

**CATHOLIC AIDS RESPONSE
EFFORT**

[UEN. T04SS0204E]
[IPC No. IPC000711]

[Registered under the Societies Act, Chapter 311
in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2019**

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Fiducia LLP

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STATEMENT BY THE MANAGEMENT COMMITTEE


In the opinion of the Management Committee,


- a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of **Catholic Aids Response Effort** (the "Society") as at 31 December 2019 and the results, changes in funds and cash flows of the Society for the financial year then ended;
- b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Management Committee, comprising the following, authorised the issue of these financial statements on 19 May 2020.

| | |
|------------------------------|---------------------|
| Soo Wai Seng | President |
| Ambrose Tan Jui Lian | Vice President |
| Nicholas Chee Yong Choong | Secretary |
| Antony Ng Peng Chew | Treasurer |
| Susanna Goh Wei-Ling | Assistant Treasurer |
| Koh Ngiap Hern, Peter Kenson | Committee Member |
| Bretault Francois Rene Marie | Committee Member |
| Jacinta Rajoo | Committee Member |

For and on behalf of the Management Committee,


Soo Wai Seng
President


Antony Ng Peng Chew
Treasurer

Singapore, 19 May 2020.

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Independent auditor's report to the members of:

CATHOLIC AIDS RESPONSE EFFORT

[UEN. T04SS0204E]
[IPC No. IPC000711]

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in the Republic of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CATHOLIC AIDS RESPONSE EFFORT** (the "Society") which comprise the statement of financial position as at 31 December 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). 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 are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other Information

Management is responsible for the other information. The other information comprises the Statement by the Management Committee, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent auditor's report to the members of:

CATHOLIC AIDS RESPONSE EFFORT

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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance's responsibilities include overseeing the Society'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 SSAs 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 SSAs, we exercise professional judgement 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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(CONT'D)

Independent auditor's report to the members of:

CATHOLIC AIDS RESPONSE EFFORT

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 Society'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 Society 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 those charged with governance 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.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations.

During the course of our audit, nothing has come to our attention that causes us to believe that during the year:

- (a) the Society has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Society has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 19 May 2020.

Partner-in-charge: Soo Hon Weng
PAB. No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 S\$ | 2018 S\$ |
|---|------|----------------|------------------|
| INCOME | | | |
| Income from generating funds | | | |
| - Donations | | 35,122 | 25,153 |
| - Grants | | 487,905 | 270,960 |
| Income from charitable activities | | 17,302 | 13,226 |
| Other income | 5 | 19,088 | 14,387 |
| TOTAL INCOME | | <u>559,417</u> | <u>323,726</u> |
| LESS: EXPENDITURE | | | |
| Cost of charitable activities | | 359,510 | 457,361 |
| Governance and administrative costs | | 119,120 | 122,049 |
| TOTAL EXPENDITURE | | <u>478,630</u> | <u>579,410</u> |
| NET SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR | | <u>80,787</u> | <u>(255,684)</u> |

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

CATHOLIC AIDS RESPONSE EFFORT

[UEN. T04SS0204E]

[IPC No. 000711]

Audited Financial Statements
Financial Year Ended 31 December 2019**DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR 31 DECEMBER 2019**

