

**Special Purpose Project Financial Statements and
Independent Auditor's Report**

For the year ended December 31, 2018

**Sint Maarten Hospital Resiliency and Preparedness Project/
Grant no. P167532 and TFA8176**

Sint Maarten

Special Purpose Project Financial Statements for the year ended December 31, 2018
Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532

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Special Purpose Project Financial Statements for the year ended December 31, 2018
Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532

Statement of Management's responsibilities for the preparation and approval of the Special Purpose Project Financial Statements for the year ended December 31, 2018

Management of Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532 ("the Project") financed by World Bank ("WB") Credits Grant no. P167532 and TF0A8176 implemented by the Sint Maarten Medical Center during the period 01-01-2018 to 31-12-2018 acknowledges and understands that it has responsibility:

- for the preparation and fair presentation of the special purpose project financial statements in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, Terms of the Grant Agreement and Applicable Laws and Regulations, World Bank Guidelines and the Project Operations Manual, Section 5 Financial Management and Control ("reporting framework");
- for such internal control as management determines is necessary to enable the preparation of the special purpose project financial statements that are free from material misstatement, whether due to fraud or error; and

In preparing the special purpose project financial statements, management is responsible for:

- selecting suitable accounting principles and apply them consistently;
- making judgements and estimates that are reasonable and prudent;
- stating whether the reporting framework has been followed, subject to any material departures disclosed and explained in the special purpose financial statements; and
- preparing the special purpose project financial statements on a going concern basis, unless it is inappropriate to presume that the Project will continue its activities for the foreseeable future.

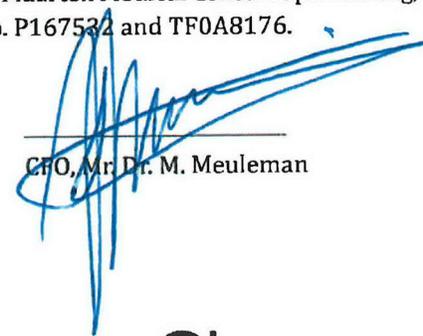
Management is also responsible for:

- designing, implementing and maintaining effective and sound internal controls and for identifying risks in the internal control system;
- maintaining proper accounting records that disclose, with reasonable accuracy at any time, the financial position of the Project, and which enable them to ensure that the special purpose project financial statements of the Project comply with the reporting framework;
- compliance with laws and regulations applicable in Sint Maarten, accounting system of the Project and the requirements of the World Bank;
- taking such steps as are reasonably available to them to safeguard the assets of the Project; and
- Detecting and preventing fraud and other irregularities.

The special purpose financial statements for the year ended December 31, 2018 were approved and authorized for issue on July 19, 2019 by the Board of Directors of St. Maarten Medical Center representing, St. Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532 and TF0A8176.



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Independent auditor's report

To: Management and Supervisory Council of St. Maarten Medical Center Foundation

A. Report on the audit of the Special Purpose Project Financial Statements

Our opinion

We have audited the special purpose project financial statements of the St. Maarten Hospital Resiliency and Preparedness Project No.P167532 (the "Project"), financed under the International Bank for Reconstruction and Development ("the IBRD", "the World Bank") Grant No. P167532 and TFOA8176 signed on August 22, 2018 and implemented by Sint Maarten Medical Center Foundation, based in St. Maarten ("SMMC", "Foundation") which comprise the Statement of Designated Account Reconciliation, Statement of Sources and Uses of Funds and Statement of Cumulative Investments for the year ended December 31, 2018 and notes, comprising a summary of significant accounting policies and other explanatory information ("special purpose project financial statements").

In our opinion,

- (i) the accompanying special purpose financial statements of the Project for the year ended December 31, 2018 are prepared in all material respects, in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, Terms of the Grant Agreement and Applicable Laws and Regulations, World Bank Guidelines and the Project Operations Manual, Section 5 -Financial Management and Control;
- (ii) the expenditures reported are eligible for financing; and
- (iii) grant funds have been used only for the project.

Basis for our opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Special Purpose Project Financial Statements section of our report.

We are independent of the Foundation in accordance with International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (IESBA code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA code.

