



# **Statutory Annual Report**

of

## **Stichting Fundacion Lotto Pa Deporte**

### **Financial Year 2016**



Registered office:	Aruba
Registered address:	Avenida Don Milio Croes No. 34, Oranjestad
Business addresses:	Paardenbaaistraat No. 10, Oranjestad (main office) B. van de Veen Zeppenveldstraat No. 21, San Nicolas
Website:	<a href="http://www.lottoaruba.com">www.lottoaruba.com</a>
Office tel.:	+297 583 7555
Chamber of Commerce Nr.:	S98
Member of:	Aruba Trade & Industry Association (ATIA)
Taxpayer Identification Nr.:	2321598



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## Independent auditor's report

To the Management and the Supervisory Board of  
Stichting Fundacion Lotto Pa Deporte  
Avenida Don Milio Croes 34  
Oranjestad, Aruba

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**Grant Thornton Aruba**  
L.G. Smith Boulevard 62  
Oranjestad  
Aruba  
T +297 522 1647  
F +297 582 4864

Our ref: 134182/ A-32009

### Our opinion

In our opinion, the financial statements give a true and fair view of the financial position of Stichting Fundacion Lotto Pa Deporte, Aruba (the Foundation) as at December 31, 2016 and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs).

### What we have audited

The Foundation's financial statements comprise:

- the statement of financial position as at December 31, 2016;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

### Independence

We are independent of the Foundation in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). 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).

### Emphasis of Matter – Effects of the impact of the Coronavirus (COVID-19)

We draw attention to Note 18 of the financial statements which includes the Management's assessment of the impact of the Coronavirus (COVID-19) on the future results, cash flows and financial position of the Foundation. As stated in this note, based on its assessment of the impact of the Coronavirus for the year 2020 and beyond, and taking into account the uncertainties that exist as per the date of issuance of these financial statements, Management concludes that it does not consider the impact to cast significant doubt upon the Foundation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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### ***Emphasis of Matter – Going concern***

We draw attention to Note 2.1 'Going Concern' in the financial statements, which explains that the financial statements have been prepared on a going concern basis.

As stated in this note, the Foundation's equity is negative as per December 31, 2016. The Foundation's result shows a net loss of Afl. 410,874 for the year ended December 31, 2016. As of that date, the Foundation's current and non-current liabilities exceeded its total assets by Afl. 96,399.

As stated in this note, Management is confident that the Foundation will remain in business for the foreseeable future. As per the date of issuance of these financial statements, this situation does not indicate the existence of a material uncertainty related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### ***Responsibilities of Management and the Supervisory Board for the financial statements***

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with the IFRS for SMEs, 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 for the audit of the financial statements***

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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 the Supervisory Board 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.

Aruba, May 31, 2021  
Grant Thornton Aruba

Original signed by Edsel N. Lopez



## Statement of financial position

(in Aruban florins)

<b>Assets</b>	<b>Notes</b>	<b>31 December 2016</b>	<b>31 December 2015</b>
<b>Non-current assets</b>			
Property, plant and equipment	5	25,430,410	26,317,896
Amortized subsidy Stichting FFD	6	4,205,164	4,353,896
		<b>29,635,574</b>	<b>30,671,792</b>
<b>Current assets</b>			
Amortized subsidy Stichting FFD	6	148,732	148,732
Trade and other receivables	7	560,140	679,818
Cash and cash equivalents	8	9,349,897	5,199,759
		<b>10,058,769</b>	<b>6,028,309</b>
<b>Total assets</b>		<b>39,694,343</b>	<b>36,700,101</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Foundation's equity		(96,399)	314,475
<b>Liabilities</b>			
Long-term liabilities	9	31,782,539	32,842,975
Current liabilities	10	8,008,203	3,542,651
<b>Total liabilities</b>		<b>39,790,741</b>	<b>36,385,626</b>
<b>Total equity and liabilities</b>		<b>39,694,343</b>	<b>36,700,101</b>

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



## Statements of comprehensive income

(in Aruban florins)

	Notes	2016	2015
Lotto gross revenue	11	47,374,186	48,382,838
Prizes	11	(23,283,721)	(23,523,518)
Retail agent commission	11	(5,187,475)	(5,464,107)
Turnover taxes	11	(836,624)	(677,753)
<b>Lotto net revenue</b>		<b>18,066,366</b>	<b>18,717,460</b>
<u>Direct Costs</u>			
Operating expenses recovery charge (CBNA N.V.)		(7,224,563)	(7,378,383)
Management technology fee (CBN)		(3,908,370)	(3,991,585)
Lotto draw expenses		(263,560)	(272,362)
Fixed draw reimbursements by CBNA N.V.		300,000	300,000
<b>Lotto gross profit</b>		<b>6,969,873</b>	<b>7,375,130</b>
Operating expenses	12	(1,249,019)	(977,746)
Depreciation of property, plant and equipment	5	(994,847)	(1,010,577)
Amortization subsidy Stichting FFD	6	(261,298)	(265,219)
<b>Operating result</b>		<b>4,464,710</b>	<b>5,121,588</b>
<u>Non-operating revenues (expenses)</u>			
Rent revenues from Aruba Entertainment Center		34,451	21,026
Grants sport	13	(3,965,183)	(4,011,000)
Funding projects to Stichting FFD		(10,573)	-
Financial income and expense	14	(934,278)	(994,291)
<b>Result before income tax</b>		<b>(410,874)</b>	<b>137,323</b>
Income tax expense		-	-
<b>Result for the year</b>		<b>(410,874)</b>	<b>137,323</b>

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



## Statement of changes in equity

(in Aruban florins)

	Capital	General reserve	Total
Balance at 1 January 2015	10	177,142	177,152
Result for the year 2015	-	137,323	137,323
<b>Balance at 31 December 2015</b>	<b>10</b>	<b>314,465</b>	<b>314,475</b>
Result for the year 2016	-	(410,874)	(410,874)
<b>Balance at 31 December 2016</b>	<b>10</b>	<b>(96,409)</b>	<b>(96,399)</b>

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





## Statement of cash flows

(in Aruban florins)