| | | Unrestricted funds | | | Restricted fund | |
|--|------|--------------------|--------------------------|--------------------------|------------------------------|-------------|
| | | | Designated Fund | | | |
| | | General fund | Capital expenditure fund | Total unrestricted funds | Care and Share Matching fund | Total funds |
| Note | | S\$ | S\$ | S\$ | S\$ | S\$ |
| INCOME | | | | | | |
| Income from generating funds | | | | | | |
| Donations | | | | | | |
| - Tax deductible | 4,5 | 18,175 | 0 | 18,175 | 0 | 18,175 |
| - Non-tax deductible | | 16,947 | 0 | 16,947 | 0 | 16,947 |
| | | 35,122 | 0 | 35,122 | 0 | 35,122 |
| Grants | | | | | | |
| - Care and Share Matching grant | | 0 | 0 | 0 | 22,905 | 22,905 |
| - Caritas Singapore Community Council | 4,16 | 465,000 | 0 | 465,000 | 0 | 465,000 |
| | | 465,000 | 0 | 465,000 | 22,905 | 487,905 |
| Income from charitable activities | | | | | | |
| Residents' projects | 4 | 5,480 | 0 | 5,480 | 0 | 5,480 |
| Residents' contribution | 4 | 11,822 | 0 | 11,822 | 0 | 11,822 |
| | | 17,302 | 0 | 17,302 | 0 | 17,302 |
| Other income | | | | | | |
| Fixed deposit interest | 6 | 304 | 16,000 | 16,304 | 0 | 16,304 |
| Other income | 4, 6 | 2,784 | 0 | 2,784 | 0 | 2,784 |
| | | 3,088 | 16,000 | 19,088 | 0 | 19,088 |
| TOTAL INCOME | | 520,512 | 16,000 | 536,512 | 22,905 | 559,417 |
| EXPENDITURE | | | | | | |
| Cost of charitable activities | | | | | | |
| Air conditioning, installations and equipment | | | | | | |
| | | 535 | 0 | 535 | 0 | 535 |
| Building and grounds | | | | | | |
| | | 383 | 0 | 383 | 0 | 383 |
| Catering, food and household expenses | | | | | | |
| | | 13,161 | 0 | 13,161 | 0 | 13,161 |
| Children's transport fund and related transport cost | | | | | | |
| | | 5,480 | 0 | 5,480 | 0 | 5,480 |
| Cleaning and environment services | | | | | | |
| | | 2,523 | 0 | 2,523 | 0 | 2,523 |
| DUM spiro spero | | | | | | |
| | | 2,217 | 0 | 2,217 | 0 | 2,217 |
| Depreciation | | | | | | |
| | 11 | 52,003 | 0 | 52,003 | 3,411 | 55,414 |
| Education and training expenses | | | | | | |
| | | 477 | 0 | 477 | 0 | 477 |
| Electrical and lighting | | | | | | |
| | | 1,055 | 0 | 1,055 | 0 | 1,055 |
| Furniture and fixture | | | | | | |
| | | 0 | 0 | 0 | 1,551 | 1,551 |
| Insurance expenses | | | | | | |
| | | 4,560 | 0 | 4,560 | 0 | 4,560 |
| Interest expense on lease liabilities | | | | | | |
| | | 6,086 | 0 | 6,086 | 0 | 6,086 |
| Landscaping services | | | | | | |
| | | 0 | 0 | 0 | 432 | 432 |
| Monthly rations | | | | | | |
| | | 6,900 | 0 | 6,900 | 0 | 6,900 |
| Other event expenses | | | | | | |
| | | 9,990 | 0 | 9,990 | 0 | 9,990 |
| Other volunteer expenses | | | | | | |
| | | 374 | 0 | 374 | 0 | 374 |
| Other non-resident expenses | | | | | | |
| | | 1,180 | 0 | 1,180 | 0 | 1,180 |
| Resident incentive and assistance | | | | | | |
| | | 9,633 | 0 | 9,633 | 0 | 9,633 |
| Staff costs | | | | | | |
| | 7 | 217,582 | 0 | 217,582 | 0 | 217,582 |
| Transportation/travelling | | | | | | |
| | | 340 | 0 | 340 | 0 | 340 |
| Utilities | | | | | | |
| | | 17,528 | 0 | 17,528 | 0 | 17,528 |
| WAD project | | | | | | |
| | | 1,919 | 0 | 1,919 | 0 | 1,919 |
| Water system | | | | | | |
| | | 190 | 0 | 190 | 0 | 190 |
| | | 354,116 | 0 | 354,116 | 5,394 | 359,510 |

