



## **Annual Report**

**Hotel con Corazon Foundation**

**2017**

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## 1 Year report from the Board

The year 2017 has been turbulent for Foundation Hotel con Corazon. The project team in Oaxaca entered into the building fase of the project. The design was completed, permits were requested and a builder was contracted and started building the hotel from scratch. Foundations were laid, utilities connected and the first walls were getting shape. In the second half year we had some delay caused by time needed for permits. We had to find our way of working with the building contractor. We are now aiming for an opening in May 2018.

The Granada operation entered into a new phase last year but is still adapting to the new reality. The market for American travellers to Nicaragua, that still comprises at least 50% of our guests, experienced a dip in 2016 because of Zika and the shift of travelers going to the immense popular Cuba. But also the number of hotels, B&B's and Airbnb offerings in Granada has steadily grown over the years. This means we faced a new situation: we had to fight for our bookings for the first time in 2016. And are still struggling this year. As a result, the average occupancy rate has dropped from 65,7% in 2015 to 55,2% in 2016 and the first half of 2017 was again lower then 2016. But in the second half year we fought our way back together with our bright new manager Gretcheen Gonzalez.

Today our guests are almost everywhere on the internet searching for the easiest way to select and book a hotel room. And these platforms provide just that: comfort to the traveller. Unfortunately they do so demanding commissions between 15% and 20% to hotels. But, we took up the glove in 2016: we launched a new website, joined Booking.com and Expedia.com, and are now steadily learning how to attract guests on those platforms and will hook up with other booking agencies in short time. The good news is that from april onwards we are doing almost every month better than 2016.

And after almost 4 years of hard working and an incredible amount of highly satisfied guests our first professional manager Boris Franchoise has resigned and handed over the operation of the hotel to our new manager Gretcheen Gonzalez (after a short interimmanagement of Marcel Zuidhof).

Amounts in Eur

## 2 Financial Statements

### Balance Sheet

	<u>31-Dec-17</u>	<u>31-Dec-16</u>	notes	<u>31-Dec-15</u>	notes
Bank accounts;	€ 113.490,69	€ 212.539,70	1)	€ 263.108,10	1)
Receivables:	€ 1.809,00	€ 2.510,75	2)	€ -0,00	2)
Total Assets:	<u>€ 115.299,69</u>	<u>€ 215.050,45</u>		<u>€ 263.108,10</u>	
Equity:	€ -84.199,90	€ -80.536,51	3)	€ -88.835,84	3)
<u>Long term liabilities:</u>					
Social shares:	€ 110.380,00	€ 110.380,00	4)	€ 110.380,00	4)
Loan from Nicaragua:	€ 64.652,47	€ 64.652,47	5)	€ 62.622,03	5)
<u>Short term liabilities:</u>					
Project commitments:	€ 12.859,26	€ 93.423,57	6)	€ 169.288,90	6)
Donations to be refunded:	€ 826,44	€ 14.442,79	7)	€ -	7)
R/C Nicaragua:	€ 10.781,42	€ 11.047,05	8)	€ 9.653,01	8)
Other short term debts:	€ -	€ 1.641,08	9)	€ -	9)
Total:	<u>€ 115.299,69</u>	<u>€ 215.050,45</u>		<u>€ 263.108,10</u>	

Amounts in Eur

## Financial Statements

### Income & Expenditure

	<u>2017</u>	<u>2016</u>		<u>2015</u>
<u>Funds received for projects:</u>			10)	10)
Mexico:	€ 17.667,12	€ 22.788,56	€	12.856,41
Leon 2.0	€ 1.922,80	€ 2.806,77	€	-
Costa Rica	€ 4.969,70			
Cambodia			€	17.719,16
Leon			€	11.536,56
Suriname			€	12.288,85
<u>General funds:</u>			11)	11)
Private donations:	€ 1.169,00	€ 10.385,02	€	5.453,21
Corporate:		€ 1.945,90	€	1.761,40
Operating hotels:	€ 3.000,00			
Interest:	€ 14,65	€ 126,06	12) €	280,82 12)
<b>Total income:</b>	<b>€ 28.743,27</b>	<b>€ 38.052,31</b>		<b>€ 61.896,42</b>
<u>Spent on projects:</u>				
<u>Refunding donations:</u>			13)	13)
Cambodia:		€ 59.709,83		
Leon:		€ 27.679,47		
Suriname:		€ 14.071,35		
Total decommitted: (via balance sheet)		€ 101.460,65		
<b>Total new commitments/projects:</b>	<b>€ 24.559,62</b>	<b>€ 25.595,33</b>	14) €	<b>54.400,99 14)</b>
General costs:	€ 7.847,04	€ 3.890,34	15) €	1.232,45 15)
Currency losses:	€ -	€ 267,31	16) €	382,99 16)
<b>Total spent:</b>	<b>€ 32.406,66</b>	<b>€ 29.752,98</b>		<b>€ 56.016,43</b>
<b>Result ("profit"):</b>	<b>€ -3.663,39</b>	<b>€ 8.299,33</b>		<b>€ 5.879,99</b>

Amounts in Eur

### 3 Notes to the financial statements

	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>31-Dec-15</u>
1) <u>Bank accounts:</u>			
Rabobank Eur:	€ 64.464,40	€ 78.334,42	€ 99.309,10
Rabobank USD:	€ 49.026,29	€ 55.095,69	€ 54.377,83
Triodos Cambodia:	€ -	€ -	€ 49.382,78
Triodos Mexico: *	€ -	€ 79.109,59	€ 60.038,39
	<u>€ 113.490,69</u>	<u>€ 212.539,70</u>	<u>€ 263.108,10</u>

\* These Triodos accounts were handed over in 2017 to Stichting Hotel con Corazon Mexico.