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

B. Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use

We draw attention to Note 2.1 to the special purpose project financial statements, which describes that the special purpose project financial statements have been prepared by management in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, Terms of the Grant Agreement and Applicable Laws and Regulations, World Bank Guidelines and the Project Operations Manual, Section 5 - Financial Management and Control). The special purpose project financial statements are prepared to assist Sint Maarten Medical Center Foundation in complying with the requirements of the World Bank and for providing information to the Government of Sint Maarten and IBRD to assist them in evaluating the Project implementation. As a result, the special purpose project financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

C. Report on other information included in the Special Purpose Project Financial Statements

Next to the financial statements and our opinion thereon, the special purpose project financial statements consists of the other information presented on page 16.

Based on the procedures as mentioned below, we are of the opinion that the other information:

- ▶ is consistent with the financial statements and contains no material deficiencies;
- ▶ Includes all information as required by the applicable standards.

We have read the other information and based on our knowledge and understanding obtained from the audit of the special purpose project financial statements or otherwise, we have considered if the other information contains material deficiencies. With these procedures, we have complied with the requirements of International Auditing Standard 720. These procedures do not have the same scope as our audit procedures on the financial statements.

Management is responsible for the preparation of the other information in accordance with the applicable standard.

D. Description of responsibilities for the Special Purpose Project Financial Statements

Responsibilities of management of the project and those charged with governance for the special purpose project financial statements

Management is responsible for the preparation of these special purpose project financial Statements in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting and the World Bank Guidelines, for determining the acceptability of the basis of accounting and for such internal control as management determines is necessary to enable the preparation of special purpose project financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the financial reporting process of the Project.



Auditor's Responsibilities for the Audit of the Special Purpose Project 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 have detected all material errors and fraud.

Misstatements can arise from errors or fraud 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. 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 International Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- ▶ Identifying and assessing the risks of material misstatement of the special purpose project financial statements, whether due to errors or fraud, 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 errors, 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 company's internal control;
- ▶ Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ Concluding 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 company'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 special purpose project 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 company ceasing to continue as a going concern;
- ▶ Evaluating the overall presentation, structure and content of the special purpose project financial statements, including the disclosures;
- ▶ Evaluating whether the special purpose project financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- ▶ Evaluating whether the expenditures reported are eligible for financing; and
- ▶ Evaluating whether the grant funds have been used only for the project.

We communicate with those charged with governance, 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.

Sint Maarten, July 19, 2019

For and on behalf of BDO St. Maarten B.V.,

M.J. Illidge CPA

Ref.: R.19.049/pl/MI

**Special Purpose Project Financial Statements for the year ended December 31, 2018
Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532**

**Designated Account Reconciliation Statement for the year ended
December 31, 2018**

ACCOUNT NUMBER 81918400 - WIB (Windward Islands Bank Sint Maarten)

(Expressed in United States Dollars)

		-USD-
1	TOTAL ADVANCED BY WORLD BANK	492,174
2	LESS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR ENDED DECEMBER 31, 2018 DOCUMENTED BY WORLD BANK	-
	LESS: CUMULATIVE ELIGIBLE EXPENDITURE FOR THE PRIOR PERIODS ENDED DECEMBER 31, 2018 DOCUMENTED BY WORLD BANK	
3	PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT (1-2)	492,174
4	BALANCE OF USD DESIGNATED ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD END DECEMBER 31, 2018	492,105
	BALANCE OF PROJECT ACCOUNT PER BANK RECONCILIATION STATEMENT AS AT PERIOD END DECEMBER 31, 2018	-
5	PLUS: ELIGIBLE EXPENDITURE FOR THE CURRENT YEAR DOCUMENTED AFTER THE PERIOD END DECEMBER 31, 2018	
6	PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED	69
	REASON: _____	
7	PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS	-
	SUBTOTAL OF PREVIOUS APPLICATIONS NOT YET CREDITED	-
8	LESS: INTEREST EARNED	
9	TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)	492,174
10	DIFFERENCE (3 - 9)	-
11	EXPLANATION OF ANY DIFFERENCE SHOWN IN LINE 10	-



Special Purpose Project Financial Statements for the year ended December 31, 2018
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Statement of Sources and Uses of Funds for the year ended December 31, 2018

(Expressed in United States Dollars)

