



Financial Report

Fundacion Parke Nacional Aruba

For the year ended December 31, 2019



PARKE NACIONAL
ARUBA

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1 Report of the Executive Board

Fundacion Parke Nacional Aruba's amended Articles of Association, adopted in January 2019, prescribe that the Executive Board furnish the Board of Supervisors, an annual report accompanied by audited financial statements before June 30th of the succeeding year. To observe both the form and content of article 12 sub 3 of the amended Articles of Association of Fundacion Parke Nacional Aruba (abbreviated as *the Foundation* or *FPNA* hereinafter), the annual financial statements presented are supplemented with a Report of the Executive Board, as of the year 2019. The Executive Board of Fundacion Parke Nacional Aruba is pleased to present this first annual Report to the Board of Supervisors.

1.1 General Information

Fundacion Parke Nacional Aruba was established on September 26th, 2003 and is registered with the Foundation Registry of the Aruban Chamber of Commerce under S-679.0.

Objectives

FPNA purpose is managing conservation areas and/ or natural parks. Further to conservation area management the Foundation's objectives – within the scope of the sustainable development goals of our Nation, relevant statutes and the strategic objectives of the Government of Aruba- also include, the following:

- a. Preserve, protect, restore, develop, acquire and obtain conservation areas that are valuable in terms of ecology, geology, culture and national heritage; provided that ownership of acquired conservation, areas be transferred to the Nation of Aruba.
- b. Conduct or facilitate the execution of scientific research benefitting biodiversity, conservation management and preservation, restoration, as well as the development of knowledge.
- c. Inspire the population as a whole, and learning youth in particular, and also foreign visitors, about the importance and value of protected conservation areas, as well as, to contribute to public consciousness in areas such as nature conservation, sustainability and others.
- d. Deliver (scientific) contributions to nature conservation- and environmental policy of the Government of Aruba; as well as,
- e. do all that is required to secure the above objectives in the broadest sense of its meaning.

Governance

The Foundation is governed by a Board of Supervisors and an Executive Board. In the year 2019 these boards were comprised of the following individuals:

The Board of Supervisors

F.J. Refunjol, Chairman (through December 31, 2019)
J.M. Lacle, Vice-chairman (through September 30, 2019)
H.A. van der Wal, member
N.L. Kuiperi, member
S. Luidens-Daryanani, member

The Executive Board

R.E. de Cuba, Chief Executive Officer
(since May, 2019)
N.J. Silva, Chief Conservation Officer

The Rules and Regulations for the Board of Supervisors and the Executive Board govern the responsibilities, authority, as well as the conduct and manner in which Fundacion Parke Nacional Aruba is governed.

1.2 Content, Scope and Distribution

The content of the Report of the Executive Board aims to align itself with the provisions of article 12 sub 3 of FPNA's Articles of Association and serves to provide added perspective to the Foundation's 2019 financial statements, as well as narrower insight into finances, significant events over 2019, FPNA human resource function, investments and the Executive Board's outlook for the year 2020. Considering the foregoing, the Executive Board opted to defer to the Foundation's Annual Report 2019 (also known as: *sociaal jaarverslag*) key functions, such as our conservation management, research and our efforts aimed at conservation education and sustainable recreation.

The Report of the Executive Board is an integral part of the financial statements and is intended to be distributed to all statutory compliance bodies, stakeholders and other interested parties. The Foundation's 2019 financial statements, including the Report of the Executive Board are published on our website: www.arubanationalpark.org.

1.3 The Year 2019 Highlighted

Fundacion Parke Nacional Aruba has been privy to considerable change during 2019. Significant events over the past year, impacting the Foundation's governance and operations are briefly outlined below:

- Four Marine Protected Areas (collectively referred to as *Parke Marino Aruba*) were assigned to FPNA and brought under its care;
- the manner in which the Foundation's is governed and managed has been significantly revised with the introduction of a new two-tiered governance structure;
- a Service Level Agreement with the Government of Aruba formalized a renewed way of doing business for FPNA, where the Foundation is no longer subject to the national subsidy regulations, but will come to specific agreements on conservation activities conducted in areas under FPNA's management and the compensation for these activities.
- the year 2019 will also be remembered as the first year where privately owned lands located within areas managed by the Foundation were acquired and subsequently transferred to Aruba.

In 2019 and for the years to come, the Executive Board's efforts are aimed at the Foundation's strategic position, as a nature conservation authority, an advocating voice for adherence nature conservation legislation and international treaties as well as a guide for the sound collective conservation sentiment of our community.