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR 31 DECEMBER 2019
(CONT'D)**

| Note | Unrestricted funds | | | Restricted fund | Total Funds |
|---|--------------------|---|--------------------------|------------------------------|-------------|
| | General fund | Designated Fund Capital expenditure fund | Total unrestricted funds | Care and Share Matching fund | |
| | S\$ | S\$ | S\$ | S\$ | S\$ |
| EXPENDITURE (CONT'D) | | | | | |
| Governance and administrative costs | | | | | |
| | 5,350 | 0 | 5,350 | 0 | 5,350 |
| Auditor's remuneration | 173 | 0 | 173 | 0 | 173 |
| Bank charges | 1,077 | 0 | 1,077 | 602 | 1,679 |
| Depreciation | 100 | 0 | 100 | 0 | 100 |
| Fees, licences and TOL | 805 | 0 | 805 | 0 | 805 |
| Insurance expenses | | | | | |
| Interest expenses on lease liabilities | 38 | 0 | 38 | 0 | 38 |
| Lease expense- short term lease | 1,860 | 0 | 1,860 | 0 | 1,860 |
| Medical expenses | 3,665 | 0 | 3,665 | 0 | 3,665 |
| Meeting expenses | 141 | 0 | 141 | 0 | 141 |
| Monthly Befriender Outing | 34 | 0 | 34 | 0 | 34 |
| Office equipment maintenance | 3,287 | 0 | 3,287 | 0 | 3,287 |
| Postage, printing and stationery | 241 | 0 | 241 | 0 | 241 |
| Staff costs | 57,649 | 0 | 57,649 | 37,100 | 94,749 |
| SDL contribution | 455 | 0 | 455 | 0 | 455 |
| Telecommunications | 2,501 | 0 | 2,501 | 0 | 2,501 |
| Tools and materials | 15 | 0 | 15 | 0 | 15 |
| Training and development | 88 | 0 | 88 | 250 | 338 |
| Transportation/travelling | 692 | 0 | 692 | 0 | 692 |
| Utilities | 2,997 | 0 | 2,997 | 0 | 2,997 |
| | 81,168 | 0 | 81,168 | 37,952 | 119,120 |
| TOTAL EXPENDITURE | 435,284 | 0 | 435,284 | 43,346 | 478,630 |
| NET SURPLUS/(DEFICIT) FOR THE FINANCIAL YEAR | 85,228 | 16,000 | 101,228 | (20,441) | 80,787 |
| Total funds brought forward | 673,950 | 1,010,915 | 1,684,865 | 60,153 | 1,745,018 |
| Total funds carried forward | 759,178 | 1,026,915 | 1,786,093 | 39,712 | 1,825,805 |