RECEIPTS	Current Period -USD- Actual	Current Year End Cumulative -USD- Actual
World Bank		
Designated Account	492,174	492,174
Direct Payment	-	-
Other disbursement methods	-	-
Total Receipts (A)	492,174	492,174
EXPENDITURES		
Component 1: Building and launching of the new hospital (US \$17 million TF, US \$75 million counterpart funds)	-	-
Component 2: Transition and Contingency Plan for Sint Maarten Medical Center (US \$7.7 million TF)	256,029	256,029
Component 3: Project management (US \$300000 TF, US \$500,000 counterpart funds)	69	69
Total Expenditures (B)	256,098	256,098
RECEIPTS LESS EXPENDITURES		
Net Change in Cash (A - B)	236,076	236,076
Foreign Exchange Adjustment	-	-
BANK BALANCES		
Opening Cash Balances		
Designated Account	-	-
Project Account	-	-

Special Purpose Project Financial Statements for the year ended December 31, 2018
Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532

Total Opening Balance	-	-
Closing Cash Balances		
Designated Account	492,105	492,105
Project Account	-	-
Total Closing Balance	492,105	492,105

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Special Purpose Project Financial Statements for the year ended December 31, 2018
Sint Maarten Hospital Resiliency and Preparedness Project/Grant no. P167532

Statement of Cumulative Investments for the year ended December 31, 2018

(Expressed in United States Dollars)

*Categories	Current Year	Current Year Cumulative
	-USD- Actual	-USD- Actual
1. Goods, non-consulting services, consulting services, Training and Operating Costs under the Project	-	-
2. Works under Part 2 (a) (i) of the Project (Civil works for the rehabilitation and reinforcement of the existing hospital facility roof)	256,029	256,029
3. Works under Part 2 (a) (ii) of the Project (Other civil works and equipment needed for the critical rehabilitation and upgrades of the existing hospital facility during the period of transition to the new facility)	-	-
4. Works under Part 1 (b) of the Project (Construction of the new facility to the said redesigned requirements)	-	-
Total	256,029	256,029

Retroactive financing refers to eligible expenditures paid by the borrower before the date of the financing agreement but on or after the retroactive financing date specified in the financing agreement. Payments that borrowers make out of their own resources before the date of the financing agreement are not normally eligible for financing. However, to facilitate the prompt execution of Bank-financed projects, the Bank may agree to reimburse the borrower, from the financing proceeds, for payments that the borrower has made before the date of the financing agreement and in compliance with Bank guidelines, including The World Bank Procurement Regulations for IPF Borrowers. The specific amount and the date from which payments for eligible expenditures can be financed are set out in the financing agreement. Borrowers should differentiate the retroactive expenditure from the ongoing expenditure to facilitate accounting. The roof re-enforcement works project was completed before year end 2018, the amount of USD 256,029 being paid to the contractors.

Special Purpose Project Financial Statements for the year ended December 31, 2018
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***Categories**

Category	Amount of the Grant (expressed in USD)	Percentage Expenditures to be Financed (Inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Training and Operating Costs under the Project	4,715,000	100%
(2) Works under Part 2 (a) (i) of the Project	300,000	100%
(3) Works under Part 2 (a) (ii) of the Project	4,485,000	100%
(4) Works under Part 1 (b) of the Project	15,500,000	100%
TOTAL AMOUNT	25,000,000	

Notes to the Special Purpose Project Financial Statements for the year ended December 31, 2018

1.1 Project Background

Project agreement

Sint Maarten, represented by its Minister of the Ministry of Public Health, Social Development and Labor ("VSA"), and the SMMC, represented by its Director, concluded a bilateral agreement, titled Agreement Trust Fund Sint Maarten General Hospital, that:

- a. recognizes the Government of Sint Maarten's authorization of SMMC to sign a grant agreement for a new hospital building following the approval of the Council of Ministers of Sint Maarten;
- b. specifies the supervisory role of the Government of Sint Maarten, through its Minister of VSA, in the development of the new hospital building and specifically the Project;
- c. provides authority to the Secretary General of VSA to appoint a member of the Supervisory Board; and
- d. recognizes that the SMMC will use the grant only
 1. for the development of the new hospital,
 2. to provide works necessary for the current hospital to provide essential services during the transition phase towards opening the new hospital, and
 3. the management of the Project

The Project consist of the following parts

Part 1. Building and launching of the new hospital

Provision of support for the design update, construction, and launching of a new hospital facility, including: (a) updating the design of the new facility to withstand category 5 plus hurricane level winds; (b) construction of the new facility to the said redesigned requirements; (c) provision of medical and non-medical equipment and related training; and (d) provision of maintenance services.