Managed Protected Areas

Fundacion Parke Nacional Aruba was established on September 28th, 2000 initially to protect and preserve Aruba's first National Park, Parke Nacional Arikok. In 2017, an additional area was brought under management of FPNA, Ramsar area 198, Spaans Lagoen. In 2019 four Marine Protected Areas were further added to the Foundation's portfolio of conservation areas under its management. The outlook for the near-term is that additional conservation areas are likely to be brought under our management.

Governance

In 2019, a restructuring to the Foundation's governance was formalized by amendments to its articles of association, thus forming a two-tiered governance structure, with an Executive Board, charged with FPNA's daily management and realization of the Foundation's objectives in the broadest sense of the meaning. The Foundation's Board of Supervisors, oversees and supervises the Executive Board's effective functioning and conduct. Among others, the Foundation's amended articles of association allowed for greater governing independence and the right to acquire privately owned lands in its managed protected areas.

Management

Formation of a complete Executive Board, with a Chief Executive Officer and a Chief Conservation Officer, as well as a fully staffed and multidisciplinary management team, has been a notable contributing factor to improved organizational effectiveness and direction.

Service Level Agreement

The year 2019 is furthermore highlighted by the changed way of doing business with the Government of Aruba. The traditional system in which subsidies were received has been replaced with a Service Level Agreement, where the rights and obligations of the Government of Aruba and the Foundation are stipulated over a five-year term. The change in doing business with the Government of Aruba better reflects the Foundation's position as an independent entity and its relationship to the the Government, based on equality.

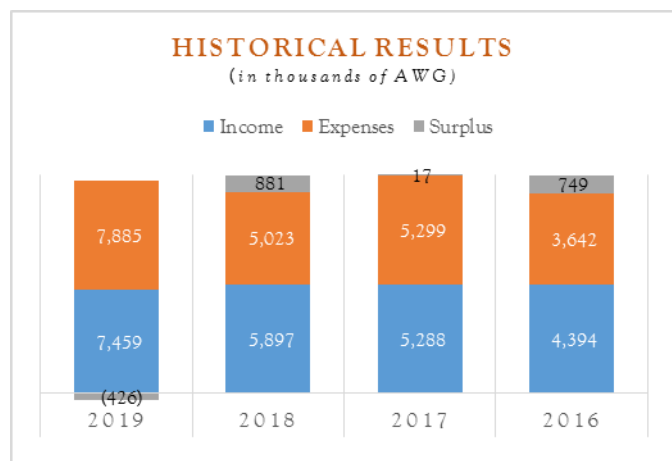
1.4 Finances

The Finances chapter of this report offers additional disclosure on the results of the Foundation's operations, its financial position as well as its obligation as an employer.

All references to amounts in the financial chapter of the Report of the Executive Board are derived from the Foundation's 2019 financial statements, audited by the firm of Plus Accountants and those of the years prior, audited by De Kort, Registeraccountant. For ease of reference all amounts have been rounded to the nearest thousand florins (x AWG 1,000).

Composition of the 2019 Deficit

While surpluses were enjoyed from 2016 to 2018, the Foundation incurred a deficit in 2019 of AWG -426 thousand. The below bar chart depicts the historical relationship between the Foundation's income, expense and resulting surplus or deficit.



Over the four-year period ended December 31, 2019 total income benefitted from an a near AWG 3.1 million (70%) increase.

Expenses on the other hand, more than doubled during the same period. The four-year increase in expenses amounts to AWG 4.2 million (117%).

Over the span of the past three years prior to 2019, FPNA's annual surpluses averaged AWG 549 thousand. The 2019 deficit thus deviates significantly from the average surpluses of the past years.

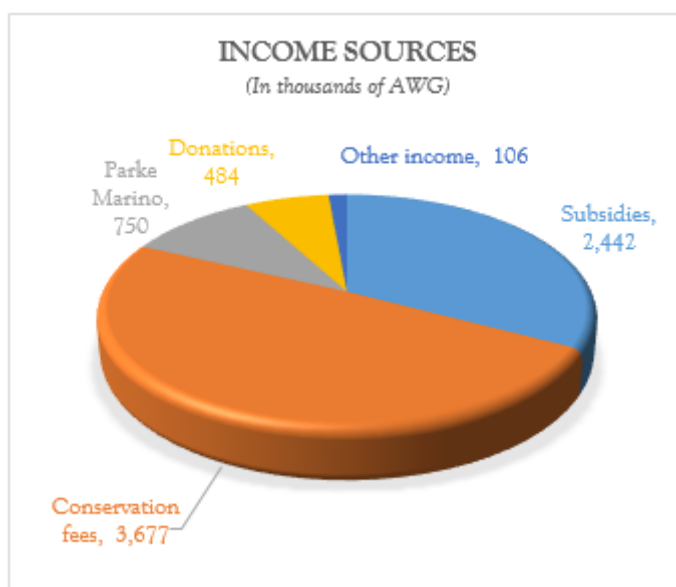
The deficit incurred by Fundacion Parke Nacional Aruba in 2019 is not deemed structural; it is the result of two transactions expected and provided for in advance. The first of these being the acquisition and simultaneous transfer of privately owned land plots and restaurant in FPNA conservation areas (Boca Prins) and the second being the establishment of a special purpose fund for Parke Marino Aruba.

