depreciated. Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(1.2.7) Tangible fixed assets for own use

Tangible fixed assets for own use consist of the office building, furniture and equipment, computer equipment, vehicles and community center facilities.

Tangible fixed assets for own use are stated at historical cost less depreciation.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, as follows:

- Office building and improvements: 3 - 40 years
- Furniture equipment: 2 - 10 years
- Computer equipment: 3 years
- Vehicles: 5 years
- Community centers: 10 - 50 years

Useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(1.2.8) Employee benefits

(i) Short term obligations

Liabilities for wages and salaries that are expected to be settled wholly within 12 months, including non-monetary benefits and accumulating sick leave, after the end of the period in which the employees render the related service, are recognized in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as part of the payroll and other statutory liabilities included in Trade and other payables in the Statement of Financial Position.

(ii) Other long-term employee benefits obligations

The provision for anniversary allowance is expected to be settled partially within 12 months after the end of the reporting year. This provision is therefore measured as the present value of expected future payments for anniversary allowance that is based on the number of years that the employees are in service at the Foundation. Consideration is given to expect future wage and salary levels, experience of employee departures, life expectancy and service periods. Expected future payments are discounted using a rate of 4.5% per annum. Re-measurements resulting from experience adjustments and changes in actuarial assumptions are recognized in profit or loss.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contribution. For the defined contribution plans, the Foundation pays contributions to administered pension insurance plans on a mandatory or contractual basis. The contributions are consequently recognized as employee benefit expenses when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

For information regarding the Foundation's pension arrangements, reference is made to note 5.5 in these financial statements.

(1.2.9) Capital

(i) Capital

FCCA is a foundation; there is no issuance of shares or payout of dividends. The result of the Foundation's products and services is to the benefit of its products and services. Its capital is affected by this result, included in retained earnings.

(ii) Other reserves

Other reserves consist of the Foundation's retained earnings and a regulatory loan loss reserve. As a financial institution under the prudential supervision of the Central Bank of Aruba, the Foundation is, based on the applicable State Ordinance on the Supervision of the Credit System and related Supervisory Directives, required to recognize a reserve of at least 3% of the net loan portfolio (gross loans minus allocated provisions) plus other risk items on the asset side of the statement of financial position. This reserve is formed from retained earnings.

(1.2.10) Revenue recognition

To determine whether to recognize revenue, the Foundation follows a 5-step process:

1. identifying the contract with a customer;
2. identifying the performance obligations;
3. determining the transaction price;
4. allocating the transaction price to the performance obligations; and
5. recognizing revenue when/as performance obligation(s) are satisfied.

Revenue is recognized either at a point in time or over time when (or as) the Foundation satisfies performance obligations by transferring the promised services to its customers.

The Foundation recognizes contract liabilities for consideration received regarding unfulfilled performance obligations and reports these amounts as other liabilities in the statement of financial position. Similarly, in case the Foundation satisfies a performance obligation before it receives the consideration, the Foundation recognizes either a contract asset or a receivable in its statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Interest income

The Foundation calculates interest income on financial assets other than those considered credit-impaired by applying the effective interest rate to the gross carrying amount of the financial asset. When a financial asset becomes credit impaired, the Foundation calculates interest income by applying effective interest rate to the net AC of the financial asset. If the financial assets cure and are no longer credit-impaired, the Foundation reverts to calculating interest income on a gross basis.

Interest expense

Interest expense is recognized in the Statement of Profit or Loss and Other Comprehensive Income for all instruments measured at AC using the effective interest method. The effective interest method calculates the AC of a financial liability and allocates the interest expense over the relevant period.

The effective interest rate method

Interest income is recorded using the effective interest rate method for all financial assets and financial liabilities measured at AC.

The effective interest rate is the rate that discounts estimated future cash receipts through the expected life of the financial asset or liability or, when appropriate, a shorter period to the gross carrying amount of the financial asset. The effective interest rate is calculated by considering transaction costs, any discount or premium on the acquisition of the financial asset, and fees and costs that are an integral part of the effective interest rate.
When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Foundation estimates future cash flows considering all contractual terms of the financial instrument but not expected credit losses.
For purchased or originated credit-impaired financial assets – assets that are credit-impaired at initial recognition – the Foundation calculates the credit-adjusted effective interest rate, which is calculated based on the AC of the financial asset instead of the gross carrying amount and incorporates the impact of expected credit losses in estimated future cash flows.

If expectations of fixed-rate financial assets or liabilities' cash flows are revised for reasons other than credit risk, then changes to future contractual cash flows are discounted at the original effective interest rate with a significant adjustment to the carrying amount. The difference from the previous carrying amount is booked as a positive or negative adjustment to the carrying amount of the financial asset or financial liability on the Statement of Financial Position with a corresponding increase or decrease in interest income/expense calculated using the effective interest method.

Other income

Fee and Commission Income arises mainly from loan commitments and administration, other financial service-related products, and fund management.

Revenue is measured at the fair value of the consideration received or receivable. The Foundation recognizes revenue when the amount of revenue can be reliably measured, future economic benefits will flow to the entity, and specific criteria have been met for each of the Foundation's activities as described below.

(i) Revenues from financing activities

Revenues from financing activities consist of interest income and fees-, and commission income. Interest income from loans is recognized as it accrues, taking into effect the effective interest rates of the loans. Interest income from investments is recognized as it accrues, taking into effect the effective yield on the investment. Fees and commission income, including transaction and closing fees, are recognized as the related services performed.

(ii) Revenues from real estate activities

Revenues from real estate activities consist of rental revenues. Rental revenue arises from residential properties and commercial buildings of the Foundation, including the rent subsidy paid by the Government of Aruba for the social tenants. This revenue is recognized on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

(1.2.11) Expenses

Expenses are recognized in the period in which they are incurred.

(1.2.12) Settlement of receivables and liabilities

Receivables and liabilities are settled and presented in the financial statements if a legally enforceable right for settlement exists and if both parties intend to settle receivables and liabilities simultaneously on a net basis.

(1.2.13) Taxes

Due to the Foundation 's activities, it is not subject to profit tax.

The Foundation is subject to taxes for certain revenue items due to the introduction of laws on turnover tax (BBO) and, later, health care levy (BAZV) in Aruba. Turnover tax (BBO and BAVP) and health care levy (BAZV) are presented in the statement of profit or loss within general expenses.

(1.2.14) Cash flow and liquidity position

Regarding future investment in social housing projects, for which new funding will be needed, Management maintains the decision that these investments will only be made when the funding for social housing (if necessary) has been realized under special loan terms and conditions designed primarily for social housing.

Management expects sufficient cash flow to continue to be generated to improve the Foundation's cash flow and liquidity position. The financial statements are based upon going-concern assumption.

(1.2.15) Critical estimates and judgments

Preparing financial statements requires using accounting estimates, which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the Foundation's accounting policies.
This note provides an overview of the areas that involved a higher degree of judgment or complexity and of items more likely to be materially adjusted due to estimates and assumptions resulting in being wrong. Detailed estimation about each of these estimates and judgments is included in the notes to the financial statements, together with information about the basis of calculation for each affected line item in the financial statements.

The areas involving significant estimates or judgments are:

- Recognition of revenue;
- Classification & Impairment of financial assets;
- The estimated useful life of tangible fixed assets and investment property; and
- Estimation of the provision for anniversary allowance

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may financially impact the entity and are believed to be reasonable under the circumstances.

Classification of financial assets

Management needs to exercise judgment in assessing the business model within which the assets are held and evaluating whether the contractual terms of the financial assets are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial instruments:

In determining Expected Credit loss, Management is required to exercise judgment in defining what is considered to be a significant increase in credit risk and in making assumptions and estimates to incorporate relevant information about past events, current conditions, and forecasts of economic conditions.

(2) FINANCIAL RISK MANAGEMENT

The Foundation manages its general risk by complying with its own Governance Code, and the Foundation has the Internal auditor and Internal Control/Risk management positions separately while continuously investing in their knowledge upgrade. Regarding compliance, the function of Money Laundering Compliance Officer and Money Laundering Reporting Officer is being carried out full-time by two separate staff members.

(2.1) Credit risk

Credit risk is the risk of financial loss to the Foundation if a counterparty to a financial instrument fails to meet its contractual obligations and arises from the loan portfolio of the Foundation, as well as cash and cash equivalents, investments in time deposits and government bonds, deposits with banks and outstanding receivables.

The Foundation has a relatively elevated credit risk due to the nature of its activities for its primary target group (c.q. social).

The Foundation, as a financial institution under the supervision of the Central Bank of Aruba, has continuously been monitored through field surveys since the 1st onsite inspection in 1988 and must comply entirely with the State Ordinance under Supervision of the Credit System.

In addition, the Foundation has, in this respect, the requirement to report monthly to the Central Bank of Aruba. Non-compliance to the prudential supervision standards of the Central Bank of Aruba will first lead to non-compliance fines, and ultimately, it can result in the withdrawal of the banking permit necessary for the home mortgage loan product.

The Foundation has made adequate provisions and has appropriate insurance coverage for deaths and accidents for the risk of collectability and the underlying collateral. The Foundation has first mortgage rights on its clients' homes by means of construction or purchase loans. Concerning receivables and other assets, the Foundation has made adequate provisions and tries to arrange automatic deductions on salary or automatic bank transfers from its clients to ensure timely repayments. Management has a credit policy, and the credit risk is continuously monitored.