Part 2. Transition and Contingency Plan for Sint Maarten Medical Center

(a) Provision of: (i) civil works for the rehabilitation and reinforcement of the existing hospital facility roof; and (ii) other civil works and equipment needed for the critical rehabilitation and upgrades of the existing hospital facility during the period of transition to the new facility, including, inter alia:

- provision of an electric generator and generator care complex, a fire detection system, a water control plan, new storage for medical supplies, an access control system, a medical gas distribution, an information, communication and technology system, and link to fiber optic cables;
- expansion of the dialysis capacity, and the care complex;
- adjustment of the general facilities;
- construction and relocation of support services building and the medical surgical ward; and
- upgrading of the operating theater complex.

(b) Provision of technical assistance to support the updating and implementation of clinical guidelines and quality control mechanisms and internal technical audits.

(c) Establishment of arrangements with strategic partners, acceptable to the World Bank, for the provision of training of human resources.

(d) Provision of support to the Recipient in its accreditation process with the Joint Commission International.

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Part 3. Project Management

Provision of equipment and Operating Costs needed for timely and efficient implementation of the Project, including the provision of experts in technical areas.

The project was initiated by the collaborative efforts of the Tri-Party Committee in which St. Maarten Government after being faced with the devastations of Irma and the aftermath embarked on and prepared a National Recovery and Resilience Plan ("NRRP") outlining the recovery needs across the socio-economic sectors of the country. The NRRP describes the Government's vision, principles and a proposed approach for rebuilding a "better and stronger Sint Maarten" following Hurricane Irma.

Project background

The Government of Sint Maarten aims to quickly restore economic, community and governance infrastructure and service delivery. The proposed project is well aligned with the NRRP. These goals are also reflected in the design of the Single-Donor Trust Fund ("SDTF"), which will support this and other emergency projects.

This project addresses the needs for immediate recovery and rehabilitation of the health sector, through restoration of the existing hospital, as well as **strengthening future resilience** by building back better, through construction of a new category 5 plus resistant hospital which will ensure continuity of services and improve the preparedness and capacity of the health sector going forward. **The USD 25 million** trust fund is leveraging USD 75 million in counterpart funds already mobilized and allocated to build the new hospital.

The project is aligned with the World Bank's twin goals of ending extreme poverty and boosting shared prosperity. It will target the most in-need and vulnerable population immediately affected by the hurricane, help the country to recover and resume growth, and contribute to strengthening the economic and social resilience of the country in the future, thus contributing to sustainable and inclusive growth.

Sint Maarten is a high-income constituent country of the Kingdom of the Netherlands in the Caribbean. It occupies the southern half of an island shared with the French overseas collectivity of Saint Martin. It is the most densely populated country in the Caribbean with a population of roughly 40,000 and a per capita Gross Domestic Product (GDP) of USD 25,381. Sint Maarten is currently rebuilding after damages caused by Hurricane Irma that claimed lives and deteriorated the socio-economic environment on the island.

Sint Maarten is highly vulnerable to natural disasters and adverse climatic events due to its location within the hurricane belt. For the past decades, the country has been exposed to numerous high winds and hurricanes, including notably intense storms; Donna in 1960 (Category 3), Luis in 1995 (Category 4), and Irma 2017 (Category 5 plus). Due to the size of the country, a single storm has the potential to directly impact the entire population. High winds, excessive rainfall and flooding are the principal risk factors, while the country is also vulnerable to earthquakes. Coastal areas are exposed to flood risk from storm surge and tsunamis. Increased urbanization along with climate change and limited country capacity to build with resilience add to the country's vulnerability to natural hazards. Natural hazards have catastrophic impacts on the country's economy which is essentially tourism-based. The restaurants, hotels, and other tourism-related sectors, including the wholesale and retail trade, the real estate, renting and business activities sectors account for approximately 45 percent of Sint Maarten's GDP. Activities in the transport, storage and communication sector, 11 percent of GDP, are also related to the tourism sector. The tourism sector contributed 73 percent to the country's total foreign exchange income in 2016.