	Notes	2016	2015
<b>Cash flow from operating activities</b>			
Result for the year		(410,874)	137,323
<i>Adjustments for non cash transactions:</i>			
Depreciation of property, plant and equipment	5	994,847	1,010,577
Interest expenses	14	1,046,844	1,110,575
Amortization subsidy Stichting FFD	6	148,732	148,732
		<b>2,190,423</b>	<b>2,269,884</b>
<i>Changes in working capital:</i>			
Movements in trade and other receivables	7	119,678	354,179
Movements in liabilities	10	4,390,371	(3,193,119)
		<b>4,510,049</b>	<b>(2,838,940)</b>
<b>Net cash from operating activities</b>		<b>6,289,598</b>	<b>(431,733)</b>
<b>Cash flow from investing activities</b>			
Additions to property, plant and equipment	5	(107,360)	(822,007)
<b>Net cash from investing activities</b>		<b>(107,360)</b>	<b>(822,007)</b>
<b>Cash flow from financing activities</b>			
Repayment of long-term liabilities	9	(1,056,456)	(992,084)
Interest paid		(1,046,844)	(1,110,575)
Received subsidy 'Yara soccer field construction'		71,200	-
<b>Net cash used in financing activities</b>		<b>(2,032,100)</b>	<b>(2,102,659)</b>
<b>Net change in cash and cash equivalents</b>		<b>4,150,138</b>	<b>(3,356,399)</b>
Cash and cash equivalents at beginning of year		5,199,759	8,556,158
<b>Cash and cash equivalents at the end of year</b>	8	<b>9,349,897</b>	<b>5,199,759</b>

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



## Notes to the financial statements

### 1 Foundation activities

The foundation Stichting Fundacion Lotto Pa Deporte (hereafter: the Foundation or Stichting FLPD) commenced on March 12, 1982 and is domiciled in Aruba. The registered office is located at Avenida Don Milio Croes No. 34, Oranjestad, Aruba. The Foundation is a government's foundation; consequently, members of the Board of Executive Directors are appointed by the government. The latest amendments to the Foundation's bylaws occurred in 2017.

The principal activities of the Foundation are organizing and drawing of lotteries in Aruba and using the funds to subsidize institutions working for sport activities in Aruba and maintain and exploit sports & recreational facilities. The Foundation has obtained a lotteries licence to perform these activities, determined by National Ordinance. The Foundation is exempt from profit taxation.

The Foundation is not a State-Owned Enterprise (SOE); therefore, the entity is not created by the government in order to engage in commercial activities on the government's behalf.

### 2. General Information

On May 7, 1999, the Foundation and the Canadian Bank Note Company Limited (CBN) entered into an agreement to assist the Foundation in restructuring its operations, upgrade its technology to permit the operation of an online lottery system as well as to provide technical advice, operational advice, marketing advice, administrative advice and lottery related products. Due to financial restructuring of debts, the Foundation entered effective October 1, 2011 into a Lotteries Management Services Agreement ("LMSA") with Canadian Bank Note Company Limited and Canadian Bank Note (Aruba) N.V. (CBNA) dated July 13, 2011. The following resources legally owned by the Foundation are at the disposition of the Canadian Bank Note (Aruba) N.V. to manage the lottery activities through the Lotteries Management Services Agreement:

- Personnel of the Foundation;
- Lotteries license of the Foundation;
- Bank accounts in the name of the Foundation;
- Trade and legal names of the Foundation;
- The Foundation's Lotto products;
- Retail agent agreements in the name of the Foundation.

Also, based on this agreement the Foundation has the obligation to pay a CBN management (technology) fee to Canadian Bank Note Company Limited and an operating expense recovery charge to CBNA. Furthermore, CBN and CBNA have agreed to generate sufficient funds to cover the yearly good cause for the amount of Afl. 3,500,000.

The abovementioned Lotteries Management Services Agreement forms part of the precedent conditions to the refinance provided by Caribbean Mercantile Bank N.V. on July 18, 2011 to the Foundation. CBNA reimburses Lotto drawing expenses for the yearly fixed amount of Afl. 300,000, operational expenses for the amount of Afl. 300,000 and wages and salaries of personnel involved in the lottery and related games drawing operations. The



Canadian Bank Note Company Limited pledged a letter of credit in the amount of US\$ 5,587,000 and a debt service guarantee in conjunction with Canadian Bank Note (Aruba) N.V. in the amount of Afl. 20,000,000 as collaterals to the refinance loan dated July 18, 2011 by Caribbean Mercantile Bank N.V. As per July 15, 2014 was this loan agreement with Caribbean Mercantile Bank N.V. renewed in which the pledged letter of credit by the Canadian Bank Note Company Limited in the amount of US\$ 5,587,000 has been replaced by a letter of credit issued by the Bank of Nova Scotia in the amount of US\$ 5,121,424.

The Foundation and Stichting Fundacion Facilidatnan Deportivo (hereafter FFD), a related party, signed in September 2011 a new protocol for management of the facilities transferred from, and previously managed by Stichting FLPD, with the exception of Aruba Entertainment Center.

Since 1 January 2012, Stichting FFD started receiving subsidy from the Government of Aruba.

Personnel of the Foundation charged with management and maintenance of sport facilities have been transferred to Stichting FFD in 2012. Management and maintenance of the facilities Compleho Deportivo Guillermo Prospero Trinidad, Parke Curason Jaburibari, Compleho Deportivo Simeon Antonio, Compleho Deportivo Yara, Yara Voetbalveld, Pos Chiquito Ballparks, Mabon Ballpark and Ballpark Crismo Angela y Nadi Croes (Winstonveld) have been transferred informally to Stichting FFD effective January 2012. There is no formal agreement between Stichting FLPD, Stichting FFD and the Government of Aruba for the management and maintenance of these facilities. The formal transfer never took place, the economic rights are in hand of Stichting FFD.

As of 31 December 2016, the Government of Aruba remains the legal owner of these facilities, with the exception of Parke Curason Jaburibari, Mabon Ballpark, Compleho Deportivo Simeon Antonio, Compleho Deportivo Yara and Yara Voetbalveld which are legally owned by Stichting FLPD.

The Foundation entered in May 2012 into a collaboration agreement with the Sportsubsidie Commissie (a government commission instituted by the Minister of Public Health and Sports) for the allocation and distribution of donations and subsidies to sport promoting organizations and clubs. As part of this agreement, the Foundation pledged a yearly allocation to sports (good causes) in the amount of Afl. 3.5 million, payable in equal monthly instalments. In addition, the Foundation has the statutory authority to submit donations for sport and culture activities, change collaboration agreement to memorandum of understanding.

The Foundation pledged, through a letter dated 1 December 2014 to the members of the Sportsubsidie Commissie, to provide an additional subsidy for the fiscal year 2015 to Sportsubsidie Commissie in the amount of Afl. 500 thousand. The current Management of the Foundation is contesting this as the former director of the Foundation overstepped his bounds by promising the additional funds.

The Executive Board of the Foundation has considered the procurement of director's liability insurance, which is not readily available from local insurance companies and is costly. After careful consideration of all the options and obtaining outside legal advice, the Executive Board members of the Foundation entered in June 2014 each individually into an indemnification agreement with the Foundation whereas the Foundation, under certain conditions, indemnifies each Executive Board member against any civil personal liability in carrying out his/her duty as an Executive Board member.



The Foundation has registered as legal owner of the following trademarks with the Bureau of Intellectual Property in Aruba starting May 6, 2013 for a period of ten years.