#### 2) Receivables

Funds received bij payment systems (Mollie, Paypal) not yet transferred in cash.

#### 3) Equity

The value that we need to create in Nicaragua to be able to refund long term debts.

#### 4) Social shares

Shares that were given out in 2006 en 2007 to create the first funding for Granada.  
In return shareholders receive a free night per year (with a fair maximum of 10).

#### 5) Loan from Nicaragua

Amounts received from Granada to safeguard part of the cash.  
Non interest bearing.

#### 6) Project commitments

The value of the donations received (minus crowdfunding costs) that will be invested in projects.  
Breakdown end of year:

	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>31-Dec-15</u>
Mexico	€ 3.160,00	€ 90.616,81	€ 67.828,25
Cambodia		€ -0,00	€ 59.709,82
Leon		€ -0,00	€ 27.679,47
Suriname		€ -	€ 14.071,35
Leon 2.0	€ 4.729,56	€ 2.806,77	€ -
Costa Rica	€ 4.969,70		
	<u>€ 12.859,26</u>	<u>€ 93.423,57</u>	<u>€ 169.288,90</u>

#### 7) Donations to be refunded

In 2016 we decided to end the projects for Cambodia, Leon and Suriname.  
Leon has been fully refunded to the sponsors in 2016.  
Cambodia had a small amount to be refunded that was settled in 2017.  
Suriname was fully settled in June 2017.

	<u>31-Dec-17</u>	<u>31-Dec-16</u>
Cambodia to be refunded:	€ 826,44	€ 521,44
Suriname to be refunded:	€ -	€ 13.921,35
	<u>€ 826,44</u>	<u>€ 14.442,79</u>

#### 8) R/C Nicaragua

Funds that are paid or received in/on Dutch bank accounts for Nicaragua.  
Consisting of donations, booking fees or reservation payments for hotel rooms.

#### 9) Other debts

Costs relating to 2017 not yet paid out.

#### 10) Funds received for projects

All earmarked received donations/loans minus crowdfunding costs for specific projects.

#### 11) General funds

All non earmarked funds received for the foundation in general.  
And the management fee that operating hotels pay on their earnings: 2%  
Granada started paying July 1st 2017.

- 12) Interest received on the savings account.
- 13) Donations refunded or to be refunded for cancelled projects.

- 14) Movement to project commitments  
 This amount reflects the commitment to invest in projects.  
 Positive amounts are additions to the commitments.  
 Negative amounts are refunds for cancelled projects.  
 For the movements on the balance sheet see note 6).

15) General cost  
 Costs relating to the organisation of the foundation.

	<u>2017</u>		<u>2016</u>		<u>2015</u>
<u>Consisting of:</u>					
Hosting of the hotel website.	€ 297,66		€ 199,65		€ 177,87
Design of the new website. (donation SK)			€ -		
Marketing (travel guide)	€ 544,50				
Strategy meeting facilitation			€ 500,00		€ 464,05
Bank costs.	€ 645,25		€ 280,80		€ 285,90
Tickets/travel for buss dev. missions.	€ 1.483,56		€ 1.092,80		
Impact study	€ 1.355,00				
Search new management Granada	€ 500,00				
Interimmanagement Granada	€ 2.317,00				
Membership + meeting Social enterprise/NCDO.	€ 701,80		€ 423,50		€ 221,43
Change of statutes			€ 731,50		
Other (general crowdfunding/office costs)	€ 2,27		€ 662,09		€ 83,20
	<u>€ 7.847,04</u>		<u>€ 3.890,34</u>		<u>€ 1.232,45</u>

- 16) Currency losses  
 Mainly consisting of the fact that we have a loan from Nicaragua in USD,  
 and a USD dollar account that does not reflect the exact same amount as the loan.

In May 2018 we plan to open the second hotel con Corazon in Oaxaca. The final part of the funding needs to be realized through the search for the last investors. The team in Oaxaca will supposedly not have one single dull moment the whole coming year.

In 2018 the Granada hotel needs to further shake up the way we win bookings. All systems and tools and entries to the market need to be activated to the max. The team, as always, will be crucial in making the stay at the hotel as unique as we promise. The hotel will have to decide before the year end on a way to expand its facility in order to grow and also to prolong our tax-exempt status with another 10 years. A facility Nicaragua offers to promote the tourism industry (Law 306). Next to that the project in León will have to prove its feasibility.

All-in all 2018 will be another crucial year for the foundation and all its volunteers and paid staff.