Translation of: Advice pertaining to the 2025 annual accounts of Sint Eustatius

Original title: Advies bij de jaarrekening 2025 van Sint Eustatius

In case of differences in interpretation between the English translation and the Dutch version of the text, or in legal proceedings or escalation procedures pursuant to applicable regulations, the original Dutch version shall always be leading.

Dear Ms. Francis,

On July 14, 2026, in accordance with Article 31, paragraph 1, of the Act on Finances of the Public Entities Bonaire, Sint Eustatius and Saba (*Wet financiën openbare lichamen Bonaire, Sint Eustatius en Saba* – FinBES Act), the Board of financial supervision of Bonaire, Sint Eustatius and Saba (Cft) received Sint Eustatius' annual accounts for 2025, along with the control statement. The corresponding auditor report was sent after, on July 17, 2026. You hereby receive the advice of the Cft pertaining to the annual accounts for 2025.[1]

Conclusion
In 2025, Sint Eustatius realized a positive result of USD 1.8 million. The Cft observes that the realization in the annual accounts largely corresponds to the budget, and therefore, the budget is realistic. Furthermore, the Cft congratulates Sint Eustatius on the second consecutive unqualified audit opinion as regards both reliability and legitimacy. Meanwhile, based on the auditor's assessment, among others, the Cft does still see important areas of attention regarding financial management.

Subsequent steps
The Cft recommends to diligently implement the proposed improvements of financial management, among others based on the recommendations of the auditor. The Cft requests Sint Eustatius to report on the progress in the implementation reports. Furthermore, the Cft requests that Sint Eustatius attaches the most recent financial data of the entities within the public sector to the 2026 annual accounts, in order for the Cft to assess the interest expense standard.

Explanatory statement
<u>Result</u>
In 2025, Sint Eustatius realized a positive result of USD 1.8 million, whereas a positive result of USD 1.5 million was budgeted. The income was realized in its entirety (100 percent) and the expenses were a little lower than budgeted (99 percent), which shows that Sint Eustatius budgets realistically. The annual accounts and the auditor report do show that regarding a number of local levies, there are small deviations due to shortcomings in collection, registration and bookkeeping. However, these entries are so limited that they hardly have any impact on the total result. In 2026, Sint Eustatius has started implementing measures to remedy these shortcomings.

<u>Financial resilience</u>

The auditor assesses that the financial resilience of the OLE, with a ratio of 2.17, is more than sufficient. In this context, the auditor remarks that this is an assessment of just one moment in time, mainly caused by the additional funds and the spending of the budget.

Special-purpose reserves
In 2025, on balance, USD 0.8 million was withdrawn from the special-purpose reserves, which has caused the balance to decrease to USD 2.4 million by the end of 2025.

Financial management
With regard to the 2025 annual accounts, the external auditor issued an unqualified audit opinion for the second time, an important milestone for the Public Entity, and a confirmation of the previous progress expressed in the 2024 annual accounts. The auditor did identify some points of attention for Sint Eustatius to further enhance financial management.

As an example, the Island Council established the framework of standards and the control protocol Sint Eustatius 2024 retroactively on January 23, 2025. However, the budgetary criterion, the conditions criterion, and the criterion regarding abuse and misuse have not yet been fully incorporated into the financial management. To enhance the legality of grants, foundations are required to periodically submit justification. Furthermore, the progress of projects with special benefits are recorded through the AFAS workflow before a next tranche is approved. In 2026, these measures will be further embedded in the AO/IB.

In comparison to 2024, the auditor's report contains both repeated and new findings regarding 2025. The shortcomings surrounding the limited application of the AO/IB handbook, the incomplete invoicing of harbor dues, outdated debtor and creditor entries, the registration of tangible fixed assets, the non-updated pension provision for former governors and the missing contract register are issues that still exist.

New findings for 2025 are the justification of grants, the completeness of the tourist and leasehold tax, the incorrect processing of airport income and the qualification of the ORCO account. The defective matching of costs with the correct financial year that was observed in 2024, has not been included as a finding again in 2025.

The Cft supports the auditor's assessment that further enhancement of financial management is necessary in order to achieve structurally reliable financial reporting. Although Sint Eustatius took impressive steps in 2025 towards professionalization, safeguarding procedures and structuring a balanced financial framework remain point of attention. The Cft will gladly continue its deliberations on these topics with the Public Entity.

Financial position
By late 2025, Sint Eustatius' equity amounted to USD 35.6 million. This is an increase of USD 0.9 million in comparison to late 2024. In 2025, the 2024 positive result of USD 4.1 million was added to the general reserve. Furthermore, USD 0.5 million was added to the reserve to cover the financial resilience, and USD 0.9 million was withdrawn from the special-purpose reserves.

The liquid resources balance increased from USD 85.5 million in late 2024 to USD 113.4 million at the end of 2025. Most of this amount has been earmarked. USD 102.6 million originates from special benefits. These resources are legally earmarked, however, the corresponding expenses still have to be made.

The auditor's assessment shows the Sint Eustatius' financial resilience is sufficient, however, the freely available liquidities are limited, which means Sint Eustatius has limited immediately available financial leeway in case of unexpected expenditure or delays in the receipt of

Government contributions, despite the amount of total liquid resources. The Cft, BZK and Sint Eustatius have agreed that the Cft and BZK will jointly draw up practical guidelines for further substantiation and application of the legal framework.

Interest expense standard
It has not been assessed if the 2025 annual accounts meet the interest expense standard, since the public sector has not been determined. The Central Bureau for Statistics has undertaken to determine the public sector for 2025 later this year. The determination is for three years, therefore, it is expected that it can be assessed if the adopted 2026 annual accounts meet the interest expense standard. The Cft requests Sint Eustatius to attach the financial data of the entities of the public sector to the adopted 2026 annual accounts.

Trusting to have provided you with sufficient information.

Sincerely,
The Chair of the Board of financial supervision of Bonaire, Sint Eustatius and Saba

[signature]
Hans Hoogervorst

A copy of this letter was sent to:
The Executive Council of the Public Entity Sint Eustatius
The Head of Finance of the Public Entity Sint Eustatius

Annex 2: Endnotes

[1] The FinBES Act, supplemented by the criteria set out in the Decree on Budget and Justification Public Entities BES (BBV BES), forms the framework for the assessment of the annual accounts 2025.