Registration Number	Trademark	Logotype
31055	LOTTO, E LOTERIA DI ARUBA	X
31056	CAMBIANDO BIDA	X
31057	LOTTO CAMBIANDO BIDA	✓
31058	CATOCHI 4	✓
31059	ZODIAC	✓
31060	BIG 4	✓
31061	LOTTO 5	✓
31062	LOTTO DI DIA	✓
31063	TIC TAC TOE	✓
31064	MINI MEGA	✓
31065	WEGA DI NUMBER KORSOU	✓
31066	RASPA Y GANA	✓

The Foundation has been in the process of formalizing a collaboration agreement with Fundashon Wega di Number Korsou. As per the date of issuance of these financial statements, this agreement has not been formalized.

## 2.1 Going concern

The Foundation's equity is negative as per December 31, 2016. The Foundation's current year's result shows a net loss of Afl. 410,874 (2015: a net profit of Afl. 137,323) for the year ended December 31, 2016. The Foundation's current and non-current liabilities exceeded its total assets by Afl. 96,399. The negative Foundation's equity indicates that an uncertainty exists that may cast doubt on the Foundation's ability to continue as a going concern.

Based on the assessment performed by the Management of the Foundation, the net cashflow for the years ended 2021 and 2022 could become negative. In performing its assessments, the Management has taken into account the impact, if any, of the Coronavirus (COVID-19, which started to affect Aruba as of March 2020) pandemic on the future financial performance. The Management is confident that the Foundation will remain in business for the foreseeable future.

There are plans to implement new games which will help generate more income for the Foundation. Furthermore, the Foundation is negotiating with the Foundation's house bank to reduce the current loan interest rate by 1.5%, which will improve the Foundation's cashflow. The Foundation is also working on cutting expenses at the Foundation level.

Based on the above, the accounting principles applied are based on the assumption that the Foundation will be able to continue as a going concern.

These financial statements do not include any adjustments relating to the recoverability and classification of recorded assets and classification of liabilities that might be necessary if adequate additional resources are not available and/or the Foundation is unable to continue as a going concern.



### **3 Summary of significant accounting policies**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented.

#### **3.1 Basis of preparation**

The financial statements of the Foundation have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs). The financial statements have been prepared under the historical cost convention, except where otherwise stated.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Foundation's accounting policies. Management believes that the estimates utilized in preparing these statements are reasonable; however actual results could differ from these.

The financial statements are presented in Aruban florins (Afl.) and all values are rounded to the nearest florin.

##### *Presentation*

In the statement of comprehensive income are the revenues and expenses resulting from activities not directly associated with the sale of lottery tickets reflected as separately as non-operating revenues and expenses. Management has determined this presentation to be more suitable for application to the Foundation's financial statements as it provides a better understanding of the Foundation's financial performance.

#### **3.2 Foreign currency translation**

The financial statements are prepared in Aruban florins, the functional and presentation currency of the Foundation.

Transactions denominated in foreign currencies are initially carried at the functional exchange rates ruling at the date of transaction. Monetary items in the statement of financial position denominated in foreign currencies are translated at the year-end functional exchange rates. Non-monetary items in the statement of financial position that are measured at historical cost in a foreign currency are translated at the functional exchange rates ruling at the date of transaction. Non-monetary items in the statement of financial position that are measured at current value are translated at the functional exchange rates ruling at the date of valuation.

Exchange differences arising on the settlement or translation of monetary items denominated in foreign currencies are taken to the statement of comprehensive income.

#### **3.3 Property, plant and equipment**

Plant and equipment are stated at historical cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing parts of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Foundation recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are



satisfied. All other repair and maintenance costs are recognised in the statement of comprehensive income as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if: it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. Capitalization of assets occurs based on the economic substance.

Depreciation is calculated on a straight-line basis over their expected useful economic lives. The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate. The depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

- |   |               |
|---|---------------|
| • Sport buildings and recreational facilities | 40 years      |
| • Furniture and equipment                     | 3 to 10 years |
| • Vehicles                                    | 5 years       |

The assets' useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, if there is an indication of a significant change since the last reporting date.

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 the proceeds with the carrying amount and are recognised within 'other gains/(losses) – net' in the statement of comprehensive income.

### 3.4 Financial instruments and impairment

#### Recognition

When a financial asset is recognized initially, an entity shall measure it at the transaction price (including transaction costs except in the initial measurement of financial assets and liabilities that are measured at fair value through profit and loss) unless the arrangement constitutes, in effect, a financing transaction. At the end of each reporting period, an entity shall measure financial instruments as follows, without any deduction for transaction costs the entity may incur on sale or other disposal: Investments in non-convertible preference shares and non-puttable ordinary or preference shares are measured at fair value with changes in fair value recognised in profit or loss.

#### Impairment

##### *Financial assets*

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.



Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in profit or loss. Any cumulative loss in respect of an available for-sale financial asset recognized previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

#### *Non-financial assets*

The carrying amounts of the Foundation's non-financial assets, being property, plant and equipment, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

### **3.5 Amortized subsidy Stichting FFD**

In order to effect refinancing through Caribbean Mercantile Bank N.V. in 2011, the Foundation had to repay in full, on behalf of Stichting Fundacion Facilidatnan Deportivo (Stichting FFD), the remaining balance of Stichting FFD's loan payable to the AIB Bank and consortium as the Foundation was the guarantor for the repayment of this loan. This payment by the Foundation is considered as an advance given to Stichting FFD on operating subsidies for the management and maintenance of the Centro Deportivo Frans Figaroa (CDFF) sport facility which was given under similar conditions and terms as were applicable on the original AIB Bank loan. This subsidy is amortized for the term equal to the period as the CDFF sport facility's estimated useful economic life.

If Stichting FFD ceases to manage and maintain the CDFF sport facility prior to end of its estimated useful economic life, any remaining portion of the advance subsidy should be returned to the Foundation. This transaction has not yet been formalized in a contract.

### **3.6 Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. A provision for impairment of trade receivables is established when there is objective evidence that the Foundation will not be able to collect all amounts due according to the original terms of the receivables.



#### *Receivable from retailers*

Receivable from retailers represents lottery proceeds due from retailers for ticket sales, net of commissions due to and prizes paid by the retailers, and allowance for bad debt. Amounts not collected upon the established collection date are deemed delinquent. Delinquent accounts are reviewed periodically by the Management of the Foundation are considered doubtful on the basis of an individual assessment of the collectability of the receivables.

#### *Prepayments*

Prepayments consist of advance payments recognised at cost and will be expensed in the period in which they are incurred.

### **3.7 Cash and cash equivalents**

Cash and cash equivalents are carried at their face value. The cash and cash equivalents in the statement of cash flows consist of cash at bank and in hand.

### **3.8 Equity**

The Foundation's capital consists of the amount paid at incorporation of Afl. 10. There is a general reserve consisting of the accumulated results of prior years and including 2016.