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

DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR 31 DECEMBER 2018

| | | Unrestricted funds | | | Restricted fund | |
|--|----|--------------------|--------------------------|--------------------------|------------------------------|-------------|
| | | | Designated Fund | | | |
| | | General fund | Capital expenditure fund | Total unrestricted funds | Care and Share Matching fund | Total funds |
| Note | | S\$ | S\$ | S\$ | S\$ | S\$ |
| INCOME | | | | | | |
| Income from generating funds | | | | | | |
| Donations | | | | | | |
| - Tax deductible | 4 | 23,853 | 0 | 23,853 | 0 | 23,853 |
| - Non-tax deductible | | 1,300 | 0 | 1,300 | 0 | 1,300 |
| | | 25,153 | 0 | 25,153 | 0 | 25,153 |
| Grants | | | | | | |
| - Care and Share Matching grant | | 0 | 0 | 0 | 0 | 0 |
| - Caritas Singapore Community Council | 16 | 270,000 | 0 | 270,000 | 0 | 270,000 |
| - NCSS | | 960 | 0 | 960 | 0 | 960 |
| | | 270,960 | 0 | 270,960 | 0 | 270,960 |
| Income from charitable activities | | | | | | |
| Residents' projects | | 4,934 | 0 | 4,934 | 0 | 4,934 |
| Residents' contribution | | 8,292 | 0 | 8,292 | 0 | 8,292 |
| | | 13,226 | 0 | 13,226 | 0 | 13,226 |
| Other income | | | | | | |
| Fixed deposit interest | 6 | 258 | 10,915 | 11,173 | 0 | 11,173 |
| Other income | 6 | 3,214 | 0 | 3,214 | 0 | 3,214 |
| | | 3,472 | 10,915 | 14,387 | 0 | 14,387 |
| TOTAL INCOME | | | | | | |
| | | 312,811 | 10,915 | 323,726 | 0 | 323,726 |
| EXPENDITURE | | | | | | |
| Cost of charitable activities | | | | | | |
| Air conditioning, installations and equipment | | 503 | 0 | 503 | 0 | 503 |
| Building and grounds | | 23 | 0 | 23 | 61,011 | 61,034 |
| Catering, food and household expenses | | 13,222 | 0 | 13,222 | 0 | 13,222 |
| Children's transport fund and related transport cost | | 5,490 | 0 | 5,490 | 0 | 5,490 |
| Cleaning and environment services | | 2,462 | 0 | 2,462 | 0 | 2,462 |
| DUM spiro spero | | (3,968) | 0 | (3,968) | 0 | (3,968) |
| Depreciation | 11 | 61,472 | 0 | 61,472 | 3,411 | 64,883 |
| Education and training expenses | | 1,362 | 0 | 1,362 | 723 | 2,085 |
| Electrical and lighting | | 669 | 0 | 669 | 1,144 | 1,813 |
| Education and tag expenses | | 240 | 0 | 240 | 0 | 240 |
| Furniture and fixture | | 0 | 0 | 0 | 1,689 | 1,689 |
| Insurance expenses | | 4,262 | 0 | 4,262 | 0 | 4,262 |
| Landscaping services | | 291 | 0 | 291 | 0 | 291 |
| Monthly rations | | 6,500 | 0 | 6,500 | 0 | 6,500 |
| Other event expenses | | 13,910 | 0 | 13,910 | 4,969 | 18,879 |
| Other volunteer expenses | | 212 | 0 | 212 | 0 | 212 |
| Other non-resident expenses | | (1,301) | 0 | (1,301) | 0 | (1,301) |
| Resident incentive and assistance | | 11,280 | 0 | 11,280 | 0 | 11,280 |
| Shelter tenure | | 49,483 | 0 | 49,483 | 0 | 49,483 |
| Staff costs | 7 | 200,600 | 0 | 200,600 | 0 | 200,600 |
| Transportation/travelling | | 375 | 0 | 375 | 0 | 375 |
| Utilities | | 15,891 | 0 | 15,891 | 0 | 15,891 |
| WAD project | | 1,369 | 0 | 1,369 | 0 | 1,369 |
| Water system | | 13 | 0 | 13 | 0 | 13 |
| Volunteer outreach | | 54 | 0 | 54 | 0 | 54 |
| | | 384,414 | 0 | 384,414 | 72,947 | 457,361 |

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR 31 DECEMBER 2018
(CONT'D)**