Risk management

Credit risk is managed on a group basis:

- Bank accounts are held with local banks under the supervision of the Central Bank of Aruba. These banks must comply with sound solvency and liquidity requirements stipulated by the Central Bank of Aruba. These banks have no external ratings;
- The investments consist of local government bonds and time deposits held with local banks. Local government bonds issued by the Government of Aruba have no external rating;
- The (mortgage) loan portfolio, all having no external rating; and
- Receivables from tenants and other parties, all having no external rating.

(2.1.1) Expected credit loss measurement

IFRS 9 outlines a ‘three-stage’ approach for impairment based on changes in credit quality since initial recognition, as summarized below:

Stage 1 12-month ECL (not credit impaired)

These are financial instruments where there has not been a significant increase in credit risk since initial recognition. An impairment loss allowance equal to 12 months ECL is recognized. That is the portion of lifetime ECL resulting from possible default events within the next 12 months. The Foundation continuously monitors credit risk.

Stage 2 Lifetime ECL (not credit impaired)

These financial instruments significantly increase credit risk since initial recognition but are not credit impaired. An impairment loss allowance equal to lifetime ECL is recognized. Lifetime ECL is the ECL resulting from all possible default events over the expected life of the financial instrument.

Stage 3 Lifetime ECL (credit-impaired)

These are financial instruments that are credit-impaired at the reporting date but were not credit-impaired at initial recognition. An impairment loss allowance equal to lifetime ECL is recognized.

Significant risk in credit risk at initial recognition

Based on quantitative and qualitative assessments, the Foundation assesses when a significant increase in credit risk has occurred. A backstop has been applied, and the financial instrument is considered to have experienced a significant increase in credit risk if the borrower is more than 30 days due on its contractual payments.
The Foundation assesses the decrease or increase in credit risk in the ECL model. A decrease in credit risk will result in a release of the credit impairment, while an increase in credit risk will result in an addition of the credit impairment.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL as these do not contain a significant financing component. The Foundation considers having low credit risk for the current asset trade and other receivables. The Foundation has not used the low credit risk exemption for other financial instruments in the year ending December 31, 2022.

Credit Impaired Financial Assets at Stage 3

The Foundation has aligned its definition of credit impaired under IFRS 9 to when a financial asset has defaulted for regulatory purposes according to the Capital Requirements Regulation (CRR). Credit impaired is when the exposure defaults, which is also anticipated to align with when exposure is identified as individually impaired under the incurred loss model, as was the case under IAS 39.

Determining whether a financial asset is credit-impaired focuses exclusively on default risk without considering the effects of credit risk mitigation, such as collateral or guarantees. A financial asset is credit-impaired in Stage 3 when the Foundation considers the obligor unlikely to pay its credit obligations to the Foundation. The determination may include forbearance actions, where a concession has been granted to the borrower or economic or legal reasons that are qualitative indicators of credit impairment, or contractual payments of either principal or interest by the obligor are past due by more than 90 days.

Purchased or Originated Credit Impaired Financial Assets in Stage 3

Purchased or originated credit-impaired financial assets are those financial assets that are credit-impaired on initial recognition. Their ECL is always measured on a lifetime basis. All subsequent changes in lifetime expected credit losses, whether positive or negative, are recognized in the income statement as a component of the provision for credit losses (Stage 3).

The Foundation determines appropriate groups of assets when ECL is measured collectively. Please see 4.1.1.

Measuring ECL – Basis of Inputs, Assumptions and Estimation Techniques

IFRS 9 does not distinguish between individually significant or not individually significant financial assets. As such, the Foundation calculates expected credit losses for each financial asset individually.

The Foundation uses three main components to measure ECL: Probability of default (PD), exposure at default (EAD), and loss given default (LGD). The Foundation has leveraged existing parameters used to determine capital demand under the Basel Internal Ratings Based Approach and internal risk management practice as much as possible to calculate ECL. These parameters are adjusted where necessary to comply with IFRS 9 requirements.

Details of these statistical parameters/inputs are as follows:

- The probability of default (PD) estimates the likelihood of default over a given time horizon. A default may only happen at a certain time over the remaining estimated life if the facility has not been previously derecognized and is still in the portfolio.
- The exposure at default (EAD) is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- The loss-given default (LGD) estimates the loss arising when a default occurs at a given time. It is based on the difference between the contractual cash flows due and those the lender would expect to receive, including from the realization of any collateral. It is usually expressed as a percentage of the EAD.

Forward-looking macroeconomic factors

ECL should consider forward-looking information. The measurement of expected credit losses for each stage and the assessment of significant increases in credit risk considers information about past events and current conditions as well as reasonable and supportable forecasts of future events and economic conditions. The estimation and application of forward-looking information require significant judgment. The Foundation used the unemployment index as a forward-looking macroeconomic factor.

Segmentation

ECL requires that exposures be appropriately grouped into homogenous segments based on shared credit characteristics expected to react to the current environment. Forward-Looking Information (FLI) and macroeconomic factors are expected to react similarly with respect to changes in the level of credit risk. The Foundation's current AIRB and stress testing models form the basis of the segmentation approach, with portfolios grouped to create PD, LGD, and EAD segments as of the reporting date.

(2.1.2) Impairment Provisioning Policies

The Foundation has established a Credit Loss and Provisioning Policy, which describes its principles and policies for identifying, assessing, and recognizing impairment and loss provisioning for all financial assets except those measured at Fair Value through the Profit & Loss. The internal rating tool assists Management in determining whether objective evidence of impairment exists based on the criteria set out by the Foundation in Note 1.3, Summary of Significant Accounting Policies.

For expected credit loss provisions modeled collectively, a grouping of exposures is performed based on shared risk characteristics, such that risk exposures within a group are homogenous.

Individually assessed impairment

Although individual assessment remains for individually significant assets, the assessment is expected rather than incurred loss. The expected loss calculation is a present value calculation of the credit losses expected from default events that may occur during a specified period. The required period is determined by risk at the reporting date relative to origination. Collateral valuation, timing, and recovery costs will form part of the assessment.

Collectively assessed impairment

ECL assessments are based upon forward-looking modeled PD, EAD and LGD parameters run at the account level (at minimum for material portfolios) and applied across all assets from the point of origination/booking. Where account-level modeling is not feasible or justifiable, segment-level models or pooled assessments are applied. Segments are defined based on similar risk characteristics. Where segment/pooled assessments are not feasible, benchmark parameters from relevant peer portfolios are applied in the short term.

Maximum Credit risk exposure (Financial Instruments subject to impairment).

The table below summarizes the composition and risk profile of the Foundation's financial assets subject to impairment.

Mortgage loans - Amortized Cost

	2022					2021
	Stage 1	Stage 2	Stage 3	ECL -Stages Purchased credit impaired	Total	Total
Credit grade						
1. Exceptional	1,221,752	139,958	-	-	1,361,710	1,566,048
2. Strong	9,950,338	558,256	-	-	10,508,594	14,549,893
3. Satisfactory	24,308,539	5,772,069	-	-	30,080,608	30,708,465
4. Acceptable	32,368,510	7,486,950	-	-	39,855,460	35,175,058
5. Less acceptable	19,909,422	6,809,482	-	-	26,718,904	20,358,842
6. Vulnerable	5,272,265	6,390,672	-	-	11,662,937	5,562,929
7. More vulnerable	1,154,213	1,497,793	-	-	2,652,006	1,180,555
8. Marginal	-	55,221,905	15,229,085	-	70,450,990	84,558,219
9. Special caution	-	-	3,393,491	-	3,393,491	2,178,732
10. Sub-performing	-	-	17,607	-	17,607	985,837
11. Default	-	-	230,339	-	230,339	255,141
Gross carrying amount	**94,185,039**	**83,877,085**	**18,870,522**	**-**	**196,932,646**	**197,079,719**
Loss allowance	**376,339**	**3,839,361**	**2,360,155**	**-**	**6,575,855**	**7,149,208**
Carrying amount	**93,808,700**	**80,037,724**	**16,510,367**	**-**	**190,356,791**	**189,930,511**

Changes in Carrying Amount

Mortgage Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
Carrying amount as of January 1, 2021	**102,358,286**	**75,534,966**	**19,186,467**	**-**	**197,079,719**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(15,086,532)	15,086,532	-	-	-
Transfer from Stage 1 to Stage 3	(3,523,199)	-	3,523,199	-	-
Transfer from Stage 2 to Stage 1	(94,045,941)	(139,097)	-	-	(94,185,038)
New financial assets originated or purchased	13,688,527	22,468,677	4,610,607	-	40,767,811
Changes in PDs/LGDs/EADs	90,761,898.19	(10,829,363)	(26,905,083)	-	53,027,452
Changes to model assumptions and methodologies	-	-	-	-	-
Modification of contractual cash flows of financial assets	-	-	-	-	-
Unwind of discount	31,968	232,745	(22,011)	-	242,702
Total net P&L charge during the period					
Transfers:					
Transfer from Stage 2 to Stage 3	-	(8,513,630)	8,513,630	-	-
Transfer from Stage 3 to Stage 2	-	(9,963,712)	9,963,712	-	-
Financial assets derecognized during the period	-	-	-	-	-
Write-offs	-	-	-	-	-
Carrying amount as of December 31, 2022	**94,185,007**	**83,877,118**	**18,870,521**	**-**	**196,932,646**

The investment measured at amortized cost is rated in the ECL model at stage 1. The stage is based on the international rating of the government Bonds of the Government of Aruba. As of March 2022, Standard & Poor's credit rating for Aruba stands at BBB with a stable outlook. The impaired amount is Afl. 12.517 of the total investment of Afl. 10.4 million. The Other debtors are 100% impaired in Stage 3 for a total amount of Afl. 9.0 million.