### **3.9 Long-term liabilities**

The long-term liabilities regard loans and borrowings which are recognised initially at the transaction price (that is, the present value of cash payable to the bank, including transaction costs). Loans and borrowings are subsequently stated at amortised cost. Interest expense is recognised on the basis of the effective interest method and is included in financial expense.

### **3.8 Provisions**

A provision is formed for liabilities when the Foundation has a present legal or constructive obligation as a result of past events, it is probable that they will have to be settled and the amount of the liability can be reliably estimated. The amount of the provision is determined based on a best estimate of the amounts required to settle the liabilities and losses concerned at the reporting date. Provisions are not recognised for future operating losses. Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

### **3.10 Government grants**

Government grants are recognised when there is reasonable assurance that the grants will be received, and all attached conditions will be complied with. When loans or similar assistance are provided by the government or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant.





### 3.11 Current liabilities

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

#### *Jackpot liabilities*

Jackpot games are games with fixed odds where unpaid winnings are transferred to next draw.

### 3.12 Pension (contribution premiums)

The Foundation has a defined contribution plan, the Foundation pays contribution premiums to the pension plan administrator (the Guardian Group) on a contractual basis. The Foundation has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Contribution premiums payable or prepaid contribution premiums as at year-end are recognized under pension premium payable and prepayments, respectively. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

### 3.13 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Foundation assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Foundation has concluded that it is acting as a principal in all of its revenue arrangements.

#### *Lotto net revenue*

Lotto net revenue represents gross lottery game sales less any prizes, retail agent commission and turnover taxes.

#### *Sales of Lotto*

Lotto operations generates income by selling lotto tickets. Lottery games are sold to the public by contracted retailers. Revenue for drawing-style games is recognized based on the game characteristics. Revenue for drawing-style games such as Lotto di Dia, Big 4, Catochi, Zodiac, Wega di number Korsou, Lotto 5, Mini Mega, Mega Plus, Tic Tac Toe, Facilito and related games where the prize expense is determinable only upon occurrence of the related draw, revenues for sold tickets are recognized when the related drawing occurs. Revenue from Instant Tickets is recognized when the tickets are sold.

Certain instant and drawing-style games include free ticket prizes that entitle the holder to exchange a winning ticket for another of equal value. The selling price of the game ticket awarded as a prize reduces ticket revenue when the related winning ticket is validated.

### 3.14 Prizes

Prizes is recognized net of prizes draw (total winner's prize value) less release of unclaimed expired prizes. Prizes won expire after 90 days unclaimed and are released upon expiration to the prizes profit or loss.



### 3.15 Retail agent commission

A commission payable to the respective retail agent is recognized upon selling of lottery, number or instant ticket based on the following rates.

#### *Lottery games*

Mini Mega	10%
Lotto 5	15%
Lotto Di Dia	10%
Mega Plus	10%

#### *Number games*

Zodiac	10%
Catochi	15%
Big 4	10%
Korsou	10%

#### *Instant games*

Instant Tickets	10%
Facilito	10%

### 3.16 Expenses

Expenses are determined with due observance of the aforementioned accounting policies and allocated to the financial year to which they relate. Foreseeable and other obligations as well as potential losses arising before the financial year-end are recognised if they are known before the financial statements are prepared and provided all other conditions for forming provisions are met.

### 3.17 Non-operating revenues and expenses

Revenues and expenses resulting from activities not directly associated with the sale of lottery tickets are reflected as non-operating revenues and expenses.

Rent revenues from Aruba Entertainment Center relate to revenues from the rental of spaces and fields facilities which are recognised when the Foundation satisfies performance obligations by granting the use of the promised rented spaces or fields facilities to its customers.

Grants sport and extra commitment sport are subsidies granted by the Foundation through Sports subsidie Commissie to different sport organizations in order to promote and support sport for the community of Aruba.

### 3.18 Financial income and expense

For all financial instruments measured at amortised cost, interest income or expense is recorded using the Effective Interest Rate (EIR), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net



carrying amount of the financial asset or liability. Interest income and expense are included in financial income and expense in the statement of comprehensive income.

### 3.19 Taxes

#### *Profit tax*

The Foundation is exempt from profit tax up until 31 December 2017 based on a tax ruling dated 30 January 1986, with the obligation of filing profit tax return.

#### *Turnover tax*

Turnover tax for 2016 is calculated at a rate of 3.5% on gross revenue less prizes paid out based on instructions from a letter dated November 11, 2013 from Departamento di Impuesto. Management of the organization disagrees with the new calculation basis, initiated objection procedure and is still in negotiation with the Inspector of Taxes.

### 3.20 Leases

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

### 3.21 Cash flow

The cash flow statement has been drawn up using the indirect method. Transactions for which no cash or cash equivalents are exchanged, including finance leases, are not included in the cash flow statement. The direct method reports major classes of operating cash receipts and payments under the operating section, whereas the indirect method focuses on the difference between net income and net cashflow from operations.

### 3.22 Related parties

Related parties are:

- a) Entities with direct or indirect power to influence decisions in the Foundation or in which the Foundation has that power;
- b) Entities with direct or indirect meaningful influence on the business and financial decisions in the Foundation or in which the Foundation has that power;
- c) Persons with direct or indirect rights, which can be used to meaningfully influence the business and financial decisions, as well as other persons with close (family) relationships to these persons, of which can be assumed that these persons can influence each other's decisions related to the Foundation;
- d) Key personnel with authority and responsibility to influence decisions related to planning, management and control of the activities of the Foundation, including management, key management and persons with close (family) relationships;
- e) Entities in which a person or a close family member of that person who has control or joint control over the Foundation has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- f) Entities that are controlled, jointly controlled or significantly influenced by a government;
- g) Government which controls, jointly controls or significantly influences the Foundation.



The Foundation has recognized the following related parties:

- Land Aruba
- Canadian Bank Note Company Limited
- Canadian Bank Note (Aruba) N.V.
- Stichting Fundacion Facilidadnan Deportivo
- Sportsubsidie Commissie
- Members of the Supervisory Board and Executive directors
- Aruba Bank
- Caribbean Mercantile Bank
- Inspector of Taxes
- Resellers (Agents)

## **4 Significant accounting judgements, estimates and assumptions**

The preparation of the Foundation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

The management of the Foundation makes various judgements and estimates when applying the accounting policies and rules for preparing the financial statements. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Foundation based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Foundation. Such changes are reflected in the assumptions when they occur.

The Foundation's financial statements contain critical accounting estimates, judgments and assumptions in the provision for doubtful debtors which is based on management's assessment of the collectability of individual items included in the trade and other receivables (note 7) and the loan from Land Aruba which has an interest rate below the market interest rate for which the present value of the future payments is presented as loan and the remaining amount is presented as subsidy from the government (note 9).