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Sint Maarten's harbor is a significant port for cruise tourism in the Caribbean, with 1.7 million cruise passengers visiting per year. The airport is an important hub for regional travel with a large network of connecting flights across the Caribbean.

However, the economy has seen limited growth in recent years and the economy remains exposed to tourism trends and weather shocks.

A pressing need to strengthen hospital services in Sint Maarten was recognized as early as 2015 by the Ministry of Public Health, Social Development and Labor (VSA), the Health and Social Insurance Fund (SZV) and the SMMC (together referred to as the Tripartite). Given that the only existing hospital in the country was unsuitable for a complete re-design over the long-term, it was decided that a new general hospital would be built. A new business model of care was developed, private financing was secured, a firm was selected and the initial structural design for the new hospital was completed just before Hurricane Irma.

In terms of the impact of Hurricane Irma on the existing hospital, services were limited for several days and the hospital gradually regained part of its service capacity. However, precarious conditions remain. For example, the fire detection system and generator are still not functional. Out-of-country referrals have increased as well as the increased use of containers for storage and work spaces. These impacts further underline the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand category 5 plus hurricane level winds (200mph+) and to adequately prepare for and mitigate disaster impacts so as to provide continuity of care in the context of disasters.

Based on the urgent need of assistance, a **grant of USD 25 million** has been made available to the SMMC for the Hospital Resiliency and Preparedness Project. The grant, financed by the Government of Netherlands from the Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund, was approved by the World Bank on August 16, 2018, and became effective on September 6, 2018. The World Bank and Sint Maarten recognized the urgency of initiating emergency response efforts in light of the risks presented by future hurricane seasons and prepared the project in an expedited manner.

1.2 Comparative figures

The figures published in this report represent the first published reporting of St. Maarten Hospital and Resiliency project. No comparative figures are provided.

1.3 Activities

The activities of the Projects consist mainly of the following classified components of financing World Bank Grant.

- **Component 1** - Building and launching of the new hospital (USD 17 million).
- **Component 2** - Transition and Contingency Plan for Sint Maarten Medical Center (USD 7.7 million)
- **Component 3** - Project Management (USD 300 thousand)

**Special Purpose Project Financial Statements for the year ended December 31, 2018
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1.4 Proposed Development Objective(s)

Improve the preparedness and capacity of hospital services in Sint Maarten.

Project Financing	Amount -USD- million
Counterpart Funding	75.5
Borrower	75.5
Trust Funds	25
Free-standing Single Purpose Trust Fund	25

2. Presentation of the Special Purpose Project Financial Statements

2.1 Basis of preparation

These special purpose project financial statements have been prepared in accordance with the International Public Sector Accounting Standard: Financial Reporting Under the Cash Basis of Accounting, Terms of the Grant Agreement and Applicable Laws and Regulations, World Bank Guidelines and the Project Operations Manual, Section 5 - Financial Management and Control ("reporting framework").

2.1.1 Statement of compliance

These special purpose project financial statements consist of:

- Statement of Designated Account
- Statement of Sources and Uses of Funds
- Statement of Cumulative Investments
- Significant accounting policies and other explanatory information

The reporting currency of these special purpose project financial statements is US Dollars ("USD").

2.1.2 Basis of measurement

These special purpose project financial statements have been prepared on the historical cost basis.

2.1.3 Functional and presentation currency

The functional currency is United States Dollars (USD). The amounts expended in Netherlands Antillean Guilder ("NAF") are converted to United States Dollars ("USD") at exchange rate of 1.8 NAF for 1 USD. The reporting currency of the project is USD.

2.1.4 Going concern

The Special Purpose Project Financial Statements have been prepared on a going concern basis, which assumes that the Project will continue in the foreseeable future.

3.1 Funds received

Funds received are recognized on the cash basis that is at the time when are received.

3.4 Expenses

Expenses are recorded on cash basis that is at the time of payment instead of when incurred.

3.5 Rounding-off

The figures have been rounded off to the nearest whole digit.

3.6 Sources of funds

The funds were provided by the World Bank to the Project by replenishment of special account or through direct payment to the end supplier of goods and/or services.