Investments - Amortized Cost

	Stage 1	Stage 2	Stage 3	2022 ECL -Stages Purchased credit impaired	Total	2021 Total
Credit grade						
1 Performing	10,437,000	-	-	-	10,437,000	11,700,000
2.Underperforming	-	-	-	-	-	-
3. Not performing	-	-	-	-	-	-
Gross carrying amount	**10,437,000**	**-**	**-**	**-**	**10,437,000**	**11,700,000**
Loss allowance	**12,518**	**-**	**-**	**-**	**12,518**	**14,203**
Carrying amount	**10,424,482**	**-**	**-**	**-**	**10,424,482**	**11,685,797**

All investments in time deposits and government bonds are denominated in Aruban florins. As a result, there is no exposure to foreign currency risk.

The impairment of the rental debtors is for aging between one to two months for 71% in stage 3. Aging greater than three months is impaired by 100%. The total amount impaired is Afl. 7.3 million as of December 31, 2022.

				2022		2021
	Stage 1	Stage 2	Stage 3	ECL -Stages Purchased credit impaired	Total	Total
Credit grade						
1. Performing	673,887	-	-	-	673,887	520,252
2. Underperforming	-	591,639	-	-	591,639	237,465
3. Not performing	-	-	6,211,632	-	6,211,632	6,743,757
Gross carrying amount	**673,887**	**591,639**	**6,211,632**	**-**	**7,477,158**	**7,501,474**
Loss allowance	**581,210**	**519,706**	**6,211,632**	**-**	**7,312,548**	**7,444,232**
Carrying amount	**92,677**	**71,933**	**-**	**-**	**164,610**	**57,242**

The personal loans for a total amount of Afl. 0.9 million and the insurance debtors for the amount of Afl. 1.876 are not subjected to impairment.

(2.2) Liquidity risk

(i) Risk management

Prudent liquidity management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. On a continuous or daily basis, the cash and cash equivalents and securities positions are monitored to maintain the minimum amount of Afl. 15 to 20 million. The reason is that there are ongoing construction projects to be started, which depend on the official agreement with the Government of Aruba regarding the infrastructure costs and the future rent subsidies for the tenant. Management estimates that this amount is enough for an institution such as the Foundation, where there is no obligation to make payments instantly, but taking into consideration its repayment obligations on outstanding loan amounts and payments depending on building projects. Also, it should be noted that a buffer is available within investment properties (land etc.) that can be sold when cash is required.

The Foundation only invests in time deposits and government bonds that are favorably marketable and negotiable, minimizing any risk. Besides that, investments in time deposits are only performed with local counterparts under the supervision of the Central Bank of Aruba.

(ii) Financing arrangements

The Foundation has no bank overdraft or undrawn borrowing facilities at the end of the reporting period.

(iii) Maturities of financial liabilities

The tables below analyze the Foundation's financial liabilities into relevant maturity groupings based on their contractual maturities for all financial liabilities.

The amounts disclosed in the tables are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant. For future contractual payments of leases, see note 6.4.

Contractual maturities of financial liabilities	Up to 1 year	Between 1 and 5 years	More than five years	Total
On December 31, 2022				
(in Aruban florin)				
Trade and other payables	15,631,800	-	-	**15,631,800**
Borrowings	7,887,778	44,035,833	39,998,333	**91,921,944**
Total	**23,519,578**	**44,035,833**	**39,998,333**	**107,553,744**
On December 31, 2021				
(in Aruban florin)				
Trade and other payables	13,941,698	-	-	**13,941,698**
Borrowings	7,892,778	45,639,167	48,130,000	**101,661,945**
Total	**21,834,476**	**45,639,167**	**48,130,000**	**115,603,643**

(2.3) Competitive risk

Although, over the last few years, the Foundation has faced more and more fierce competition in the financial market, the Foundation remains the only housing foundation with a mortgage bank to service its specific target group with their housing needs. Other financial institutions' focus heavily depends on the capital market and other commercial products.

(2.4) Market risk

Foundation faces market risks consisting mainly of price risk and interest rate risk. Foreign exchange risk is considered low since the Foundation holds no loans in foreign currencies.

Price risk is related to the value of the investments held by the Foundation and the risk related to the Foundation's exposure to price developments in the Aruban housing market. Interest rate risk is associated with interest-bearing financial instruments, particularly the Foundation's borrowings.

(i) Risk management

Market risk management aims to maintain the market risk position within acceptable boundaries versus generating an optimal return. To manage market risk, long-term government bonds and time deposits are concluded at fixed interest rates and the available funds are kept as much as possible in interest-bearing bank accounts. Given the market in which it operates, the Foundation can count on a steady number of clients for its products.

The interest rate risk management against the interest rate gap limits is supplemented by monitoring the sensitivity of the Foundation’s financial assets and liabilities to expected interest rate scenarios.

The interest rate in the Foundation’s financial liabilities is fixed for five years, based on the refinancing of the consortium loans during 2017 and will afterward fluctuate based on the norm as defined in the terms starting as per 2022 (reference is made to note 4.1.5). Consequently, the interest rate risk on financial liabilities is limited.

The interest rate on the Foundation's financial assets is determined by management, considering the Foundation's funding cost and the market interest rate. Management periodically analyzes the effective interest rate of the mortgage loans portfolio based on these considerations, including a 100 basis points (bp) parallel fall or rise in the interest rate on the mortgage portfolio.

Exposure to interest rate risk

The following tables show the carrying values of the assets and liabilities, presented at the earliest interest due date, or contracted re-pricing date:

Interest period	Up to 1 year	Between 1 and	More than 5	Non-interest	Total
On December 31, 2022					
(in Aruban florin)					
Cash and cash equivalents	-	-	-	15,607,883	15,607,883
Financial assets - loans and receivables	28,424,369	46,774,807	116,013,897	6,788,671	98,001,744
Financial assets - investments measured at amortized costs	4,597,739	4,786,959	1,439,577	-	10,824,275
Inventory	-	-	-	1,240,603	1,240,603
Investment Properties	-	-	-	142,274,400	142,274,400
Tangible fixed assets	-	-	-	4,469,608	4,469,608
Total assets	**33,022,108**	**51,561,766**	**117,453,474**	**170,381,165**	**372,418,513**
Trade and other payables	-	-	-	15,631,800	15,631,800
Lease liability	187,489	201,502	5,520,998	-	5,909,989
Employee benefit obligation	-	-	-	868,845	868,845
Borrowings	8,070,818	32,283,273	39,769,375	-	80,123,466
Total liabilities	**8,258,307**	**32,484,775**	**45,290,373**	**16,500,645**	**102,534,100**
Interest rate gap	**24,763,801**	**19,076,991**	**72,163,101**	**153,880,520**	**269,884,413**

On December 31, 2021					
(in Aruban florin)					
Cash and cash equivalents	-	-	-	19,746,790	19,746,790
Financial assets - loans and receivables	28,345,266	47,242,551	115,216,481	7,244,998	198,049,296
Financial assets - investments measured at	1,614,406	8,983,625	1,439,349	-	12,037,380
Inventory	-	-	-	2,345,185	2,345,185
Investment Properties	-	-	-	137,674,782	137,674,782
Tangible fixed assets	-	-	-	5,223,823	26,941,100
Total assets	**29,959,672**	**56,226,176**	**116,655,830**	**172,235,578**	**375,077,256**
Trade and other payables	-	-	-	13,941,698	13,941,698
Lease Liability	116,593	159,543	5,794,753	-	6,070,889
Employee benefit obligation	-	-	-	909,335	909,335
Borrowings	8,070,818	32,283,273	47,840,193	-	88,194,284
Total liabilities	**8,187,411**	**32,442,816**	**53,634,946**	**14,851,033**	**109,116,206**
Interest rate gap	**21,772,261**	**23,783,360**	**63,020,884**	**157,384,545**	**265,961,050**

(ii) Sensitivity

An analysis of the Foundation's sensitivity to an increase or decrease in mortgage loan interest rates, assuming no asymmetrical movements in various interest rates and a constant Statement of Financial Position, is as follows:

	100 bp parallel increase	100 bp parallel decrease
(In thousands of Aruban florin)		
Sensitivity of Projected Net interest income 2022	2,032	(2,032)
Sensitivity of Projected Net interest income 2021	1,693	(1,693)

As only the interest income is affected by an in- or decrease in the effective interest rate on mortgage loans, the sensitivity of the reported equity equals the sensitivity of the projected net interest income by way of retained earnings arising from increases or decreases in net interest income reported in the profit or loss.

(2.5) Loss allowance

The loss allowance recognized in the period is impacted by a variety of factors, such as transfers between stages due to financial instruments experiencing significant increases or decreases in credit risk, step-up or step-down between 12-month and lifetime ECL, additional allowances for new financial instruments recognized during the period, among others. Refer to the table presentation.

The table below explains the changes in the loss allowance between the beginning and the end of the annual period.