| | Note | Unrestricted funds | | | Restricted fund | Total Funds |
|---|------|--------------------|---|--------------------------|------------------------------|-------------|
| | | General fund | Designated Fund Capital expenditure fund | Total unrestricted funds | Care and Share Matching fund | |
| | | S\$ | S\$ | S\$ | S\$ | S\$ |
| EXPENDITURE (CONT'D) | | | | | | |
| Governance and administrative costs | | | | | | |
| Auditor's remuneration | | 4,280 | 0 | 4,280 | 0 | 4,280 |
| Bank charges | | 110 | 0 | 110 | 0 | 110 |
| Depreciation | 11 | 10,848 | 0 | 10,848 | 602 | 11,450 |
| Fees, licences and TOL | | 300 | 0 | 300 | 0 | 300 |
| Insurance expenses | | 752 | 0 | 752 | 0 | 752 |
| Medical expenses | | 1,518 | 0 | 1,518 | 0 | 1,518 |
| Meeting expenses | | 167 | 0 | 167 | 0 | 167 |
| Monthly Befriender Outing | | 56 | 0 | 56 | 0 | 56 |
| Office equipment maintenance | | 5,938 | 0 | 5,938 | 0 | 5,938 |
| Postage, printing and stationery | | 2,554 | 0 | 2,554 | 0 | 2,554 |
| Staff costs | 7 | 60,972 | 0 | 60,972 | 23,333 | 84,305 |
| SDL contribution | | 460 | 0 | 460 | 0 | 460 |
| Recruitment cost | | 326 | 0 | 326 | 314 | 640 |
| Telecommunications | | 2,898 | 0 | 2,898 | 0 | 2,898 |
| Training and development | | 120 | 0 | 120 | 1,977 | 2,097 |
| Transportation/travelling | | 696 | 0 | 696 | 0 | 696 |
| Utilities | | 2,708 | 0 | 2,708 | 0 | 2,708 |
| Website Revamp | | 0 | 0 | 0 | 1,120 | 1,120 |
| | | 94,703 | 0 | 94,703 | 27,346 | 122,049 |
| TOTAL EXPENDITURE | | 479,117 | 0 | 479,117 | 100,293 | 579,410 |
| NET (DEFICIT) / SURPLUS FOR THE FINANCIAL YEAR | | | | | | |
| | | (166,306) | 10,915 | (155,391) | (100,293) | (255,684) |
| Transfer between funds | | (1,000,000) | 1,000,000 | 0 | 0 | 0 |
| Net movement in funds | | (1,166,306) | 1,010,915 | (155,391) | (100,293) | (255,684) |
| Total funds brought forward | | 1,840,256 | 0 | 1,840,256 | 160,446 | 2,000,702 |
| Total funds carried forward | | 673,950 | 1,010,915 | 1,684,865 | 60,153 | 1,745,018 |

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

| | Note | 2019 S\$ | 2018 S\$ |
|--|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 9 | 1,786,536 | 1,718,586 |
| Other receivables | 10 | <u>43,058</u> | <u>28,153</u> |
| | | <u>1,829,594</u> | <u>1,746,739</u> |
| Non-current assets | | | |
| Property, plant and equipment | 11 | <u>106,288</u> | <u>14,215</u> |
| Total assets | | <u>1,935,882</u> | <u>1,760,954</u> |
| LIABILITIES | | | |
| Current liabilities | | | |
| Other payables | 13 | 5,351 | 15,936 |
| Lease liabilities | 14 | <u>48,311</u> | <u>0</u> |
| | | <u>53,662</u> | <u>15,936</u> |
| Non-current liabilities | | | |
| Lease liabilities | 14 | <u>56,415</u> | <u>0</u> |
| Total liabilities | | <u>110,077</u> | <u>15,936</u> |
| NET ASSETS | | <u>1,825,805</u> | <u>1,745,018</u> |
| FUNDS | | | |
| Unrestricted funds | | | |
| General fund | 15 | 759,178 | 673,950 |
| Designated fund – Capital expenditure fund | 15 | <u>1,026,915</u> | <u>1,010,915</u> |
| | | <u>1,786,093</u> | <u>1,684,865</u> |
| Restricted fund | | | |
| Care and Share Matching fund | 15 | <u>39,712</u> | <u>60,153</u> |
| TOTAL FUNDS | | <u>1,825,805</u> | <u>1,745,018</u> |

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Unrestricted funds | | | Restricted fund | Total funds |
|---------------------------------------|--------------------|--|------------------------------|----------------------------------|------------------|
| | General fund S\$ | Designated Fund Capital expenditure fund S\$ | Total unrestricted funds S\$ | Care and Share Matching fund S\$ | |
| 2019 | | | | | S\$ |
| Balance as at 01 January 2019 | 673,950 | 1,010,915 | 1,684,865 | 60,153 | 1,745,018 |
| Net surplus / (deficit) for the year | 85,228 | 16,000 | 101,228 | (20,441) | 80,787 |
| Balance as at 31 December 2019 | <u>759,178</u> | <u>1,026,915</u> | <u>1,786,093</u> | <u>39,712</u> | <u>1,825,805</u> |