3.7 Restricted use of funds and other assets

The Credit, Loan and Grant agreement require that the funds available in the Designated Account be restricted to the Project use only. Any project funds available at the end of the Project should be returned to the World Bank.

3.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand and due from banks, which can be converted to the corresponding amount of cash in the short term.

3.9 Taxes

The Project related taxes and mandatory payments are calculated and paid in accordance with tax regulations applicable in St. Maarten.

3.10 Covenants

According to the Section IV of the Grant Agreement, SMMC is required to comply with certain conditions. Management is of the opinion that the Project complies with all conditions included in the Grant Agreement.

3.11 Subsequent Events

Management has evaluated the subsequent events between December 31, 2018 and July 19, 2019, the date when the Special Purpose Project Financial Statements were available to be issued and there are no subsequent events that would require adjustment or disclosure. Management opted to disclose the information on pages 16-21 as subsequent events.

Other information

Project Components

Tracking implementation status and Annual Workplan (AWP): Since the approval of the project, the SMMC and WB teams have been holding weekly teleconferences to monitor project implementation.

Frequent communication and monitoring of start-up activities has been instrumental in developing the projects outlined. The Project Management Team ("PMT") together with the Procurement Team monitors and regular updates are held to ensure continuance and guidance on all levels together with the Board of Directors (BOD) Management Team (MT) and Finance department and Chief Financial Officer (CFO) on a weekly basis.

Component 1 - Building and launching of the new hospital (USD 17 million).

This component will co-finance the turn-key contract for the design upgrade, construction and launching of the new hospital. Specifically, the component will co-finance the construction of the entire hospital. The USD 17 million TF allocated to Component 1 will increase the resiliency of the new hospital, so that the required upgrades to the original hospital design can be made to ensure that the new facility can withstand category 5 plus hurricanes.

With the support of the Tripartite, SMMC identified the need to replace the existing hospital prior to Hurricane Irma and agreed on the construction of a new building on the same land of the existing hospital. The pre-design of the new hospital considered not only additional capacity in terms of beds and ambulatory services, but also the need to incorporate new services, adding new diagnostic and treatment procedures, and new medical specialties. In September 2016, the selection process to hire a firm to design, construct and implement the new hospital was completed. This turn-key contract includes full design of the new hospital, construction and equipment (medical and non-medical equipment), training (for equipment) and maintenance services for a 10-year period (with an option to extend the maintenance period for two additional periods of 5 years). By the time the complete design of the hospital was ready, damages caused by Hurricane Irma underlined the critical need for the new hospital to be designed with a structure and features that will increase the hospital's ability to withstand category 5 plus hurricane level winds (200mph+).

These changes will require an amendment to the existing turn-key contract (variation order) and the component will co-finance the total cost of the contract to allow for the required additional works, features and protections. The amendment will be processed after Bank approval of the project and will be reviewed according to the relevant World Bank policies. While an existing contract with the construction supervision firm hired to oversee works at the new hospital will also require an amendment to adjust the time table and cost, the construction supervision will be financed by the Recipient.

In addition to the expansion in the scope of services, the new hospital will: (i) increase capacity from 66 to 110 beds; (ii) have 4 operating theaters and larger areas for ambulatory care, including a new flow of patients for ambulatory surgery; (iii) include critical characteristics to increase the resiliency of the hospital (external protection to withstand category 5 plus hurricanes, installation of modern and safe medical gas, greater storage capacity for having supplies for longer periods, underground communication through fiber optic capability, and a landing platform for helicopters for the transport of trauma patients, etc.).

Component 2 - Transition and Contingency Plan for SMMC (USD 7.7 million)

The structure of the existing hospital was seriously damaged and weakened by Hurricane Irma. As a result, priority has been given to select essential upgrades to allow for the continuity of services while improving the existing hospital services' preparedness and capacity for future extreme weather conditions, particularly while the new hospital is being built. The transition from the current weak and, in some cases, unsafe structural conditions (wiring, plumbing, roofing) of the existing hospital to the full operation of the new hospital requires significant planning and critical investments. Moving the existing hospital services to the new hospital facility will create the opportunity to modernize the current service delivery model, expand the scope of services, increase non-invasive procedures and ambulatory care, and adopt/better implement quality standards to improve the outcomes and reduce avoidable complications. This ability to expand the scope of provision of care will also reduce the high costs of overseas referrals and reinforce the Tripartite goal of "care close to home". Since 2014, SMMC started the development and implementation of a Quality Management System. The hospital made good progress in developing and institutionalizing a wide variety of quality management system components. For example, most departments develop annual quality plans and subsequent action plans for quality and safety improvement within their department. Nevertheless, clinical guidelines will need to be revised to update care pathways and algorithms to the new service delivery models and more systematic quality control mechanisms including technical audit need to be implemented.