The purchase and subsequent transfer of the Boca Prins properties affected the Foundation's cash position by AWG 1.5 million; the establishment of the special purpose fund Parke Marino did not, since it was fully funded through a contribution by the Government of Aruba.

Despite the 2019 deficit, the Foundation's financial position remains sound and cash balances ample to meet 2020's challenges. A further discussion on risks brought on by the COVID-19 virus and our expectations there to follow in section 1.5 Other Matters.

Revenues

Compared to year-end 2018 the Foundation's total income increased with close to 30% in 2019. The increase in total income is partly attributable to an AWG 750 thousand contribution received from the Government of Aruba for the initial management activities at Parke Marino Aruba.



Subsidy received from the Government of Aruba remained unchanged compared to the previous year.

On the other hand, conservation fee income increased with nearly 12% (by AWG 406 thousand). Growth in the number of visitors to Parke Nacional Arikok is by and large attributable to non-residents and is consistent with the growth in the Aruban tourism sector.

Collaborative nature conservation activities with the Dutch Caribbean Nature Alliance allowed for an increase in the annual amount of donations received by this organization. Whereas the donation received by FPNA in 2018 amounted to AWG 116 thousand, a total of AWG 484 thousand was donated in 2019.

Expenses

At first glance the AWG 2.9 million increase in total expenses in 2019 may appear to seem disproportionately high. The inclusion of onetime expense items should however be taken into account when comparing total 2019 expenses to 2018. The below table details FPNA's total expense breakdown, should these one-time charges be omitted.

Expense category (in AWG)	2019	% total	2018	% total	In- or (decrease)	% increase
Personnel	3,976	71	3,692	74	284	8
Infrastructure and premises	637	11	1,042	21	(405)	-39
Sales and marketing	57	1	49	1	8	16
Mobility	71	1	98	2	(27)	-28
General and administrative	793	14	65	1	728	1.120
Depreciation	85	2	77	2	8	10
Expenses less discretionary one-time items	5,619	100%	5,023	100%	596	12%
Special purpose Parke Marino	750	10	-	-	750	-
Transfer Boca Prins properties	1,516	19	-	-	1,516	-
Total expenses	7,885	100%	5,023	100%	2,862	57%

In the event the one-time charges for the land transfer to the Government of Aruba and the incorporation of the special purpose fund Parke Marino were to be separated from the 2019 total expenses, the actual increase to total expenses would amount to AWG 5.6 million, which would amount to an increase of AWG 596 thousand in operating expenses.

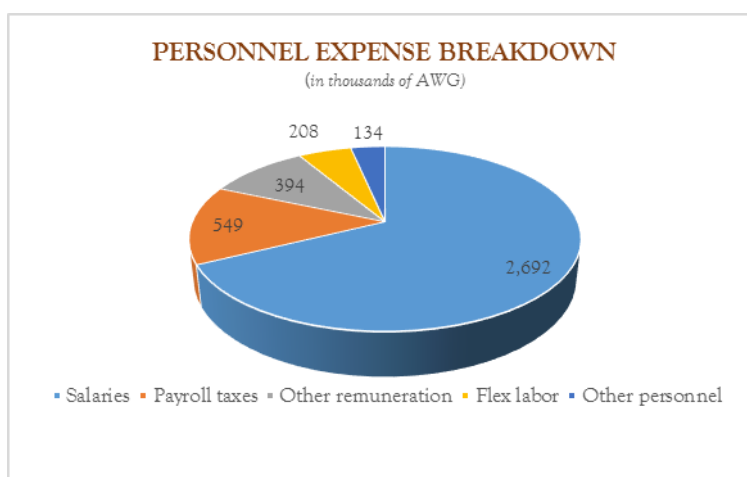
Personnel

Personnel has traditionally been the highest expense category in proportion to total expenses; the year 2019 was no exception. Over 2019, longstanding contractual disputes were settled with employees and labor representatives. On the whole salaries for permanent personnel decreased marginally in comparison to 2018, due to savings benefitted from in connection with an employee lay-off of in 2018.

Areas of comparative increase in the Other remuneration category for 2019 are the higher amount expensed in connection with vacation allowance and time-back allowance accruals.

In terms of human resource capacity, the Executive Board opted to make increased use of flex workers in the Sales, Maintenance and Ranger departments.