## 5 Property, plant and equipment

	31 December 2016	31 December 2015
Buildings and facilities	25,317,234	26,144,769
Furniture and equipment	113,175	173,127
	<b>25,430,410</b>	<b>26,317,896</b>

Movements in property, plant and equipment were as follows:

<i>(in Aruban florins)</i>	Buildings and facilities	Furniture and equipment	Total
<b>1 January 2015</b>			
Value/Cost	35,803,322	1,071,678	36,875,000
Accumulated depreciation	(9,514,778)	(853,756)	(10,368,534)
<b>Net Book value</b>	<b>26,288,544</b>	<b>217,922</b>	<b>26,506,466</b>
<i>Movements during the year 2015</i>			
Additions	796,709	25,298	822,007
Depreciation	(940,484)	(70,093)	(1,010,577)
<b>Net Change</b>	<b>(143,775)</b>	<b>(44,795)</b>	<b>(188,570)</b>
<b>31 December 2015</b>			
Value/Cost	36,600,031	1,096,976	37,697,007
Accumulated depreciation	(10,455,262)	(923,849)	(11,379,111)
<b>Net Book value</b>	<b>26,144,769</b>	<b>173,127</b>	<b>26,317,896</b>
<i>Movements during the year 2016</i>			
Additions	96,183	11,177	107,360
Depreciation	(923,718)	(71,129)	(994,847)
<b>Net Change</b>	<b>(827,535)</b>	<b>(59,952)</b>	<b>(887,487)</b>
<b>31 December 2016</b>			
Value/Cost	36,696,214	1,108,153	37,804,367
Accumulated depreciation	(11,378,980)	(994,978)	(12,373,958)
	<b>25,317,234</b>	<b>113,175</b>	<b>25,430,410</b>



## 6 Amortized subsidy Stichting FFD

In order to effect refinancing through Caribbean Mercantile Bank N.V. in 2011, the Foundation had to repay in full, on behalf of Stichting Fundacion Facilidatnan Deportivo (Stichting FFD), the remaining balance of Stichting FFD's loan payable to the AIB Bank and consortium in the amount of Afl. 6.16 million as the Foundation was the guarantor for the repayment of this loan. This payment by the Foundation is considered as an advance given to Stichting FFD on operating subsidies for the management and maintenance of the Centro Deportivo Frans Figaroa (CDFF) sport facility up to December 2020. The subsidy was given under similar conditions and terms as were applicable on the original AIB Bank loan with an interest of 7%. This subsidy does not have to be repaid by Stichting FFD to the Foundation, as long as Stichting FFD continues to manage and maintain the CDFF sport facility, but the subsidy is amortized for the term up to December 2020.

Starting 1 January 2014, it was decided by the Foundation to change the method of calculation to linear calculation method in which the subsidy will be realized by Stichting FFD in an amount equal to the interest charge of 2.5% (equal to the interest charge on the loan provided by the Government of Aruba to the Foundation) and depreciation charge of the facility attributable to the portion subsidized by Stichting FFD up to the year 2046, same period as the CDFF sport facility's estimated useful economic life. With this change in method of calculation, the Foundation amortizes the remaining amount of the subsidy as per 31 December 2013 up to the year 2046.

If Stichting FFD ceases to manage and maintain the CDFF sport facility prior to end of its estimated useful economic life, any remaining portion of the subsidy should be returned to the Foundation. This transaction has not yet been formalized in a contract.

The movements in amortized subsidy Stichting FFD can be specified as follows:

<i>(in Aruban florins)</i>	<b>2016</b>	<b>2015</b>
Balance at 1 January	4,502,628	4,651,360
Interest charges	112,566	116,284
Subsidy to Stichting FFD	<u>(261,298)</u>	<u>(265,016)</u>
<b>Balance at 31 December</b>	<b>4,353,896</b>	<b>4,502,628</b>
Current portion	(148,732)	(148,732)
Non-current portion	<u><b>4,205,164</b></u>	<u><b>4,353,896</b></u>



## 7 Trade and other receivables

(in Aruban florins)

	31 December 2016	31 December 2015
Receivable retailers	464,713	556,875
Receivable from Stichting FFD	79,020	79,020
Rent and related receivables	3,025	3,025
Prepayments	-	27,500
Deposits	2,395	2,633
Other amounts receivable	10,987	10,765
	<b>560,140</b>	<b>679,818</b>

The provision for doubtful debts for 2016 amounts to Afl. 470,928 (2015: Afl. 456,284). Deposits concern deposits of rent and utilities.

## 8 Cash and cash equivalents

(in Aruban florins)

	31 December 2016	31 December 2015
Current accounts	8,923,417	4,967,283
Saving accounts	433,348	200,375
Cash in hand	41,250	28,384
Deposits and prizes in transit - net	(48,118)	3,717
	<b>9,349,897</b>	<b>5,199,759</b>

The Foundation's current and saving accounts are held at the Caribbean Mercantile Bank N.V. (the Foundation's main banker), and the Aruba Bank N.V. There are no restrictions on the availability of cash at banks. They are at the Foundation's free disposal.



## 9 Long-term liabilities

(in Aruban florins)

	31 December 2016	31 December 2015
Borrowings	25,212,586	25,664,205
Subsidy Land Aruba	5,858,176	6,538,193
Deferred subsidy 'Yara soccer field construction'	711,777	640,577
	<b>31,782,539</b>	<b>32,842,975</b>

The borrowings can be specified as follows:

(in Aruban florins)	Interest	Balance as at 31 December 2015	Balance as at 31 December 2016	Repayment obligation 2017	Remaining maturity > 1 year and < 5 years 2018 - 2021	Remaining maturity > 5 years 2022-2034
Loan Caribbean Mercantile Bank N.V.	6.5%	16,263,728	15,207,272	1,136,510	5,369,995	8,700,767
Loan Land Aruba*	2.5%	17,000,000	17,000,000	-	2,266,667	14,733,333
		<b>33,263,728</b>	<b>32,207,272</b>	<b>1,136,510</b>	<b>7,636,661</b>	<b>23,434,101</b>
Current portion loan Caribbean Mercantile Bank N.V.		1,061,330	1,136,510			
Subsidy Land Aruba*		6,538,193	5,858,176			
<b>Non-current portion borrowings</b>		<b>25,664,205</b>	<b>25,212,586</b>			

### Loan Caribbean Mercantile Bank N.V.

The Foundation entered on 18 July 2011 into loan agreement with the financial institution Caribbean Mercantile Bank N.V. for the amount of Afl. 20,000,000, for the refinancing of existing debt of the Foundation and the existing debt of Stichting FFD with AIB Bank and APFA, the coverage of construction cost overruns at three community sport facilities, the finance purchase and installation of stadium seats for the Yara park, the replenishment cash reserves which were depleted as result of a capital investments made by the Foundation and the payment of outstanding management fees to Canadian Bank Note Ltd. The loan is repaid in 59 equal monthly annuity instalments of Afl. 175,275. The term of the loan is 5 years, and the amortization is 15 years. The applicable rate of interest is 6.5% per annum and is fixed for the first five years.