Some of the main steps and investments included in this transition process include:

(i) Essential upgrades to the current hospital to: (a) repair damage from Hurricane Irma and bolster the aging building's ability to face future hurricanes; and (b) enable the hospital to manage the increasing demand of services in the short term and allow it to continue providing services over the next 3 to 4 years; and (c) connect the hospital to a reliable source of communication (fiber optic) to improve its link to the Emergency Operation Center (EOC), expand options for telemedicine to increase access to services not available on the island, and avoid medical referrals when possible.

(ii) Update the emergency plan to deal with disasters in the context of weak situation of the current hospital.

(iii) Changes in the service delivery model and scope of services to be provided in the new hospital. The new hospital will increase the capacity and expand the scope of services and increase the range of medical specialties.

(iv) Strengthen the standardization of procedures and the use of clinical guidelines to improve the clinical decision-making process and quality standards. The implementation of these tools will require the strengthening of human resources capacity (short-term training; formation of strategic partnerships for knowledge transfer) and implementation of continuous quality improvement (updating, development and application of protocols, clinical guidelines and quality checklists).

(v) Given that the new hospital will be built on the same land as the existing hospital, the progress of the works will require a contingency plan to allow for the provision of services while the different phases of the new works are implemented.

This component will finance: (i) works and equipment needed for the critical rehabilitation and upgrades of the existing hospital during the transition period (some of these investments include: roof reinforcement, electric generator and generator care complex, fire detection system, a water control plan, expansion and new storage for medical supplies, an access control system, a medical gas distribution, an information, communication and technology system, link to fiber optic cables, expansion of dialysis capacity and the care complex, adjustment of the general facilities, construction and relocation of the support services building and medical surgical ward, and upgrading of the operating theater complex; (ii) technical assistance to support the updating and implementation of clinical guidelines and quality control mechanisms and internal technical audits; (iii) arrangements with strategic partners (well recognized academic centers) for training of human resources; and (iv) support the SMMC's accreditation process with the Joint Commission International (JCI).

Component 3. Project Management (USD 300,000 TF; USD 500,000 counterpart funds)

The project will be implemented by the SMMC. This component will finance the related operating expenses, equipment, and personnel necessary for the execution of the project, in the areas of contract management, procurement, financial management, technical and monitoring and evaluation, including project audits. The SMMC will allocate budget to cover the project's recurrent costs.

Subsequent Updates

Disbursement As of January 31, 2019, 2% (USD 492,174) of the total grant was disbursed, which remains adequate to finance projected expenditures for the next six (6) months.

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An estimated additional USD 900,000 will be disbursed under the project via the direct payment and reimbursement modalities before end June 2019. These disbursements are mainly in reference to roof repairs amongst other design work completed by INSO. The reimbursement request will include approximately USD 256,000 (plus additional USD 9,000 still to be paid to contractor) in retroactive expenditures, which must be declared upon submission of the withdrawal application in "Client Connection". The supporting documentation to be provided in respect to each application are outlined in the project disbursement letter.

World Bank Team carries out an implementation support mission and support for the Sint Maarten Hospital Resiliency and Preparedness Project regularly.