| | Unrestricted funds | | | Restricted fund | Total funds |
|---------------------------------------|--------------------|--|------------------------------|----------------------------------|------------------|
| | General fund S\$ | Designated Fund Capital expenditure fund S\$ | Total unrestricted funds S\$ | Care and Share Matching fund S\$ | |
| 2018 | | | | | S\$ |
| Balance as at 01 January 2018 | 1,840,256 | 0 | 1,840,256 | 160,446 | 2,000,702 |
| Net (deficit)/ surplus for the year | (166,306) | 10,915 | (155,391) | (100,293) | (255,684) |
| Transfer (to)/ from | (1,000,000) | 1,000,000 | 0 | 0 | 0 |
| Balance as at 31 December 2018 | <u>673,950</u> | <u>1,010,915</u> | <u>1,684,865</u> | <u>60,153</u> | <u>1,745,018</u> |

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

| | Note | 2019 S\$ | 2018 S\$ |
|---|------|------------------|------------------|
| Cash flows from operating activities | | | |
| Net surplus/ (deficit) | | 80,787 | (255,684) |
| Adjustments for: | | | |
| - Depreciation | 11 | 57,093 | 76,333 |
| - Interest expenses | 14 | 6,124 | 0 |
| - Interest income | 6 | (16,304) | (11,173) |
| Operating cash flow before working capital changes | | 127,700 | (190,524) |
| Changes in working capital: | | | |
| - Other receivables | | 1,026 | (1,094) |
| - Accruals | | (10,585) | 2,164 |
| Net cash generated from / (used in) operating activities | | <u>118,141</u> | <u>(189,454)</u> |
| Cash flows from investing activities | | | |
| Interest received representing net cash generated from investing activities | | <u>373</u> | <u>189</u> |
| Cash flows from financing activities | | | |
| Interest paid | | (6,124) | 0 |
| Payment of principal portion of lease liabilities | | <u>(44,440)</u> | <u>0</u> |
| Net cash used in financing activities | | <u>(50,564)</u> | <u>0</u> |
| Net increase/ (decrease) in cash and cash equivalents | | 67,950 | (189,265) |
| Cash and cash equivalents at beginning of financial year | | 1,718,586 | 1,907,851 |
| Cash and cash equivalents at end of financial year | 9 | <u>1,786,536</u> | <u>1,718,586</u> |

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Catholic AIDS Response Effort (the "Society") is registered on 2 August 2004 under the Societies Act, Chapter 311. The Society is a non-profit organisation. The address of its registered office is at 9 Mandai Road, Mandai MCH Clinic, Singapore 779387.

The Society is registered as a charity under the Charities Act, Chapter 37 since 7 July 2006.

The Society has been accorded the Institutions of a Public Character ("IPC") status for the period from 1 August 2015 to 31 January 2020 and subsequently renewed from 1 February 2020 to 31 January 2022.

The principal activities of the Society are those of providing holistic care and support to people living with HIV/AIDS (PLWHAs) and their families.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Societies Act (Chapter 311), Charities Act (Chapter 37) and Financial Reporting Standards in Singapore ("FRSs") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRSs requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are presented in Singapore Dollar ("S\$"), which is the Society's functional currency.

Interpretations and amendments to published standards effective in 2019

On 01 January 2019, the Society adopted the new or amended FRSs and Interpretations of FRSs ("INT FRSs") that are relevant and mandatory to its operations and effective on 1 January 2019. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRSs and INT FRSs.

Except for the adoption of FRS 116 Leases, the adoption of these new or amended FRSs and INT FRSs did not result in substantial changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Adoption of FRS 116 Leases

When the Society is the lessee

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Society's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.15.