As per 15 July 2014 was this loan agreement with Caribbean Mercantile Bank N.V. renewed in which the term has been extended for a new 3-year term to expire 31 July 2017 based on the original 15-year amortization and repayment terms. The rate of interest applicable to this facility has been set on 6.5% until further notice.





#### **Collaterals**

The loan at Caribbean Mercantile Bank N.V., based on the renewed loan arrangement letter dated 15 July 2014 has been secured by:

- Mortgage rights on six sport and entertainment facilities for an aggregated amount of Afl. 10,000,000. The subject properties are listed as follows:
  - Aruba Entertainment Center (Dakota)
  - Yara Community Center
  - Simeon Antonio Community Center
  - Jaburibari
  - Rooi Bosal/ Pos Chikito sports facilities complex
  - Mabon Baseball/ Softball sports complex
- A letter of credit issued by the Bank of Nova Scotia in the amount of US\$ 5,121,424. The amount of the letter of credit is reduced annually by 50% of the prior year's principal loan reduction upon confirmation by the Caribbean Mercantile Bank N.V.
- A Debt Service Guarantee by Canadian Bank Note Company Ltd. and Canadian Bank Note (Aruba) N.V. in the amount of Afl. 20,000,000 to guarantee repayment of the loan.

#### **Loan Land Aruba**

The Foundation entered on 27 July 2009 into a loan agreement with the Government of Aruba for Afl. 17,000,000 for the financing of three sport facilities. The nominal interest rate is 2.5% which is below the market interest rate. The loan must be repaid in 15 consecutive year instalments of Afl. 1,133,333 starting 27 July 2020. No interest is charged in the first 10 years until 27 July 2020.

\*As the Foundation has received interest rate that is lower than the market interest rate and payment exemption till 2020 a portion of the loan should be recorded as subsidy. The present value of the future payments is presented as loan and the remaining is presented as subsidy from the government. The present value is calculated based on a market interest rate of 6.5%.

The loan can be specified as follows:

*(in Aruban florins)*

	<b>31 December 2016</b>	<b>31 December 2015</b>
Loan Land Aruba	11,141,824	10,461,807
Subsidy Land Aruba	5,858,176	6,538,193
<b>Total</b>	<b>17,000,000</b>	<b>17,000,000</b>

The loan has no repayment or interest charge in 2016 or 2015. As a consequence, the only movement in the loan balance regards unwinding of the loan. During 2016 and 2015, the same amount of unwind is released from the subsidy from Land Aruba, causing the net effect in the Statement of comprehensive income to be nil.



#### Collaterals

The loan from the Government of Aruba, dated 27 July 2009, has been secured by:

- Commitment from the Foundation not to encumber domain property located at Santa Cruz, Pos Chiquito and Yara with third parties while the loan from the Government of Aruba has not been repaid in full
- Property insurance, including the Government of Aruba as a beneficiary
- Obligation to present the Foundation's annual report to the Government of Aruba
- Commitment from the Foundation to properly maintain, at the Foundation's own expenses, the facilities on the domain properties mentioned above
- Commitment to biannually provide a certified accounts receivable list to the Government of Aruba
- Commitment from the Foundation to present, every three years, a current valuation report of the facilities at the above-mentioned domain properties to the Government of Aruba

## 10 Current liabilities

(in Aruban florins)

	31 December 2016	31 December 2015
Jackpot lottery liability	104,112	389,531
Current portion borrowings loan CMB N.V.	1,136,510	1,061,330
Canadian Bank Note (Aruba) N.V.	620,408	453,778
Prizes payable	4,239,613	565,560
Management fee Canadian Bank Note Company Ltd.	1,035,796	301,976
Creditors	342,634	332,349
Payable Stichting FFD	257,934	257,934
Auditors and accounting fee payable	143,750	86,250
Accrued vacation days	18,523	13,107
Land lease and ground tax payable	28,734	14,367
Other accruals and payables	80,188	66,469
	<b>8,008,203</b>	<b>3,542,651</b>

Jackpot lottery liability can be further specified as follows:

	2016	2015
Balance at 1 January	389,531	2,374,294
(Release)/ addition Mini Mega	(133,890)	(1,092,446)
(Release)/ addition Mega Plus	(50,691)	(607,996)
(Release)/ addition Lotto 5	(20,760)	(266,944)
(Release)/ addition Lotto di Dia	(80,078)	(17,377)
Balance at 31 December	<b>104,112</b>	<b>389,531</b>



Jackpot lottery liability regards deferred liability reserves for jackpot of Lotto 5, Lotto di Dia, Mini Mega and Mega Plus. The jackpot of each game is accumulated based on a percentage of the gross revenues and is paid out upon winning of the jackpot. The reserves are expected to be used within a year, only the timing is uncertain. Every lottery drawing has its own calculation methodology for the deferral of jackpot lottery liability.

#### **Lotto 5**

48% of the gross revenue is reserved as the prize liability. This result minus the prizes won, minus the contribution is processed as jackpot lottery liability. The contribution amount consists of the difference between the prize liability (which is an estimation) and the prizes draw (total winner's prize value).

#### **Lotto di Dia**

50% of the gross revenue is reserved as the prize liability. Afterwards, 95% of the prize liability is reserved as prizes draw. This result minus the prizes won, minus the contribution is processed as jackpot lottery liability. The contribution amount consists of the difference between the prize liability (which is an estimation) and the prizes draw (total winner's prize value).

#### **Mini mega**

48% of the gross revenue is reserved as the prize liability. Afterwards, 95% of the prize liability is reserved as prizes draw. This result minus the prizes won, minus the contribution is processed as jackpot lottery liability. The contribution amount consists of the difference between the prize liability (which is an estimation) and the prizes draw (total winner's prize value).

#### **Mega Plus**

50% of the gross revenue is reserved as the prize liability. Afterwards, 95% of the prize liability is reserved as prizes draw. This result minus the prizes won, minus the contribution is processed as jackpot lottery liability. The contribution amount consists of the difference between the prize liability (which is an estimation) and the prizes draw (total winner's prize value).