This implementation support visit has the following objectives:

- (i) Assess status of activities under implementation and provide support**
- (ii) Monitor the Results Framework**
- (iii) Ascertain financial management updates, review forecast and expected disbursements**

Based on latest Aide memoire and subsequent updates the following Project Data can be linked to status as per June 2019:

Table 1: Key Project Data

Financing	Approval Date	Effectiveness Date	Closing Date
Sint Maarten Hurricane Irma Reconstruction, Recovery and Resilience Trust Fund; USD 25 million	August 16, 2018	September 6, 2018	July 31, 2023
Disbursed to Date: USD 1,490,157			
Projected Disbursements Direct payments (by end June 2019): USD 732,176 (estimated)			
Projected Disbursement Re-imburements (by end June 2019): USD 265.807			
Projected Disbursement Withdrawals to Designated Account (by end June 2019): USD 492,174			
Project Development Objective (PDO): Improve preparedness and capacity of hospital services in Sint Maarten			

Type	Category Summary	Currency	Amounts in USD
Withdrawal DA	DA-A	USD	492,174
Direct Payment	1	USD	732,176
Reimbursement	2	USD	265,807
			1,490,157

A comprehensive summary is provided on each of the following activities (works in progress):

a. Emergency disaster preparedness and evacuation plans: SMMC's Emergency Disaster Preparedness Plan ("orange book") is in place and is due for review in 2019. SMMC plans to recruit a Facilities Manager who will assume the responsible role for reviewing, updating and maintaining the Emergency Disaster Preparedness Plan, which will include drafting of a Hurricane Evacuation Plan, which is being done in cooperation with the Dutch Government, and the nearby islands of Saba and Sint Eustatius. Other areas of the evacuation plan are not yet written but have been conducted as part of disaster preparedness drills (i.e. fire evacuation during hurricane disaster drill).

b. Scorecard development: Updating and implementation of these plans will be evaluated based on a scorecard to be developed under the project. SMMC presented an evidence-based framework for the scorecard. The scoring process will further be evaluated by the new Facilities Manager in coordination with the PMT and SMMC management team.

c. Updating clinical guidelines and draft internal technical audit protocol: Updating of the clinical guidelines will be carried out in three phases for complete implementation by end 2021. The establishment of the new Patient Quality and Safety department will lead this process. With respect to the technical audit, the WB team will provide examples of internal checklists when it comes to best practice audit tools to measure clinical guidelines. Ongoing efforts are being made to further enhance a culture of quality and patient safety e.g. hospital survey on patient safety, falls or near accidents committee, hand hygiene surveillance.

d. Joint Commission International Accreditation ("JCI accreditation") requirements: As part of SMMC's new motto of "taking quality and safety to the next level," a Quality and Patient Safety Department was established in December 2018 to support SMMC's progress towards implementing the JCI accreditation standards.

e. Status patient satisfaction survey: SMMC presented adjustments made to the survey to match other recognized standards for inpatient/outpatient surveys. Dashboards are being developed to measure multiple categories with the ability to drill-down to specific data related to each area.

A detailed update on the status of the essential upgrades to the existing hospital building:

a. Roof reinforcement: completed October 26, 2018

b. Fiber optic and other ICT upgrades: The original plan for a supervision firm (ICE) to conduct a feasibility study was dropped. The final analysis of the plan to install a second fiber-optic line concluded that this additional fiber optic will not provide a real back-up as both lines would be connected to the same server and would share the same fiber optic backbone. To create an independent connection that will increase the speed of the internet connection and create redundancy, it was agreed to reallocate the resources to implement an ADSL connection that currently allows up to 50 Mbps. This ADSL connection will use an underground traditional

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telephone line. In addition, the Bank team suggested to explore the options to create a third link using Wi-Fi bridges.

c. Fire detection system: Tender completed and contract signed. (Windward Electrical Company was selected and commenced in March 2019. The installation by mid-late July. This project is still ongoing.

d. Medical gas distribution system: technical revisions are currently in the process

e. Access Control: Draft technical specifications under review by the WB team.

f. Generator: Electrical capacity study pending to inform specifications for bidding documents.

g. Operating Room complex upgrading: Works expected to be completed by end Q4 2019 (December 2019).

h. Building expansions of Support Services Building and Care Complex.

Scope of works with employer's requirements are to be finalized so bidding documents can be drafted.

Component 3 - Project Management (USD 300,000)

Team Procurement (PMT) is now complete. In December 2018 the Recruitment for the Project Coordinator and Project Assistant was vetted, selected hired.

The Project Coordinator (referred to as the Project Manager) started on January 15, 2019 and the Project Assistant has officially begun mid-February, 2019. The Project Management Team (PMT) is now complete and is supported by the St. Maarten Medical Center Foundation Management teams.