Changes in Loss Allowance

Mortgage Loans	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Purchased credit-impaired	Total
Loss allowance as of January 1, 2021	**202,592**	**4,489,035**	**2,457,581**	**-**	**7,149,208**
Movements with P&L impact					
Transfers:					
Transfer from Stage 1 to Stage 2	(449,746)	449,746	-	-	-
Transfer from Stage 1 to Stage 3	(399,296)	-	399,296	-	-
Transfer from Stage 2 to Stage 1	(376,339)	-	-	-	(376,339)
New financial assets originated or purchased	65,636	2,089,875	869,516	-	3,025,027
Changes in PDs/LGDs/EADs	1,301,524	(1,519,114)	(3,247,153)	-	(3,464,743)
Unwind of discount	31,968	232,745	(22,011)	-	242,702
Total net P&L charge during the period					
Transfers:					
Transfer from Stage 2 to Stage 3	-	(1,195,212)	1,195,212	-	-
Transfer from Stage 3 to Stage 2	-	(707,714)	707,714	-	-
Financial assets derecognized during the period	-	-	-	-	-
Loss allowance as of December 31, 2022	**376,339**	**3,839,361**	**2,360,155**	**-**	**6,575,855**

(3) CAPITAL MANAGEMENT

The Foundation defines capital risk as the risk of losing all or part of its capital invested, meaning its assets. This measurement is monitored explicitly by the Central Bank of Aruba, for which the Foundation must submit its monthly calculations. As per year-end 2022 and 2021, the Capital Ratio defined by the Central Bank of Aruba was 105%, respectively 104% (the norm is 16%).

The Foundation invests its capital in mortgage loans and the development of rental houses. The investment in rental properties is continuously maintained to upkeep their values at all times.
When managing capital, The Foundation's objectives are to safeguard the ability to continue as a going concern to provide returns and benefits for its primary target group and to maintain an optimal capital structure to reduce the cost of capital.

Internally, the Foundation monitors capital based on the debt-to-equity ratio. This ratio is calculated as total debt divided by total equity.

This debt-to-equity ratio amounts for 2022 and 2021:

	2022	2021
(in Aruban florin)		
Total debt	102,534,100	109,116,206
Total equity	269,884,413	265,961,050
Debt to equity ratio	**0.38**	**0.41**

During ALCO meetings, key management is kept informed about possible changes in investments and projects and the effects on the Foundation's capital adequacy are discussed.

Loan covenants FCCA Intercreditor Agreement (consortium loan)

The Foundation is required to comply with the following financial covenants:

- Debt service coverage ratio (DSCR; EBITDA divided by debt service) at a level equal to or exceeding 1.25;
- The loan delinquency ratio over the total loan portfolio (total outstanding balances of past due loans divided by the total outstanding loan balances) shall not exceed 10% (ten percent);
- The solvency ratio (equity divided by total assets) is maintained at a level equal to or exceeding 30% (thirty percent); and
- The total aggregate value of the outstanding balance of the pledged mortgage loans pledged as collateral will be at least 125% of the then outstanding borrowing balance as per balance sheet date (Afl. 79,166,667).

The Foundation has complied with these covenants at the reporting date (see Key figures).

	Required	2022	2021
Solvency ratio	≥ 30%	72%	71%
Debt Service Coverage ratio	≥ 1.25	1.10	0.86
Mortgage Loan Delinquency ratio	≤ 10%	6.09%	6.92%
Pledged Loan Collateral (Afl.)	≥ 125%	98,958,378	108,854,595

(4) NOTES TO THE STATEMENT OF FINANCIAL POSITION

(4.1) Financial assets and financial liabilities

Per the Statement of Financial Position on December 31, 2022, and based on the cash flow over the twelve months for 2022, the Foundation shows positive results, a sound financial position and positive cash flows from operating activities.

The interest rate of 2022 of the long-term loans changed (lower) due to the new funding arranged in 2017 to decrease its cost-of-debt further and offer substantially lower interest rates to its mortgage loan clients. In 2022 there was no funding placed or received.

The Foundation holds the following financial instruments:

	Note#	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)			
Financial assets			
Loans and receivables	4.1.1	198,001,744	198,049,296
Investments in time deposits and government bonds	4.1.2	10,824,275	12,037,380
Cash and cash equivalents	4.1.3	15,607,883	19,746,790
		224,433,902	**229,833,466**
Financial liabilities			
Trade and other payables	4.1.4	15,631,800	13,941,698
Borrowings	4.1.5	80,123,466	88,194,284
		95,755,266	**102,135,982**

All financial instruments above are categorized as 'financial assets/liabilities at amortized cost.

The Foundation's exposure to various risks associated with the financial instruments is discussed in note 2. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

(4.1.1) Loans and receivables

	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
(in Aruban florin)	current	non-current	current	non-current
Receivables	23,098,017	-	23,402,359	-
Provision for impairment	(16,309,346)	-	(16,157,361)	-
	6,788,671	**-**	**7,244,998**	**-**
Loans	30,861,222	166,927,706	30,885,686*	167,067,820*
Provision for impairment	(2,436,853)	(4,139,002)	(2,540,420)*	(4,608,788)*
	28,424,369	**162,788,704**	**28,345,266**	**162,459,032**
Total loans and receivables	**35,213,040**	**162,788,704**	**35,590,264**	**162,459,032**

* *These have been reclassified as of 2022. In line with this reclassification, the comparative figures have been adjusted accordingly.*
Loans and other receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. If the collection of the amounts is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Receivables are generally due for settlement within 30 days and are therefore classified as current. Collateral for receivables (not being loans) is normally not obtained.

Due to the short-term nature of the current loans and receivables, their carrying amount is considered the same as their fair value. For non-current loans, the fair values differ from their carrying amounts.

Loans and receivables are further specified as follows:

Loans and receivables - gross	Note#	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
(in Aruban florin)		current	non-current	current	non-current
Receivable Land Aruba	4.1.1.1	3,235,849	-	3,682,184	-
Net other debtors	4.1.1.2	9,016,472	-	8,733,037	-
Net rental property receivable	4.1.1.3	7,477,158	-	7,501,474	-
Other receivables		3,368,538	-	3,485,664	-
Total receivables		***23,098,017***	**-**	***23,402,359***	**-**
Mortgage loans and purchase loans not covered by mortgage deeds	4.1.1.5	30,604,003	166,328,643	30,588,009*	166,491,710*
Personal loans employees		257,219	599,063	297,677*	576,110*
Total loans		***30,861,222***	***166,927,706***	***30,885,686***	***167,067,820***
Total loans and receivables - gross		**53,959,239**	**166,927,706**	**54,288,045**	**167,067,820**

Provisions for impairments	Note#	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
(in Aruban florin)		current	non-current	current	non-current
Net other debtors	4.1.1.2	8,996,798	-	8,713,129	-
Net rental property receivable	4.1.1.3	7,312,548	-	7,444,232	-
Total provision for impairments - receivables		***16,309,346***	**-**	***16,157,361***	**-**
Mortgage loans and purchase loans not covered by mortgage deeds	4.1.1.5	2,436,853	4,139,002	2,540,420*	4,608,788*
Total provision for impairments - loans		***2,436,853***	***4,139,002***	***2,540,420***	***4,608,788***
Total impairment for loans and receivables		**18,746,199**	**4,139,002**	**18,697,781**	**4,608,788**

**These have been reclassified as of 2022. In line with this reclassification, the comparative figures have been adjusted accordingly.*

(4.1.1.1) Receivable Land Aruba

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Net operations of the rental property owned by Land Aruba	141,055	147,086
Interest payable due on loans	2,938	1,267
Compensation rent subsidy calculation for renters	44,670	53,970
Rent subsidy for FCCA rental houses	3,047,186	3,479,861
	3,235,849	**3,682,184**

Rent Subsidy to social tenants of the Foundation rental houses.
The Government of Aruba directly pays the entitled rental subsidy of the Foundation's social housing tenants to the Foundation. As of December 31, 2022, the subsidy receivable from the Government of Aruba represents five months of subsidies.

(4.1.1.2) Net other debtors

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Neither past due nor impaired	19,674	19,908
Individually impaired	8,996,798	8,713,129
Other debtors	9,016,472	8,733,037
Less: Allowance for doubtful accounts other debtors	(8,996,798)	(8,713,129)
	19,674	**19,908**

The movement schedule for the allowance for doubtful accounts other debtors is as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Allowance as of January 1st	(8,713,129)	(8,788,821)
Addition to the allowance	(347,417)	(244)
Release of the allowance in favor of the net result	78,466	56,832
Write-off of doubtful debtors	(14,718)	19,104
Allowance as of December 31st	**(8,996,798)**	**(8,713,129)**

The category 'individually impaired' is specified as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
< 1 month	708,629	620,790
1 - 3 months	225,542	165,328
3 - 6 months	257,259	231,714
6 - 12 months	175,098	409,953
> 12 months	7,649,944	7,305,252
Total	**9,016,472**	**8,733,037**

(4.1.1.3) Net rental property receivables

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Neither past due nor impaired	164,610	57,242
Individually impaired	7,312,548	7,444,232
Rental property receivables	7,477,158	7,501,474
Less: Allowance for rental property receivables	(7,312,548)	(7,444,232)
	164,610	**57,242**

In the net rental property receivables, an outstanding amount of Afl. 707K is included. The Foundation and Korps Politie Aruba (KPA) reached a payment arrangement for this outstanding amount.

The movement schedule for the allowance for doubtful accounts other debtors is as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Allowance as of January 1st	(7,444,232)	(7,556,130)
Addition to the allowance	(60,018)	(498,326)
Release of the allowance in favor of the net result	136,210	403,742
Write-off of doubtful debtors	55,492	206,482
Allowance as of December 31st	**(7,312,548)**	**(7,444,232)**

The allowance is 100 percent of the outstanding balances older than two months. An ECL is calculated for amounts that are at most two months overdue. Management estimates the probability of receiving the outstanding amounts unlikely, even though it continues to take action to collect them.