## 11 Lotto gross revenue

	2016					
	Gross revenue	Prizes	Pay-out	Retail	Turnover taxes	Net Revenue
	Afl.	Afl.	percentage	Commission	Afl.	Afl.
			%	Afl.		
<b>Lottery games</b>						
Mini Mega	13,420,575	6,231,079	46%	1,337,304	249,858	5,602,334
Lotto 5	4,068,372	1,796,234	44%	608,771	74,839	1,588,528
Lotto di Dia	4,879,654	2,188,423	45%	486,476	91,390	2,113,365
Mega Plus	4,324,118	2,019,239	47%	430,844	79,944	1,794,091
	<b>26,692,719</b>	<b>12,234,975</b>	<b>46%</b>	<b>2,863,395</b>	<b>496,031</b>	<b>11,098,318</b>
<b>Number games</b>						
Zodiac	8,918,432	3,975,875	45%	888,019	172,989	3,881,549
Catochi	5,451,644	3,195,210	59%	809,940	78,975	1,367,519
Big 4	4,759,903	2,953,050	62%	472,383	63,240	1,271,230
Korsou	268,456	186,840	70%	26,659	2,857	52,100
	<b>19,398,435</b>	<b>10,310,975</b>	<b>53%</b>	<b>2,197,001</b>	<b>318,061</b>	<b>6,572,398</b>
<b>Instant games</b>						
Instant Tickets	1,147,850	664,289	58%	113,620	20,372	349,569
Facilito	135,182	73,482	54%	13,459	2,160	46,082
	<b>1,283,032</b>	<b>737,771</b>	<b>58%</b>	<b>127,079</b>	<b>22,532</b>	<b>395,650</b>
	<b>47,374,186</b>	<b>23,283,721</b>	<b>49%</b>	<b>5,187,475</b>	<b>836,624</b>	<b>18,066,366</b>



2015

	Gross revenue Afl.	Prizes Afl.	Pay-out percentage %	Retail Commission Afl.	Turnover taxes Afl.	Net Revenue Afl.
<b>Lottery games</b>						
Mini Mega	12,109,030	5,526,680	46%	1,206,896	166,063	5,209,391
Lotto 5	7,693,028	3,644,746	47%	1,150,859	100,059	2,797,364
Lotto di Dia	4,355,698	2,033,111	47%	431,414	69,239	1,821,934
Mega Plus	<u>3,731,090</u>	<u>1,757,004</u>	<u>47%</u>	<u>371,836</u>	<u>43,242</u>	<u>1,559,008</u>
	<b>27,888,846</b>	<b>12,961,541</b>	<b>46%</b>	<b>3,161,005</b>	<b>378,603</b>	<b>11,387,697</b>
<b>Number games</b>						
Zodiac	8,088,930	3,579,120	44%	805,051	136,041	3,568,718
Catochi	5,436,338	3,364,030	62%	806,928	62,654	1,202,726
Big 4	4,786,335	2,529,150	53%	475,191	67,576	1,714,418
Korsou	<u>287,226</u>	<u>172,420</u>	<u>60%</u>	<u>28,554</u>	<u>4,337</u>	<u>81,915</u>
	<b>18,598,829</b>	<b>9,644,720</b>	<b>52%</b>	<b>2,115,724</b>	<b>270,607</b>	<b>6,567,778</b>
<b>Instant games</b>						
Instant Tickets	1,790,950	861,141	48%	177,005	27,119	725,685
Facilito	<u>104,213</u>	<u>56,116</u>	<u>54%</u>	<u>10,373</u>	<u>1,425</u>	<u>36,299</u>
	<b>1,895,163</b>	<b>917,257</b>	<b>48%</b>	<b>187,378</b>	<b>28,544</b>	<b>761,984</b>
	<b>48,382,838</b>	<b>23,523,518</b>	<b>49%</b>	<b>5,464,107</b>	<b>677,753</b>	<b>18,717,460</b>



## 12 Operating Expenses

(in Aruban florins)

	2016	2015
Wages and salaries	201,611	130,612
Accommodation expenses	168,805	197,456
General expenses	878,603	649,678
	<b>1,249,019</b>	<b>977,746</b>

### 12.1 Wages and salaries

(in Aruban florins)

	2016	2015
Wages and salaries	877,633	801,377
Social Security	173,984	160,542
Pension Premium	33,262	32,566
Insurance	18,789	19,550
Other Staff Costs	29,798	28,293
	<b>1,133,466</b>	<b>1,042,328</b>

Reimbursement of wages and salaries by Canadian Bank Note (Aruba) N.V.	(931,855)	(911,716)
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General operations Lotto	<b>201,611</b>	<b>130,612</b>
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The average number of staff employed by the Foundation in 2016 was 15 (2015: 16) specified as follows:

	2016	2015
Lotto operations, loaned to CBNA N.V.	14	15
General, board and other operations	1	1
	<b>15</b>	<b>16</b>



## 12.2 Accommodation expenses

(in Aruban florins)

	2016	2015
Ground lease	71,562	71,562
Maintenance	43,841	77,532
Utilities	27,761	25,215
Property tax	12,181	12,181
Housekeeping	7,528	282
Surveillance	1,384	6,808
Other accommodation expenses	4,548	3,876
Total accommodation expenses	<b>168,805</b>	<b>197,456</b>

## 12.3 General expenses

(in Aruban florins)

	2016	2015
Other professional fees	249,077	317,736
Legal expenses	282,666	238,242
Accounting & advisory services	21,872	4,756
Auditor's fee statutory financial statements	106,956	137,564
Allowance Executive Board members	181,100	140,000
Insurance	32,872	32,872
Bank charges	20,245	18,862
Representation Expenses	18,840	26,198
Addition to/ (release from) bad debt provision	14,644	47,627
Events & PR	85,696	46,492
Office supplies	16,694	14,684
Communication	12,749	9,460
Travel Expenses & Membership Fees	122,366	19,433
Write-offs payables	-	(102,775)
Other general expenses	12,826	(1,473)
	<b>1,178,603</b>	<b>949,678</b>
Fixed reimbursement of operational expenses by the Canadian Bank Note (Aruba) N.V.	(300,000)	(300,000)
Total general expenses	<b>878,603</b>	<b>649,678</b>



### 13 Grants sport

(in Aruban florins)

	2016	2015
Good causes, Government of Aruba through Sportsubsidie Commissie	3,500,000	3,500,000
Additional grant to good causes, Government of Aruba through Sportsubsidie Commissie	208,786	499,243
	<b>3,708,786</b>	<b>3,999,243</b>
Other donations sport	256,397	11,757
	<b>3,965,183</b>	<b>4,011,000</b>

Good causes regard funds allocated to the Sportsubsidie Commissie based on the memorandum of understanding of May 2012 among the Foundation and Sportsubsidie Commissie.

### 14 Financial income and expense

(in Aruban florins)

	2016	2015
Interest income	112,566	116,284
Interest expense and related finance charges	(1,046,844)	(1,110,575)
	<b>(934,278)</b>	<b>(994,291)</b>

### 15 Commitments

#### ***Lease commitments – Foundation as lessee***

The Foundation has concluded operating lease relating to the lease of airtime and space at Telearuba for its Lotto activities. The airtime fee is Afl. 172,532 and rent for space Afl. 85,860.