Except for those employees who opted not to participate in the FPNA pension program, all employees are members of a pension plan covered by the Tourism Pension Fund of Aruba. FPNA's annual pension contributions amounted to AWG 69,767 in 2019.



Employee Turnover

Changes made to the Foundation's permanent personnel roster during 2019 are summarized below.

Department	Number of employees 2019	Additions	Dismissals/ departmental transfers	Number of employees 2019
Rangers	16	-	-1	15
Maintenance	14	-	-	14
Sales, Marketing and Communication	9	3	-2	10
Human Resources	2	-	-	2
Finance	5	-	-2	3
Sustainable Recreation	-	3	-	3
Research & Conservation	1	-	-	1
Conservation Education	1	-	-	1
Executive Board	1	1	-	2
	49	7	-5	51

Of the 51 permanently employed by the Foundation at year-end 2019, 3 employees are on paid long-term disability and 1 on paid suspension pending legal motion to desolve labor agreement. Contracted employees for janitorial services and support of the Sales, Ranger and Maintenance departments numbered 13 at year-end 2019.

The Foundation's percentage of absence due to (chronic) illness for 2019 was 9.5% (9.75% in 2018), which is considerably above the norm of the Governmental sector (6%) or the Aruban Private sector (4%). The high rate of absence has the Executive Board's attention and is slated for further improvement in 2020.

Level of Education and Gender

The below table gives a breakdown of the gender and scholastic achievement of FPNA's personnel at the end of 2019.

Education Level	Male	Female	Total
Primary school	12	3	15
Trade - or secondary education	16	8	24
Post-secondary education (MBO)	2	2	4
Bachelor's, master's or post master's	5	3	8
	35	16	51

Labor Union

The Foundation's employees are represented by the union: Sindicato pa Empleado Publico y Privado di Aruba (SEPPA). Based on the employee referendum held on October 22nd, 2018, Fundacion Parke Nacional Aruba recognizes SEPPA as the sole labor representative for its unionized personnel.

Other Personnel Initiatives

In 2019 the Foundation engaged an external service provider to develop a revised organizational structure accompanied by job descriptions and a compensation structure. This project is ongoing with expected completion in 2020. Also, in 2019, the FPNA Rules and Regulations applicable to personnel was formalized and implemented. Simultaneous with the introduction of the FPNA Rules and Regulations a dedicated medical practitioner was engaged to evaluate the merits of individual incidences of absence due to illness. In 2019 the Foundation also initiated a Person of Trust Program, benefitting employees needing counseling and guidance on personal issues affecting their work.

Operating Expenses

Premises and infrastructure, Sales and marketing, Mobility and General and administrative expense comprise the other components of the Foundation's total expenses. Below follows a discussion on significant year-on-year variances for these individual expense categories.

Premises and Infrastructure

The expense decreases for premises and infrastructure of AWG 405 thousand, is primarily attributable to the reduction of maintenance costs to buildings. In anticipation of a comprehensive deferred maintenance project to be undertaken early in 2020, maintenance expenditures to buildings were deferred during 2019. Furthermore, cleaning costs, presented in 2018 as part of maintenance expense are now separately presented as a separate line-item in 2019, resulting in a decrease. Outsourced maintenance was ceased in 2019, allowing for an additional AWG 73 thousand in premise and infrastructure reductions.

Sales and Marketing

Considering the marginal increase in 2019 for this expense category (AWG 8 thousand), further discussion is deferred. In terms of market positioning, branding, media- and public relations the Foundation has ambitious plans and expects these aspirations to reflect in the total amount to be expensed for these purposes in 2020.

Mobility

In terms of usage, maintenance and other costs connected with FPNA's vehicle fleet, cost reductions of AWG 27 thousand were achieved by reducing repairs and maintenance cost, fuel consumption and insurance costs. Another contributing factor to the mobility cost reduction was the termination of an operational lease in 2019. The addition of a GPS fleet tracking system for all FPNA vehicles is an added cost item in 2019.

General and Administrative Expenses

In order to come to a better comparison of year-on-year balances for the General and administrative expense category, prior year adjustments should be omitted in the composition of G&A expense. When not taking the aforementioned prior year adjustments into account – strictly for purposes of comparability- the increase for 2019 would be AWG 437 thousand (just over 100%).

The increase in Professional fees of AWG 269 thousand is the most significant line-item increase for the General and administrative category. Professionals engaged for services related to FPNA's human resource function, legal counsel, administrative procedures and controls are the main drivers for the increase in professional fees paid in 2019. More modest expense increase has also been realized in office supplies, telephone costs, bank charges and office equipment lease costs.