The category ‘individually impaired’ is specified as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
< 1 month	13,594	38,464
1 - 3 months	240,714	229,756
3 - 6 months	290,690	326,248
6 - 12 months	947,339	746,437
> 12 months	5,984,821	6,160,569
Total	**7,477,158**	**7,501,474**

(4.1.1.4) Mortgage loans

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Construction mortgage loans	84,885,773	86,941,657
Purchase mortgage loans	62,168,730	64,410,735
Mortgage loans related to sale of Land Aruba houses	1,720,020	2,106,633
Other mortgage loans	43,696,473	38,478,720
	192,470,996	191,937,745
Purchase loans not covered by mortgage deeds	4,461,650	5,141,974
	196,932,646	197,079,719
Less: Allowances for expected credit losses	(6,575,855)	(7,149,208)
	190,356,791	**189,930,511**

The granted mortgage loans have a loan term range between 1 and 40 years and an interest percentage range from 1% to 11% per year. The following table presents the Mortgage loans portfolio in interest categories as of December 31, 2022.

Annual interest rates	1.0 - 6.9%	7.0 - 9.75%	10.0 - 10.75%	11% on capital up to Afl. 105,000	11% on capital more than Afl. 105,000	Total (Afl.)	Average maximum term of the loans (in years)
Annual income categories (in Afl. 1,000)	6 - 18	18 - 30	30 - 45	>= 45	>= 45		
Number of loans	181	1,464	405	82	1	**2,133**	
Construction mortgage loans (Afl.)	7,878,602	67,552,451	8,625,870	828,851	-	**84,885,774**	20.00
Purchase Mortgage loans (Afl.)	5,488,563	46,077,026	12,408,952	1,107,327	144,160	**65,226,028**	24.19
Mortgage loans for purchase of Land Aruba houses (Afl.)	35,445	2,527,205	547,133	14,588	-	**3,124,371**	18.00
Other mortgage loans (Afl.)	14,095,019	26,268,004	3,159,596	173,854	-	**43,696,473**	22.46
Total (Afl.)	**27,497,629**	**142,424,686**	**24,741,551**	**2,124,620**	**144,160**	**196,932,646**	**22.25**

The average annual interest rate for 2022 of the total portfolio is 8.4% (2021: 9.0%).

Each mortgage deed covers the nominal value of the specific loan plus a 40 percent increment and provides the Foundation as the principal beneficiary at auction. Only fiscal debts supersede the priority status of the Foundation.

In the outstanding balance of the purchase loans, an amount of Afl. 4,461,650 (December 31, 2021: Afl. 5,141,974), with an average annual interest rate of 8.5% and an average maturity period of 20 years, is not covered by mortgage deeds. These 105 loans (December 31, 2021: 116) were for the purchase of a house of the Foundation - or of the Government of Aruba, but for which the mortgage rights have not been vested as the legal rights could not be transferred as per balance sheet date due to the omissions of the title register certificates and the respective ministerial decisions.

In the balance of other mortgage loans, four loans include loans to key management members of the Foundation for Afl. 803,431 as per December 31, 2022 (2021: Afl. 1,101,811). The average annual interest rate on these loans is 5.00 %. The fair value of these loans is similar to the carrying amount.

Collateral

The Foundation employs a range of policies and practices to mitigate credit risk. The most common of these is the acceptance of collateral for mortgage loans. The Foundation has internal policies on the acceptability of specific collateral classes for credit risk mitigation.

The Foundation's policies regarding obtaining collateral have not significantly changed during the reporting period, and there has been no change in the overall quality of the collateral held by the Foundation.

The Foundation assesses the value of the collateral, which can be premises or plots of land, during the loan approval process. This assessment is reviewed every five years.

A portion of the Foundation's financial assets originated by the mortgage business has sufficiently low Loan to Value ratios, which results in no loss allowance being recognized under the Foundation's expected credit loss model. The carrying amount of such financial assets is Afl.135,999,487 as of December 31, 2022 (December 31, 2021: Afl. 137,813,165).
The Foundation closely monitors collateral held for financial assets considered to be credit-impaired, as it becomes more likely that the Foundation will take possession of collateral to mitigate potential credit losses.

As of December 31, 2022, an amount of Afl. 98,958,378 (December 31, 2021: Afl. 108,854,595) is pledged as collateral for the Credit Facility Agreement. Reference is made to note 4.1.5 for further explanation.

The movement schedule of the allowances for expected credit losses is as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Provision as of January 1	(7,149,208)	(5,442,303)
Release / (Addition) on doubtful loans	564,771	(1,706,905)
Write-off of doubtful debtors	8,582	-
Provision as of December 31	**(6,575,855)**	**(7,149,208)**

Aging of mortgage loans in months as per ECL model:

	Month	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)			
satisfactory	< 1 month	122,840,188	109,483,359
special mention	1 - 3 months	62,099,812	73,951,647
substandard	3 - 6 months	8,351,210	9,260,628
doubtful	6 - 12 months	2,662,439	1,919,575
loss	> 12 months	978,997	2,464,510
Total		**196,932,646**	**197,079,719**

(4.1.2) Investments measured at amortized cost.

	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
(in Aruban florin)	current	non-current	current	non-current
Time deposits	1,700,000		-	1,700,000
Interest receivable on time deposits	399,793	-	351,583	-
Government bonds	2,500,000	6,237,000	1,263,000	8,737,000
Total Investments measured at amortized cost	**4,599,793**	**6,237,000**	**1,614,583**	**10,437,000**
Provision for impairment	(2,054)	(10,464)	(177)	(14,026)
	4,597,739	**6,226,536**	**1,614,406**	**10,422,974**

Investments in time deposits and government bonds are included in non-current assets, except those with maturities less than 12 months from the end of the reporting period, which would be classified as current assets.

Investments in time deposits and government bonds can be further specified as follows:

	Interest p/yr.	Maturity date	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)				
Current investments				
Government Bonds	5.15%	June 2023	2,500,000	2,500,000
Government Bonds	5.25%	December 2022		1,263,000
Time deposit held at CIBC First Caribbean Int'l Bank	2.90%	February 2023	1,700,000	1,700,000
			4,200,000	5,463,000
Non-current investments				
Government Bonds	4.50%	September 2024	1,125,000	1,125,000
Government Bonds	6.00%	June 2025	3,670,000	3,670,000
Government Bonds	5.90%	May 2030	1,442,000	1,442,000
			6,237,000	6,237,000
			10,437,000	**11,700,000**

(4.1.3) Cash and cash equivalents

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value.

(4.1.4) Trade and other payables

	Note#	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		current	current
Accounts payable		3,068,076	1,551,638
Payroll and other statutory liabilities	4.1.4.1	3,281,501	3,303,974
Other payables and accrued expenses	4.1.4.2	9,282,223	9,086,086
Total Trade and other payables		**15,631,800**	**13,941,698**

Trade and other payables are unsecured. Trade payables are usually paid within 30 days of recognition.
Due to their short-term nature, the carrying amounts of Trade and other payables are considered the same as their fair values.

(4.1.4.1) Payroll and other statutory liabilities

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)	current	current
Employees' savings plan	2,350,904	2,346,035
Other payroll and statutory liabilities	930,597	957,939
Total payroll and other statutory liabilities	**3,281,501**	**3,303,974**

Employees' savings plan

The Foundation personnel can participate exclusively by salary withholding in a savings plan that pays 8% interest per year, except for the two managing directors. Key- management's portion of the total amount is Afl. 392,889 as of December 31, 2022 (2021: Afl. 368,990).

(4.1.4.2) Other payables and accrued expenses

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)	current	current
Payable 'settlement FCCA/Land Aruba'	1,693,330	1,621,389
Land lease and ground payable	2,183,648	1,566,034
Interest payable on loans Intercreditor Agreement	1,319,445	1,451,389
Accrued expenses related to finished construction projects	910,108	941,453
Mortgage loans prepayments	253,419	410,601
Audit and other payables	906,103	1,066,700
Other accrued liabilities	2,016,170	2,028,520
Total other payables and accrued expenses	**9,282,223**	**9,086,086**

Settlement Agreement FCCA/Land Aruba

The balance of the Settlement Agreement FCCA/Land Aruba consists of a total amount of Afl.1.6 million, which consists of the following.

On December 6, 2016, the Parliament of Aruba approved the Declaration of Intent, signed on April 15, 2016, with the Government of Aruba, for execution by the Ministers. The Declaration of Intent approves the Ministers to execute the Settlement Agreement with the Foundation. The Foundation has administered the Settlement Agreement in the Financial Statements as of December 31, 2016. As of December 31, 2022, an amount of Afl. 1,693,330 remained to be invested.

Accrued expenses purchase loans.

The accrued expenses refer to the legal title transfer cost of 105 properties (December 31, 2021: 116 loans) regarding purchasing of a house of the Foundation or the Government of Aruba. Not all mortgage deeds have been vested and titled transferred due to a backlog at the responsible governmental departments.