The Foundation holds the ground lease for the sports facilities situated at or known as Aruba Entertainment Center, Jara, Mabon, Rooi Basal, Winston, Simeon Antonio, and Jaburibari, with a total future yearly fixed payment amounting to Afl. 71,562, and a remaining term ending in 2053, 2066, and 2073.





## 16 Financial risk management objectives and policies

The Foundation's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Foundation's operations and to provide guarantees to support its operations. The Foundation has loan and other receivables, trade and other receivables, and cash that arrive directly from its operations. The Foundation's policy is not to trade in financial instruments.

The Foundation is exposed to market risk, credit risk and liquidity risk. The Foundation's management oversees the management of these risks. The Foundation management is supported by advisors that advise on financial risks and the appropriate financial risk governance framework for the Foundation. The advisors provide assurance to the Foundation's management that the Foundation's financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Foundation policies and Foundation risk appetite. It is the Foundation's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Executive Directors reviews and agrees policies for managing each of these risks, which are summarized below.

### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise four types of risk: interest rate risk, currency risk, commodity price risk and other price risk. Financial instruments affected by market risk include loans and borrowings and deposits.

### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Foundation's exposure to the risk of changes in market interest rates relates primarily to the Foundation's long-term debt obligations with floating interest rates.

### Foreign currency sensitivity

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Foundation only has transactions in Aruban florins and US dollars. As the Aruban florin is pegged to the US dollar, the Foundation's foreign exchange risk is minimal.

### Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Foundation is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities, including deposits with banks and financial institutions.

### Liquidity risk

The Foundation monitors its risk to a shortage of funds using a recurring liquidity planning tool. The Foundation's objective is to maintain a balance between continuity of funding and flexibility.

### Capital management

The primary objective of the Foundation's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise stakeholders' value.



The Foundation manages its capital structure and makes adjustments to it in light of changes in economic conditions.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2016 and 2015.

## 17 Related party transactions

Note 3.20 provides information about the Foundation's structure and its related parties. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	<b>Year</b>	<b>Income from Related Parties</b>	<b>Expenses Related Parties</b>	<b>Amounts Owned By Related Parties</b>	<b>Amounts Owned To Related Parties</b>
Government of Aruba	2016	680,017	680,017	-	17,000,000
	2015	638,515	638,515	-	17,000,000
Subsidized government related entities:					
Sports subsidie Commissie (Grants)	2016	-	3,708,786	-	626,952
	2015	-	4,213,479	-	626,952
Stichting FFD	2016	112,566	271,871	4,432,916	257,934
	2015	116,284	265,219	4,581,648	257,934
Canadian Bank Note Company Ltd (Technical assistance)	2016	-	3,908,372	-	620,408
	2015	-	3,991,585	-	301,976
Key management of the Foundation:					
Canadian Bank Note (Aruba) NV (Lotteries Management Services)	2016	1,531,855	7,224,563	-	1,035,796
	2015	1,511,716	7,378,383	-	433,778
Executive Board members of the Foundation	2016	-	305,166	-	-
	2015	-	305,166	-	-

\*\* Remuneration & other expenses: The Foundation is not aware of any related party transactions which have been entered into by Canadian Bank Note (Aruba) N.V. in the course of managing the lotteries activities.



## 18 Subsequent events

### COVID-19

Since March 2020, the consequences of the Coronavirus (COVID-19) outbreak on Aruba have affected the demand for the Foundation's lottery games sales and therefore, its operating results have been negatively impacted. The measures taken by the Government of Aruba caused an adverse impact on the operations of the Foundation.

From March 28, 2020 the operations of the Foundation had to be closed for 2 months. As per June 1, 2020 the Foundation was ordered by the Government of Aruba to open again for sales with the restriction to close operations 2 hours earlier than usual which translates into lost money coming in for the Foundation. As per March 10, 2021 have 0.5 hours of operations been returned to the Foundation. As per end of May 2021 were all government restrictions removed which enable the Foundation to operate at full operational capacity.

Due to the impact of the Coronavirus (COVID-19), Management has assessed its impact on the future cash flows and cash position of the Foundation. Management emphasizes that as per the date of issuance of these financial statements, it is uncertain to estimate what the eventual impact of the Coronavirus will be on the (Aruban) economy and the Foundation's future results, cash flows and financial position.

Notwithstanding this uncertainty, Management has assessed the Foundation's future cash flows by estimating the impact of the Coronavirus on the Foundation. Management has prepared a cashflow forecast using various assumptions based on the actual agreements in place to estimate revenues and expenses of the Foundation.

The Foundation has taken the most conservative approach in using assumptions in the preparations of the cash flow forecast which leads to negative cashflow for the years 2021 and 2022. However, the Management of the Foundation believes the results will be reasonable and that the Foundation can continue to operate as a business in the foreseeable future.

There are plans to implement new games which will help generate more income for the Foundation. Furthermore, the Foundation is negotiating with the Foundation's house bank to reduce the current loan interest rate by 1.5%, which will improve the Foundation's cashflow. The Foundation is also working on cutting expenses at the Foundation level.

Overall, based on its assessment of the impact of the Coronavirus for the year 2020 and beyond, and taking into account the uncertainties that exist as per the date of issuance of these financial statements, Management concluded that it does not consider the impact to cast significant doubt upon the Foundation's ability to continue as a going concern. Further reference is made to note 2.1 Going concern, which explains that the financial statements have been prepared on a going concern basis.

### New bylaws

The latest amendments to the Foundation's bylaws occurred in 2017. The Foundation was a one tier organization up to October 2017. Thereafter it became a 2-tier organization in which the Management and the Supervisory Board are two separate bodies.



#### Termination former director of the Foundation

At the end of 2019, Mr. Wernet, the former director of the Foundation, was terminated and a settlement agreement was signed.

#### Memorandum of Understanding Compleho Deportivo Yara

In November 2020 there was a Memorandum of Understanding signed with the AVB to transfer the management of the Compleho Deportivo Yara to the AVB. As per the second quarter of 2021, Stichting FLPD is in the process of arranging an agreement between Stichting FLPD and the AVB for the transfer of management of this sport facility.




## 19 Approval of the financial statements

The Foundation's financial statements were duly authorized for issue by the Supervisory Board of Stichting Fundacion Lotto Pa Deporte in the board meeting held on May 17, 2021.

## 20 Signatories to the financial statements

Approved on Aruba, May 17, 2021

Supervisory Board of Stichting Fundacion Lotto Pa Deporte:

  
\_\_\_\_\_  
Mr. Silvio Janga  
\_\_\_\_\_  
Mr. Elias Kock  
\_\_\_\_\_  
Mr. Flavio Faneyte  
\_\_\_\_\_  
Mr. Anthony Kamperveen

Director of Stichting Fundacion Lotto Pa Deporte:

  
\_\_\_\_\_  
Mr. Roland Tuitt