Investments

The Foundation's investments in 2019 were limited to the acquisition of IT-infrastructure and office furniture, totaling AWG 46 thousand. Changes to this fixed asset category are dependent on additions of workstations in offices.

Civil Works

In the third quarter of 2019, bids were received for the deferred maintenance work on the Visitors' - and Administrative Centers, upon which a contractor was selected. The deferred maintenance contracted of AWG 1.1 million is expected to be fully completed by June 2020.

In 2020 the Foundation anticipates committing to renovation works to a number of structures and facilities at Parke Nacional Arikok. Bidding for this civil project contract estimated at AWG 1.2 million will close on March 5th, 2020.

Strategic Positioning and Leadership Development

Responding to the need for strategic direction and leadership development FPNA engaged a team of professional service providers to facilitate the Foundation's strategic planning process and provide the leadership tools to implement and carry the Foundation's strategy through. Costs associated with the strategic planning process, scheduled to start in January 2020 are estimated at AWG 550 thousand.

Reserves and Cash

At year-end 2019, the Foundations capital and accumulated reserves amounted to AWG 4.2 million of which AWG 3.5 million is unrestricted and at the Foundation's disposal. In terms of the financial position, the Foundation remains strong and with ample liquidity. FPNA's total available cash, for operations excluding Parke Marino Aruba, amounts to AWG 4.5 million, sufficient to cover the average of 2019 total monthly expenses for ten months.

The Foundation's ability to meet its near-term obligations and to settle these using resources at FPNA's disposal are further highlighted in the below table of financial ratios.

	2019	2018	2017	2016
Equity ratio, determines the proportion of the total fund balance to total assets	0.68	0.6	0.54	0.73
Fund balance to debt ratio, indicates the proportion of debt in relation to the fund balance	2.3	1.5	1.2	2.8
Current ratio, evaluates the ability to meet short-term commitments	3.2	12.0	5.2	5.1
Acid test ratio, indicative of the ability to meet short-term commitments with available cash	3.1	11.5	4.9	4.8
Net working capital (in millions)	3,765	4,356	3,131	2,222

1.5 Other Matters

At the time this report was being drafted the world is in the grasp of the COVID-19, Corona crisis. The devastation the COVID-19 Corona virus wreaks on health and economies worldwide will undoubtedly impact the Foundation's operations significantly for the short and near term. While FPNA takes the necessary measures at ensuring public- and employee safety, the full extent of the COVID-19 crisis on the organization is difficult, at best to determine.

Risks and Uncertainties

An important measure taken by the Government of Aruba in connection with combating the spread of the Corona virus is a closing of Aruba's borders. The border closing will have a direct impact on visitor numbers both to Aruba and our national park. The Foundation's conservation (entrance fee) revenues are expected to endure significant decreases in the year 2020. As the COVID-19 crisis extends, the Foundation expects a significant reduction in Government subsidies / contribution as well, considering the changed priorities in terms of public spending.

Expectations

Considering the rapidly changing environment lead-on by the COVID-19 crisis, the Foundation expects to sustain a substantial blow to its financial position and results of operations for the year 2020. With inflows for the remainder of the year 2020 to remain minimal, available cash resources will be used to settle those obligations and maintain operations at a bare minimum.

2.2 Statement of Activities for the year 2019

(in Aruban florins, AWG)

	note	2019	2018
Income	8	7,459,260	5,896,549
Expenses:			
Personnel	9	3,976,104	3,692,488
Depreciation		85,553	76,788
Other operating expenses	10	3,823,325	1,253,545
Total operating expenses		7,884,982	5,022,811
(Deficit) /surplus		(425,722)	881,213

2.3 Notes to the Financial Statements

General Accounting Principles

Accounting Standards

The financial statements have been prepared based on applicable accounting principles for non-profit organizations as prescribed by the Board of Financial Reporting of the Netherlands (Dutch GAAP).

The financial statements are presented in Aruban florins (AWG), which is the organization's functional currency. Transactions in foreign currencies are translated to Aruban florins at the exchange rate applicable to the date of the transaction. Assets and liabilities are stated at historical cost, unless otherwise mentioned. Income and expenses are accounted for on an accrual basis.

The comparative figures for the year 2018 have been restated in order to conform the accompanying financial statements to the presentation requirements set forth in the Guidelines of Financial Reporting (Richtlijnen voor de jaarverslaggeving).

Approval of the 2019 Financial Statements

In accordance with article 12 of the Foundation's articles of association the accompanying financial statements were approved by the Board of Supervisors on May 5th, 2020.

Prior Period Adjustment

To conform with the requirements set forth in the Guidelines for Financial Reporting, reserves earmarked in prior years, for employee severance settlements, amounting to AWG 632,200, were released in favor of the Foundation's unrestricted reserve.