(4.1.5) Borrowings

	Dec. 31, 2022	Dec. 31, 2022	Dec. 31, 2021	Dec. 31, 2021
(in Aruban florin)	current	non-current	current	non-current
Loans Land Aruba	200,000	1,200,000	200,000	1,400,000
Consortium Intercreditor Agreement	7,916,667	71,250,000	7,916,667	79,166,666
Success and commission fee Intercreditor Agreement	(45,848)	(397,353)	(45,848)	(443,201)
Total borrowings	**8,070,819**	**72,052,647**	**8,070,819**	**80,123,465**

The following table gives an overview of the loan conditions and repayment schedules as well as the original and carrying values:

	Year of closing	Annual nominal interest rate	Annual repayment (Afl.)		Year of repayment
Loans Land Aruba					
Loan Land Aruba	2009	2.50%	200,000	*	2029
Loan Intercreditor Agreement	2018	5.00%	7,916,667	**	2020-2032

** Repayment amount is Afl. 200,000, starting on September 16, 2020.*
*** Nominal interest rate is 5%. The loan was granted on August 27, 2017. Repayment began in the third year.*

	Dec. 31, 2022		Dec. 31, 2021	
(in Aruban florin)	Original amount	Carrying amount	Original amount	Carrying amount
Loan Land Aruba	2,000,000	1,400,000	2,000,000	1,600,000
	2,000,000	**1,400,000**	**2,000,000**	**1,600,000**
Loan Intercreditor Agreement				
Caribbean Mercantile Bank N.V.	33,000,000	27,500,000	33,000,000	30,250,000
Stichting Bedrijfspensioenfonds Aruba	-	-	4,000,000	3,666,667
Stichting F.P.E.F.	5,000,000	4,166,667	5,000,000	4,583,333
Banco di Caribe (Aruba) N.V.	12,000,000	10,000,000	12,000,000	11,000,000
Ennia Caribe Leven (Aruba) N.V.	25,000,000	20,833,333	25,000,000	22,916,667
Fatum Life Aruba N.V.	7,000,000	5,833,333	7,000,000	6,416,667
Stichting Pensioenfonds Metabedrijven	4,000,000	3,333,333	4,000,000	3,666,667
Stichting Pensionfund Tourism Sector Aruba	5,000,000	4,166,667	5,000,000	4,583,333
Stichting Algemeen Pensioenfonds Aruba (APFA)	3,666,667	3,333,333	-	-
	94,666,667	**79,166,666**	**95,000,000**	**87,083,334**
	96,666,667	**80,566,666**	**97,000,000**	**88,683,334**

The contractual redemption of loans can be specified as follows:

	Year of closing	Total	Less than 1 year	1-5 years	More than 5 years
Loan Land Aruba	2009	1,400,000	200,000	800,000	400,000
Loan Intercreditor Agreement	2019	79,166,667	7,916,667	31,666,667	39,583,333
		80,566,667	**8,116,667**	**32,466,667**	**39,983,333**

(4.1.5.1) Loan Intercreditor Agreement, 2017, Afl. 95,000,000

A loan Inter-creditor agreement was signed on August 28, 2017. As described in the Afl. 95,000,000 term loan facility agreement, the loan agreement was made between the Foundation (Borrower) and several financial institutions (Lenders) with Vidanova Bank N.V. as Administrative and Security Agent (Agent).

The total amount of the consortium loan is Afl. 95,000,000 with a nominal interest rate of 5%, a term of 30 years, a repayment grace period of three years with the first interest payment as per March 1st, and the first fixed principal repayment due on March 1 and September 1 of each year starting as per March 1, 2021.

The consortium loans are secured by:

a. Assigned accounts receivables at all times for a total amount such that the coverage value of the assigned accounts receivable is equal to 125% of the total outstanding amount under the loan agreement on a pari passu pro-rata basis with all lenders under the loan agreement, also complying with the following standards:
    - The encumbered mortgage loan portfolio shall consist of mortgage loans that are not delinquent;
    - Any mortgage loan as part of the encumbered mortgage loan portfolio that becomes a delinquent mortgage loan shall be replaced by the Foundation with a non-delinquent mortgage loan out of its mortgage loan portfolio;
    - Any mortgage loan as part of the encumbered mortgage loan portfolio that matures or is repaid shall the Foundation replace that mortgage loan with a new non-delinquent mortgage loan out of the mortgage loan portfolio.

b. General undisclosed pledge of money and claims, present and future other than the pledge under the prior item a. to restore minimum coverage value under the previous item a. if this minimum coverage value is not met.

The carrying amount of financial assets pledged as collateral for liabilities is Afl. 2,269,460.

For existing financial covenants that should be met, reference is made to note 3.

(4.1.5.2) Fair value

The fair value of the borrowings is estimated at Afl. 80,123,466 (2021: Afl. 88,194,284). This fair value of borrowings is based on discounted cash flows using a current borrowing rate of 5%. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including their own credit risk.

(4.1.5.3) Risk exposures

Details of the Foundation's exposure to risks arising from current and non-current borrowings are set out in note 2.

(4.2) Non-financial assets and liabilities

This note provides information about the Foundation's non-financial assets and liabilities, including:

- Specific details on each type of non-financial assets and liabilities, including:
  - Investment properties;
  - Tangible fixed assets;
  - Employee benefit obligations.
- Accounting policies, and
- Information about determining the fair value of the assets and liabilities, including judgments and estimation uncertainty involved.

(4.2.1) Investment Properties

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)		
Investment Properties	136,833,548	131,897,204
Right-of-use leasehold lands	5,440,852	5,777,578
	142,274,400	**137,674,782**

Investment property

	Land Bonaire	Commercial rental properties	Residential rental properties	Projects in progress and land	Total
(in Aruban florin)					
Cost:					
Cost as of December 31, 2020	180,001	15,672,229	136,027,277	23,220,854	**175,100,361**
Investments	-	21,820	-	8,441,404	**8,463,224**
Completed projects	-	-	14,050,912	(14,123,750)	**(72,838)**
Adjustment due to re-allocation	-	-	152,869	(152,869)	**-**
Repurchases	-	-	288,000	-	**288,000**
Impairment	-	-	(184,855)	-	**(184,855)**
Disposal and sale of assets	(180,000)	-	(227,238)	(1,194,742)	**(1,601,980)**
Cost as of December 31, 2021	1	15,694,049	150,106,965	16,190,897	**181,991,912**
Accumulated depreciation					
Acc. depreciation as of December 31, 2020	-	(5,336,617)	(40,732,558)	-	**(46,069,175)**
Depreciation	-	(391,928)	(3,830,063)	-	**(4,221,991)**
Acc. depreciation on disposal	-	-	196,458	-	**196,458**
Acc. depreciation as of December 31, 2021	-	(5,728,545)	(44,366,163)	-	**(50,094,708)**
Carrying value as of December 31, 2021	**1**	**9,965,504**	**105,740,802**	**16,190,897**	**131,897,204**

	Land Bonaire	Commercial rental properties	Residential rental properties	Projects in progress and land	Total
(in Aruban florin)					
Cost:					
Cost as of December 31, 2021	1	15,694,049	150,106,965	16,190,897	**181,991,912**
Investments	-	169,093	85,992	9,277,379	**9,532,464**
Transfer of assets	-	306,305	-	-	**306,305**
Completed projects	-	-	2,896,073	(2,896,073)	**-**
Disposal	-	-	(603,337)	-	**(603,337)**
Cost as of December 31, 2022	1	16,169,447	152,485,693	22,572,203	**191,227,344**
Accumulated depreciation					
Acc. depreciation as of December 31, 2021	-	(5,728,545)	(44,366,163)	-	**(50,094,708)**
Depreciation	-	(405,470)	(4,252,174)	-	**(4,657,644)**
Acc. depreciation on disposal	-	-	358,556	-	358,556
Acc. depreciation as of December 31, 2022	-	(6,134,015)	(48,259,781)	-	**(54,393,796)**
Carrying value as of December 31, 2022	**1**	**10,035,432**	**104,225,912**	**22,572,203**	**136,833,548**

Investment properties consist of land and buildings in Aruba and Bonaire. These assets are measured at cost based on internal estimation reports. Land is not depreciated; however, on the buildings, a remaining useful life, which ranges from 15 to 50 years depending on the property, is considered from the date of purchase of November 3, 2003.

The Foundation has a long lease land of 23,080 m^2 purchased in Bonaire for Afl. 105,025 that has been impaired. The fair value of all properties in Bonaire, based on appraisals performed in 2018, is Afl. 286,980. A significant portion of the land in Bonaire has been sold as of July 2021.

The fair value of the property in Aruba, based on appraisals performed between 2015 and 2022, is Afl. 26,379,660.
Additionally, the Foundation has some individual long-lease land available for construction.

Up till 2021, properties with a carrying value of Afl. 121,931,699 (as of December 31, 2021) were recognized as Tangible fixed assets in exploitation, whereas these should be recognized as investment properties. These have been reclassified as of 2022. In line with this reclassification, the comparative figures have been adjusted accordingly.

Rental property
Rental property in exploitation can be further broken down into houses purchased at auctions, commercial rental houses, social houses, model houses, specially customized houses, combination houses, repurchased houses, office buildings, parking lots and finished projects.

Not all the legal rights have been transferred to the Foundation due to the omissions of the respective registry certificates and ministerial decisions caused by delays at the concerned government departments.

The buildings at Cura Cabai, and a few houses at Seroe Patrishi, Paradera, Avicenastraat, Tanki Leendert and Isaac Wagemakerstraat are built on property land.
Based on the internal valuation, the value of the rental property approximates a total amount of Afl. 266 million (2021: 244).