Accounting Principles

Tangible Fixed Assets

Tangible fixed assets are valued at acquisition cost or production cost, including financing and other costs to bring the asset into operation. Tangible fixed assets are depreciated using the straight-line method based on the asset's expected useful life. The tangible fixed asset account is adjusted for any asset impairments that become evident.

Receivables

Amounts to be received are initially recorded at the value of the agreed-upon consideration, including any premium or discount. Discounts of premiums are amortized using the straight-line method based on the collection period. Accounts receivable are periodically reviewed and evaluated for collectability. When the likelihood of collectability of an account receivable is compromised the value of the receivable is decreased to the expected amount to be reasonably collected, given the circumstances.

Cash and Equivalents

Amounts held in bank accounts and cash funds are valued at nominal value.

Provisions

Provisions are valued based on best estimates of the required amount to settle a foreseen obligation, as of the balance sheet date. Other provisions for which the settlement amount is known are valued at nominal value.

Determination of Surplus or Deficit

The surplus or deficit is the difference between the realizable value of the total consideration received for services during the year (whether earned or not) less all costs and other charges attributable to a that year. Results on transactions are recognized in the period they are realized.

Sales Tax

Some of the Foundation's activities are subject to local sales taxes. Tax liabilities are calculated by applying the tax rates current for the reporting year. Due to differences between commercial- and fiscal results, the effective tax percentage may vary from the nominal percentage. In the event of a material differences of a temporary nature a deferred tax asset or liability is recognized.

Events Subsequent to the Balance Sheet Date

The accompanying financial statements are being drafted at a time when the world is in the grasp of the COVID-19, Corona crisis. The devastation the COVID-19 Corona virus wreaks on health and economies worldwide will undoubtedly impact the Foundation's operations significantly for the year 2020 and most likely the year succeeding. Moreover, there is significant uncertainty on factors influencing the outcome and timing of an expected recovery; making reasonable assumptions therefore impracticable.

FPNA's Executive Board believes the Foundation's available liquid resources , at the on-set of the COVID-19 crisis to be sufficient to continue core functions as a going concern for the remainder 2020.

2.4 Notes to the Balance Sheet

Fixed Assets

Tangible Fixed Assets

	12/31/2019	12/31/2018
Capital improvements	166,901	185,767
Furniture and equipment	73,834	55,245
Vehicles	85,112	124,225
	<hr/>	<hr/>
	325,847	
	<hr/>	<hr/>
	325,847	365,237

Tangible Fixed Assets

	Capital Improvements	Furniture & Equipment	Vehicles	Totals
Balances at January 1, 2019				
Acquisition cost	235,140	264,642	373,168	872,950
Accumulated depreciation	(49,373)	(209,397)	(248,943)	(507,713)
	<hr/>	<hr/>	<hr/>	<hr/>
Book values at January 1, 2019	185,767	55,245	124,225	365,237
Movements in 2019				
Investments	-	46,163	-	46,163
Depreciation	(18,866)	(27,574)	(39,113)	(85,553)
	<hr/>	<hr/>	<hr/>	<hr/>
Total movements in 2019	(18,866)	18,589	(39,113)	39,390
Balances at December 31, 2019				
Acquisition cost	235,140	310,805	373,168	919,113
Accumulated depreciation	(68,239)	(236,971)	(288,056)	(593,266)
	<hr/>	<hr/>	<hr/>	<hr/>
Book values at December 31, 2019	166,901	73,834	85,112	325,847

Capital improvements are depreciated over a period of ten years, whereas furniture and equipment and vehicles are respectively depreciated over five and three years with a residual value of 10% of the assets' acquisition cost.

Current Assets

Receivables

	12/31/2019	12/31/2018
Trade receivables	176,788	162,133
Other amounts receivable	16,366	31,246
	<u>193,154</u>	<u>193,379</u>

Other Amounts Receivable

	12/31/2019	12/31/2018
Prepaid expenses and other receivables	12,350	28,001
Deposits held with vendors	4,016	3,245
	<u>16,366</u>	<u>31,246</u>

Cash

	12/31/2019	12/31/2018
Operating accounts Caribbean Mercantile Bank	4,977,864	4,305,039
Operating accounts Aruba Bank	168,724	97,957
Savings account	113,153	112,973
Amounts in transit	13,002	34,223
Cash funds held on premises	6,564	6,210
	<u>5,279,307</u>	<u>4,556,402</u>

One designated bank account held with Caribbean Mercantile Bank, with a balance of AWG 743,368 is restricted, and may be solely utilized for purposes of funding the activities of Parke Marino Aruba. As such the aforementioned restriction is not at the Foundation's free disposal.

Fund Balance

	Founding capital	Restricted reserves	Special purpose fund	General reserves (including deficit)	Total
Balance January 1, 2019	100	1,000,000	-	2,070,713	3,070,813
Deficit 2019	-	-	-	(425,722)	(425,722)
Addition 2019	-	-	750,000	-	750,000
Release 2019	-	(1,000,000)	-	1,000,000	-
Special purpose fund release	-	-	(6,602)	-	(6,602)
Correction previous year					
BBO/BAZV/BAVP	-	-	-	(83,234)	(83,234)
Correction employee severance	-	-	-	632,000	632,000
Balance December 31, 2019	100	-	743,398	3,193,757	3,937,255

Restricted reserve

On August 30th, 2019 the Foundation acquired a number of privately owned land parcels located within Parke Nacional Arikok and subsequently transferred these parcels to the Government of Aruba. The amount for which this acquisition was settled exceeds the amount previously restricted by AWG 515,665.

Special Purpose Fund

During 2019 the Foundation four Marine Protected Areas were brought under the Foundation's management. Initial management activities and investments related to these protected areas, collectively called *Parke Marino Aruba* were funded by the Government of Aruba for an amount of AWG 750,000.

Provisions

	12/31/2019	12/31/2018
Other provisions	153,141	1,650,141
	<u>153,141</u>	<u>1,650,141</u>

Other Provisions

	12/31/2019	12/31/2018
Deferred maintenance	-	865,000
Employee lay-off severance settlements	153,141	785,141
	<u>153,141</u>	<u>1,650,141</u>

Provision for Deferred Maintenance

	2019	2018
Balance at January 1 st	865,000	230,000
Maintenance work delivered	(38,160)	635,000
Additions to the provision for deferred maintenance	137,010	-
Reclassification to current liabilities	(963,850)	-
	<hr/>	<hr/>
Balance at December 31 st	<u>-</u>	<u>865,000</u>

In 2019 the Foundation contracted a local building contractor to realize a major deferred maintenance project to its Visitor and Administrative centers, the deferred maintenance project is scheduled to be completed in 2020. Considering the foregoing the contracted value for this project is classified as a current liability.

Provision for Employee Lay-Off Severance Settlements

	2019	2018
Balance at January 1 st	785,141	855,141
Payments in 2018	-	(70,000)
Release conforming to requirements of RJ 252	(632,000)	-
	<hr/>	<hr/>
Balance at December 31 st	<u>153,141</u>	<u>785,141</u>

In prior years the Foundation established a provision for employee severance in connection with planned staff reductions. Reporting guideline 252 of the Richtlijnen voor de jaarverslaggeving, requires such provisions to be established on condition that there is a detailed lay-off plan in place, whereby the employees targeted to be dismissed be notified.

In absence of such a plan and the notification of employees in question the provision for employee lay-off severance settlements was adjusted to reflect state of affairs at the end of the year 2019.

Liabilities and Accrued Expenses

Taxes and Social Security

	12/31/2019	12/31/2018
Sales tax accrual	341,130	16,424
Employee payroll, income tax withheld	17,058	28,201
Employee payroll, social security charges withheld	78,909	50,799
	<hr/>	<hr/>
	<u>437,097</u>	<u>95,424</u>

Liabilities and Accrued Expenses

	12/31/2019	12/31/2018
Deferred maintenance	963,850	-
Employee time back compensation	132,847	75,285
Employee vacation allowance accrual	100,069	97,436
Credit card balance pending settlement	-	1,140
	<u>1,196,766</u>	<u>173,861</u>

At year-end 2019, the Foundation contracted a construction company to conduct deferred maintenance to its Administrative and Visitors' center. 2019.

2.5 Notes to the Statement of Activities

Income

Income

	2019	2018
Conservation fees	3,918,243	3,270,518
Subsidy Government of Aruba	2,442,200	2,442,200
Contribution Parke Marino Aruba	750,000	-
Donations	484,000	116,556
Other income	106,289	83,699
Adjustments for sales tax	(241,472)	(16,424)
	<u>7,459,260</u>	<u>5,896,549</u>

Expenses

Personnel

	2019	2018
Wages and salaries	2,691,512	2,777,439
Payroll taxes and pension contributions	549,488	538,067
Other personnel expense	735,104	376,982
	<u>3,976,104</u>	<u>3,692,488</u>

The Foundation employed 51 full-time employees at year-end 2019, a net increase of 2 employees compared to the previous year.