Projects in progress and land
Construction projects in progress amount to Afl. 16,217,093 (December 31, 2021: Afl. 9,835,786) relates to projects that are ongoing as per the Statement of Financial Position date, consisting out of residential blocks at Weg Kustbatterij and Santa Cruz, replacement of a majority of windows at Bushiri II, Cura Cabai Zuid, 96 apartment complex purchase at auction in Boegoeroei and various projects, and the placement of fences at several locations.

Land refers to property land at Cura Cabai, Maria Maai, Shaba, Canashito, Rooi Bosal, Weg Seroe Preto, Weg Fontein, Savaneta, Weg Rooi Hundo and Alto Vista for a total amount of Afl. 6,355,111 (December 31, 2021: Afl. 6,355,111).

The offices of the Foundation and two branches are on lease land, except for short-term leases and leases of low-value underlying assets. Each lease is reflected in the Statement of Financial Position as a right-of-use asset and a lease liability.

(4.2.2) Tangible fixed assets

	Note#	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)			
Tangible fixed assets for own use	4.2.2.1	4,367,186	5,173,405
Right-of-use assets	4.2.2.2	102,422	50,418
		4,469,608	**5,223,823**

(4.2.2.1) Tangible fixed assets for own use

	Office building and building improvements	Community center facilities	Furniture equipment & computer equipment	Vehicles	Total
(in Aruban florin)					
Cost:					
Cost as of December 31, 2020	6,393,705	2,864,406	8,291,950	1,669,327	**19,219,388**
Investments	14,377	-	287,160	221,315	**522,852**
Completed projects	-	72,838	-	-	**72,838**
Disposal	(5,500)	(107,261)	(1,035,588)	(251,005)	**(1,399,354)**
Cost as of December 31, 2021	6,402,582	2,829,983	7,543,522	1,639,637	**18,415,724**
Accumulated depreciation:					
Acc. depreciation as of December 31, 2020	(4,170,588)	(1,084,912)	(7,100,160)	(1,431,985)	**(13,787,645)**
Depreciation	(154,850)	(138,949)	(449,404)	(101,073)	**(844,276)**
Acc. depreciation on disposal of assets	5,500	106,368	1,026,729	251,005	**1,389,602**
Acc. depreciation as of December 31, 2021	(4,319,938)	(1,117,493)	(6,522,835)	(1,282,053)	**(13,242,319)**
Carrying value as of December 31, 2021	**2,082,644**	**1,712,490**	**1,020,687**	**357,584**	**5,173,405**

	Office building and building improvements	Community center facilities	Furniture equipment & computer equipment	Vehicles	Total
(in Aruban florin)					
Cost:					
Cost as of December 31, 2021	6,402,582	2,829,983	7,543,522	1,639,637	**18,415,724**
Investments	-	-	134,872	170,410	**305,282**
Transfer of assets	(608,202)	-	-	-	**(608,202)**
Disposal	(11,050)	(19,841)	(156,283)	(112,536)	**(299,710)**
Cost as of December 31, 2022	5,783,330	2,810,142	7,522,111	1,697,511	**17,813,094**
Accumulated depreciation:					
Acc. depreciation as of December 31, 2021	(4,319,938)	(1,117,493)	(6,522,835)	(1,282,053)	**(13,242,319)**
Depreciation	(150,503)	(144,473)	(385,161)	(101,382)	**(781,519)**
Acc. Depreciation on transfer of assets	301,897	-	-	-	**301,897**
Acc. depreciation on disposal	11,050	5,373	147,074	112,536	**276,033**
Acc. depreciation as of December 31, 2022	(4,157,494)	(1,256,593)	(6,760,922)	(1,270,899)	**(13,445,908)**
Carrying value as of December 31, 2022	**1,625,836**	**1,553,549**	**761,189**	**426,612**	**4,367,186**

Management did not identify any indications that would require the impairment of these assets.

Some properties serve as security for the Loan Vidanova N.V. & Consortium, 2017. Reference is made to note 4.1.5.

Up till 2021, properties with a carrying value of Afl. 1,712,490 (as of December 31, 2021) were recognized as Tangible fixed assets in exploitation, whereas these should be recognized as Tangible fixed assets for own use. These have been reclassified as of 2022. In line with this reclassification, the comparative figures have been adjusted accordingly.

The table below describes the nature of the Foundation's leasing activities by type of right-of-use assets recognized on the Statement of Financial Position:

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Office buildings and other rental properties	1,159	5 - 60 years	40 years	1,159	0	0	0
Office equipment	4	1 - 5 years	3 years	4	0	0	0

(4.2.3) Employee benefit obligations

Employee benefit obligations consist of a provision for anniversary allowances. This provision, which is unfunded, is based on the number of years that employees have been in service at the Foundation. The movement in this provision can be specified as follows:

	Dec. 31, 2022	Dec. 31, 2021
(in Aruban florin)	non-current	non-current
Provision for anniversary allowances	868,845	909,335
Total employee benefit obligations	**868,845**	**909,335**
January 1	**909,335**	**939,418**
Contribution by the employer	58,141	67,107
Payments from the plan	(47,624)	(61,825)
Release from the allowance	(51,007)	(35,365)
December 31	**868,845**	**909,335**

The provision for anniversary allowance is of a non-current nature.

The significant assumptions applied in estimating this provision are:

- Discount rate 4.5% per annum
- General salary increase 1.5% per year
- Unemployment risk 1.0%
- Life expectancy GMB/GBV 1995-2000

The sensitivity of the provision for anniversary allowances to changes in the primary assumptions is:

Change in assumption		Impact on the provision for anniversary allowance	
		Increase in assumption	Decrease in assumption
Discount rate	0.5%	-4.3%	4.6%
General salary increase	0.5%	4.8%	-4.5%
Unemployment risk	0.5%	-4.7%	+5.0%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and some assumptions' changes may be correlated.

(4.3) Capital

(4.3.1) Retained earnings

The retained earnings include a total amount of Afl. 65,826,155 (2021: Afl. 65,826,155) of grants from the Government of Aruba for construction purposes in the past. Grants from the sale of social houses are recognized at the date of the loan agreement with the buyer or at the moment of the cash sale.

Until 2015, this item was presented as a separate line item in the capital. As of 2016, due to a Settlement Agreement with the Government of Aruba, this item has been reclassified to retained earnings.

The amount of Afl. 65,826,155 can be specified as follows:

	Self -construction projects	Office building	Housing Complex Madiki	Social housing	Transferred houses	Total
(in Aruban florin)						
Balance on December 31, 2020	29,750,000	418,684	2,500,000	29,155,212	4,002,259	65,826,155
Received grants	-	-	-	-	-	-
Balance on December 31, 2021	29,750,000	418,684	2,500,000	29,155,212	4,002,259	65,826,155
Received grants	-	-	-	-	-	-
Balance on December 31, 2022	**29,750,000**	**418,684**	**2,500,000**	**29,155,212**	**4,002,259**	**65,826,155**

Grants 1979-1992

These are grants amounting to Afl. 32,668,684 to December 31, 2022, from the Government of Aruba by means of development funds received for the self-construction projects, the Foundation main office building and the housing complex in Madiki.

Self-construction projects

The Foundation received for the self-construction project funding up to 1991 from the Government of Aruba from development funds, of which 50% was in the form of a grant amounting to Afl. 29,750,000.

Housing complex Madiki
In the Settlement Agreement with the Government of Aruba in December 2016, the Government of Aruba granted Afl. 2,500,000, being 50% of the funding for the 100 Madiki houses, according to the State Ordinance AB 1983 no.7 of June 14, 1983. The grant was ultimately formalized in the Settlement Agreement dated December 2016 and capitalized in the 2016 Financial Statements.

Social housing grants 1995-2015
In 1995 the Government of Aruba granted the proceeds from the sale of the rental houses of the Government of Aruba to the Foundation to be immediately reinvested for social housing, which the Council of Ministers formalized on October 3, 1997.

Transferred houses from the Government Aruba
In 2012 the Foundation received 150 houses (Juana Morto Complex, Yara Complex and Pos Chiquito Complex) for a total of Afl. 7,450,000, of which Afl. 4,002,259 was in the form of a grant.

(5) NOTES TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(5.1) Revenues from financial activities

	2022	2021
(in Aruban florin)		
Interest and similar revenues	18,168,230	16,412,073
Commission income	240,754	229,683
	18,408,984	**16,641,756**

Interest and similar revenues

	2022	2021
(in Aruban florin)		
Interest from (mortgage) loans	17,030,633	15,233,650
Interest from bank deposits and bank balances	684,669	743,310
Interest earned during construction of houses	363,586	337,317
Interest earned on personal loans employees	89,342	97,796
	18,168,230	**16,412,073**

The Foundation's financial assets, categorized as mortgage loans interest income, are a part of the ECL model calculations.

(5.2) Revenues from real estate activities

	2022	2021
(in Aruban florin)		
Rental revenue	15,483,827	14,679,869
	15,483,827	**14,679,869**

The Foundation's rental houses inventory amounts to 1,774 rental houses/buildings as of December 31, 2022 (1,736 as of December 31, 2021).

(5.3) Other income

	2022	2021
(in Aruban florin)		
Profit from sale of assets	91,460	1,219,544
Insurance brokerage commission	445,040	878,269
Other net income	613,418	1,794,938
	1,149,918	**3,892,751**

(5.4) Personnel expenses

	2022	2021
(in Aruban florin)		
Salaries and allowances	9,553,101	9,832,980
Pension contribution	774,729	761,468
Social premiums	1,758,598	1,786,940
Other personnel expenses	497,437	511,931
	12,583,865	12,893,319
Less: Capitalized personnel expenditures	(159,540)	(337,231)
Less: Invoiced sick leave days at SVB	(48,884)	(66,897)
	12,375,441	**12,489,191**

Personnel expenses made on behalf of construction projects (assets) or maintenance work carried out at the tenant's expense are capitalized.

Compensation of key management is included in the personnel expenses. For further details, reference is made to note 6.1 "Related parties" and note 6.4 "Contingent assets and contingent liabilities".

At the end of 2022, the Foundation had 98 employees (at the end of 2021: 101).

The employees' pension plan is a defined contribution plan at an insurance company, which expires on December 31, 2024. The accumulated capital at pension age is converted into a pension. Annually, a premium becomes available for retirement spending and coverage in case of risk of early demise. The premium amount depends on the participant's salary and age. The participant contributes 5% of his annual salary, and the Foundation contributes the remainder.

The Foundation’s contribution to the collective pension plan starts at 5% in the age group of 18-40 years to a maximum of 17% based on age category.

(5.5) General expenses

	2022	2021
(in Aruban florin)		
Operating expenses	1,056,134	1,155,305
Audit, legal and consulting expenses	2,113,564	1,010,579
Communication expenses	322,558	360,331
Transportation expenses	182,497	226,712
Collection expenses	253,848	297,350
Representation and promotion expenses	210,472	207,315
Turnover taxes	127,350	167,710
Expenses related to granting of mortgage loans	419,268	324,276
Write-off payables previous years	105,918	374,410
Other general expenses	914,363	945,180
	5,705,972	5,069,168

Compensation of supervisory board members is included in other general expenses. For further details, reference is made to note 6.1, "Related parties".

(5.6) Property expenses

	2022	2021
(in Aruban florin)		
Expenses for rental property owned by the Foundation	2,725,354	3,545,283
Expenses for construction projects in progress	219,528	553,732
Expenses for investment properties	389,529	478,070
	3,334,411	4,577,085

Expenses for rental property owned by the Foundation

	2022	2021
(in Aruban florin)		
Insurance expense	354,046	335,793
Leasehold and property taxes	596,531	638,551
Administrative and social management expenses	414,771	437,508
Maintenance expenses	1,360,006	2,133,431
	2,725,354	3,545,283

(5.7) Depreciation

	2022	2021
(in Aruban florin)		
Depreciation on Fixed Assets for own use	781,519	844,276
Depreciation on Investment Properties	4,657,645	4,221,991
	5,439,164	5,066,267

(5.8) Finance costs

	Note#	2022	2021
(in Aruban florin)			
Interest and similar expenses	5.8.1	4,161,593	4,562,631
Closing and finance costs	5.8.2	476,482	478,780
		4,638,075	5,041,411

(5.8.1) Interest and similar expenses

	2022	2021
(in Aruban florin)		
Interest loans Land Aruba	38,329	43,534
Interest loans Intercreditor Agreement	4,123,264	4,519,097
	4,161,593	4,562,631

(5.8.2) Closing and finance costs.

	2022	2021
(in Aruban florin)		
Interest on leases (IFRS16)	291,779	307,932
Administrative costs of loans received	184,703	170,848
	476,482	478,780

(6) OTHER NOTES TO THE FINANCIAL STATEMENTS 2022

(6.1) Related parties

The Foundation has identified the following related parties:

- Government of Aruba;
- Key management consisting of the Board of Supervisory Directors, the Board of Managing Directors, and the Division heads.

Government of Aruba

The Foundation is not owned or controlled by the Government of Aruba, but the Minister appoints two of the five members of the Board of Supervisory Directors.

The Foundation informs the Minister in writing of resolutions it has adopted concerning:

a. the adoption of public housing standards;
b. the location of the housing projects to be developed;
c. the programming of urban development;
d. the standardization of housing allocation;
e. the preparation of longer time schedules for the building program;
f. the development of building programs that require infrastructural works; and
g. any adjustment of the Foundation's Bylaws.

The Foundation has transactions with the Government of Aruba. Up to December 2016, the Foundation has managed and maintained the social houses of the Government of Aruba; as a result of the Settlement Agreement of December 2016, the social houses have become the property of the Foundation.

The Government of Aruba directly transfers the rent subsidy entitled to the tenants of the social houses. Additionally, the Foundation depends on the Government of Aruba for the long lease land to construct social housing projects, including the concerning infrastructure.

For the nature of the transactions and balance amounts and the relationship between the Foundation and the Government of Aruba, reference is made to the following notes:

- Note 4.1.5 "Borrowings"
- Note 4.1.1.1 "Receivable with Land Aruba"
- Note 4.3.1 "Retained Earnings"
- Note 5.8.1 "Interest and Similar Expenses"

The transactions between the Foundation and this related party during the year were made in the ordinary course of business and within the framework of implementing the housing policy of the Government of Aruba.

Key management

The compensation of key management during the year 2022 can be specified as follows:

	2022	2021
(in Aruban florin)		
Short-term employee benefits	2,753,417	2,716,235
Post-employment benefits	304,059	320,958
Total key-management compensation	**3,057,476**	**3,037,193**

Reference is also made to note 5.5 "Personnel expenses", note 5.6 "General expenses," and note 6.4 "Contingent assets and contingent liabilities".

(6.2) Irrevocable facilities and commitments

As of December 31, 2022, the Foundation has approximately Afl. 4.7 million (December 31, 2021: Afl. 4.4 million) of approved mortgage loan facilities that the borrowers still need to draw.

As of December 31, 2022, the Foundation has approximately Afl. 0.8 million (December 31, 2021: Afl. 0.8 million) outstanding of committed liabilities based on signed construction agreements.

(6.3) Subsequent events

Tax ruling

As of January 2021, the Foundation is being subjected to profit tax. For further information, refer to note 6.4.

(6.4) Contingent assets and contingent liabilities

Lease land commitments

Reference is made to note 4.2 "Non-financial assets and liabilities", for details.

The Foundation has long lease land in Bonaire; the lease expires in 2050. The future commitments concerning the long lease are:

- Less than 1 year: Afl. 4,949
- 1 – 5 years: Afl. 19,795
- More than 5 years: Afl. 116,705

The Foundation has Tangible fixed assets, Investment properties built on long- lease land and long- lease land available for construction projects in Aruba.

The future commitments concerning the long lease are:

- Less than 1 year: Afl. 312,722
- 1 – 5 years: Afl. 1,249,890
- More than 5 years: Afl. 14,216,466

Legal claims

As of November 3, 2022, FCCA purchased at auction an apartment complex, Boegoeroei 11Z and applied to the rental clause that guaranteed that no lease agreements would apply to the purchased apartment complex.
Kibaima Real Estate & Hotel Management N.V. and PLZ Horeca V.B.A. ("Claimants") initiated a legal (summary) proceeding against FCCA at the Court in First Instance of Aruba, claiming that lease agreements remained valid and in place after the purchase of the apartment complex at auction. Next to the legal proceeding, the Claimants also requested an order measure to withhold FCCA from eviction measures before a verdict was rendered in the summary proceedings.

On February 1, 2023, the Court rejected the request for an order measure and dismissed all claims against FCCA in the summary proceedings, and the Claimants vacated the apartment complex. As of date, no appeal has been filed against the verdict of the Court in the First Instance of Aruba, and it is doubted that the Claimant will file any appeal given the circumstance of the matter.

Profit Tax

On January 4, 2021, FCCA received a letter from the DIMP Departamento di Impuesto, Aruban Tax Authorities (dated December 22, 2020) indicating that the existing tax ruling regarding profit tax exemption has been withdrawn and the details for this will be further substantiated. On February 11, 2021, FCCA, together with the Director and Inspector of DIMP, Aruban Tax Authorities, agreed the followings: a) Aruban Tax Authorities will provide a sound legal basis for the withdrawal, b) FCCA may be eligible for a transitional restructuring of two to three years if the withdrawal is legally correct, c) Aruban Tax Authorities will inspect whether it is possible to disregard and split the general social interest activities. As per May 16, 2023, FCCA received the substantiation from the DIMP stating that activities aimed for a specific vulnerable group that serves the general social interest is exempted and all other activities are subject to profit taxes starting as per January 1, 2024. FCCA will request the DIMP to reconsider the starting date to properly assess the impact.

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Independent auditor's report

To: the Management and Supervisory Board of Stichting "Fundacion Cas pa Comunidad Arubano (F.C.C.A.)"

Opinion

We have audited the financial statements of Stichting "Fundacion Cas pa Comunidad Arubano (F.C.C.A.)" (the Foundation), which comprise the statement of financial position as at 31 December 2022, statement of changes in equity and the statement of comprehensive income and the statement of cash flows 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 Foundation as at 31 December 2022, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

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* section of our report. We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' *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. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics). 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 Foundation's 2022 Annual Report

Other information consists of the information included in The Foundation's 2022 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 and will 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 on the other information obtained prior to the date of the auditor's report, 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 the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.
The Supervisory Board is responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities

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 Foundation'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 Foundation'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 Foundation 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 regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matter

The financial statements of Stichting "Fundacion Cas pa Comunidad Arubano (F.C.C.A.)" for the year ended 31 December 2021, were audited by another auditor who expressed an unqualified opinion on those statements on 29 June 2022.

Aruba, 28 June 2023
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For Ernst & Young Accountants

(Sgd.) Garrick de Cuba, MSc, RA
Associate Partner