Payroll Taxes and Pension Contributions

	2019	2018
AOV/AWW payroll tax	282,822	276,928
AZV payroll tax	237,050	248,861
SVB premiums net of sick-pay compensation	(40,151)	(63,664)
Pension contribution	69,767	75,942
	<u>549,488</u>	<u>538,067</u>

Other Personnel Expense

	2019	2018
Vacation and time-back allowance	240,722	147,512
Contracted employees	207,746	157,076
Remuneration Board of Supervisors	153,250	-
Recruiting costs	35,274	668
Uniforms	24,917	29,043
Employee training	16,238	1,520
Other personnel benefits	56,507	41,163
	<u>735,104</u>	<u>376,982</u>

Operating Expenses

	2019	2018
Premises	637,135	1,041,909
Marketing	57,150	48,908
Mobility	70,649	97,698
General and administrative	792,726	65,030
Special purpose fund	750,000	-
Land transfer Boca Prins to Government of Aruba	1,515,665	-
	<u>3,823,325</u>	<u>1,253,545</u>

Premises

	2019	2018
Security	154,711	131,438
Maintenance	195,082	687,533
Janitorial services	121,348	-
Supplies	42,848	38,599
Equipment rental	31,534	49,702
Insurance	20,428	18,825
Rent	7,882	18,426
Outsourced maintenance	-	73,399
Other premises related	36,069	14,387
	<u>637,135</u>	<u>1,041,909</u>

Marketing

	2019	2018
Promotions	56,037	44,317
Travel and lodging	1,113	4,591
	<u>57,150</u>	<u>48,908</u>

Mobility

	2019	2018
Repairs and maintenance	29,253	43,481
Fuel	24,115	28,200
Insurance	12,778	16,356
Other vehicle related expenses	4,503	-
Leasing costs	-	9,661
	<u>70,649</u>	<u>97,698</u>

General and Administrative

	2019	2018
Professional fees	431,170	162,663
Automation	10,019	9,035
Postage and delivery	233	417
Prior year adjustments	68,936	(359,533)
Food & beverage outlet cost	59,654	47,512
Conservation fee wristbands	45,050	49,988
Office supplies	53,786	25,057
Telephone and communication	47,434	41,508
Bank charges	44,498	36,332
Other general and administrative	24,562	30,836
Lease and maintenance office equipment	10,527	6,477
Research expense	16,659	30,599
Merchandising	-	1,635
Closing and exchange differences	(19,802)	(17,496)
	<u>792,726</u>	<u>65,030</u>

3 Other Information

3.1 Independent auditor's report



To the Supervisory Board and Management of
Stichting Fundacion Parke Nacional Aruba
San Fuego 70
Santa Cruz, Aruba

A. Report on the audit of the financial statements included in the financial report for the year ended December 31, 2019

OUR OPINION

We have audited the accompanying financial statements of Stichting Fundacion Parke Nacional Aruba and its subsidiary, established in Aruba.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Stichting Fundacion Parke Nacional Aruba as at December 31, 2019 and its results for the year then ended in accordance with the financial reporting standards applicable in The Netherlands.

The financial statements comprise:

1. the balance sheet as at December 31, 2019;
2. the statements of activities for the year 2019; and
3. the notes comprising a summary of the accounting policies and other explanatory information.

BASIS FOR OUR OPINION

We conducted our audit in accordance with Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Stichting Fundacion Parke Nacional Aruba in accordance with the Code of Ethics for Professional Accountants. Furthermore, we have complied with the Dutch Code of Ethics.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the financial report

In addition to the financial statements and our auditor's report thereon, the financial report contains other information that consists of Report of the Executive Board. Based on the following procedures performed, we conclude that the other information is consistent with the financial statements and does not contain material misstatements.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of the Dutch Audit Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

C. Description of responsibilities regarding the financial statements

EXECUTIVE BOARD'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Executive Board of the Foundation is responsible for the preparation and fair presentation of the financial statements in accordance with financial reporting standards applicable in The Netherlands. Furthermore, the Executive Board is responsible for such internal control as they determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the Executive Board is responsible for assessing the Foundation's ability to continue as a going concern. Based on the financial reporting framework mentioned, the Executive Board should prepare the financial statements using the going concern basis of accounting unless they either intends to liquidate the Foundation or to cease operations or has no realistic alternative but to do so.

The Executive Board should disclose events and circumstances that may cast significant doubt on the Foundation's ability to continue as a going concern in the financial statements.

OUR RESPONSIBILITY FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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 this financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ✦ Identifying and assessing the risks of material misstatements of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining 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;

- ❖ Obtaining 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;
- ❖ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Board;
- ❖ Concluding on the appropriateness of the Executive Board'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 a company to cease to continue as a going concern;
- ❖ Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- ❖ Evaluating whether the financial statements represents the underlying transactions and events free from material misstatements.

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



Anthony G. Croes RA

Plus Accountants

Eagle, Aruba

May 14, 2020

Report no. 2019 / R05 - 877



Fundacion Parke Nacional Aruba

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