On initial application of FRS 116, the Society has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS 17 *Leases*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, the Society has not reassessed if such contracts contain leases under FRS 116; and
- ii) On a lease-by-lease basis, the Society has:
 - a) applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
 - b) relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
 - c) accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
 - d) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - e) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

For leases previously classified as operating leases on 1 January 2019, the Society has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Society chose to measure its ROU assets (except for ROU assets which meet the definition of investment property) at a carrying amount as if FRS 116 had been applied since the commencement of the lease but discounted using the incremental borrowing rate at 1 January 2019.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.
- (iii) The difference between the carrying amounts of the ROU assets and lease liabilities as at 1 January 2019 is adjusted directly to opening accumulated fund. Comparative information is not restated.
- (iv) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liabilities as at 1 January 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Adoption of FRS 116 Leases (Cont'd)

The effects of adoption of FRS 116 on the Society's financial statements as at 1 January 2019 are as follows:

| | 1 January 2019 S\$ (As previously reported) | FRS 116 adjustments S\$ | 1 January 2019 S\$ (As restated) |
|---|---|-------------------------------|--|
| <u>Statement of financial position</u> | | | |
| <u>Non-current assets</u> | | | |
| Property, plant and equipment | 14,215 | 140,223 | 154,438 |
| <u>Current liabilities</u> | | | |
| Lease liabilities | 0 | (44,309) | (44,309) |
| <u>Non-current liabilities</u> | | | |
| Lease liabilities | 0 | (95,914) | (95,914) |

An explanation of the differences between the operating lease commitments previously disclosed in the Society's financial statements as at 31 December 2018 and the lease liabilities recognised in the statement of financial position as at 1 January 2019 are as follows :

| | |
|---|----------|
| | S\$ |
| Operating lease commitment disclosed as at 31 December 2018 | 151,200 |
| Less: Discounting effect using weighted average prime lending rate of 5.25% | (10,977) |
| Lease liabilities recognised as at 1 January 2019 | 140,223 |

Standards issued but not yet effective

The Society will adopt the following relevant new/ revised FRSs INT FRSs and amendments to FRSs when they become effective:

| Descriptions | Annual periods commencing on |
|--|------------------------------|
| Amendments to: <ul style="list-style-type: none"> - References to the Conceptual Framework in FRS Standards - FRS 103 : Definition of a Business - FRS 1 and FRS 8: Definition of Material - FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform | 1 January 2020 |
| FRS 117 Insurance contracts | 1 January 2021 |
| Amendments to: <ul style="list-style-type: none"> - FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | To be determined |

2. Significant accounting policies (Cont'd)**2.2 Income recognition**

Revenue is measured based on the consideration to which the Society expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Society satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

2.2.1 Donations

Donations are recognised and accrued in the statement of financial activities as and when they are committed. Uncommitted donations are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

2.2.3 Other income

Other incomes are recognised when earned.

2.3 Grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.4 Expenditure recognition

All expenditures are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.4.1 Cost of charitable activities

Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Society. The total costs of charitable expenditure are apportionment of overhead and shared costs.

2.4.2 Governance and administrative costs

Governance costs include the costs of governance arrangement, which relate to the general running of the Society, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2. Significant accounting policies (Cont'd)

2.5 Property, plant and equipment

2.5.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

2.5.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

| | Useful lives |
|-------------------------------------|-------------------------------|
| Office equipment | 3 years |
| Renovation | 5 years |
| Furniture and fittings | 3 years |
| Right of use asset – Office premise | Over the remaining lease term |
| Right of use asset – Copiers | Over the remaining lease term |

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities for the financial year when the changes arise.

2.5.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in the statement of financial activities which incurred.

2.5.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in the statement of financial activities.

Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies (Cont'd)

2.6 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in the statement of financial activities, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in the statement of financial activities, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase. However, to the extent that an impairment loss on the same revalued asset was previously recognised as an expense, a reversal of that impairment is also recognised in the statement of financial activities.

2.7 Financial assets

(a) Classification and measurement

The Society classifies its financial assets into the measurement category of amortised cost.

The classification of debt instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The Society reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

(a) Classification and measurement (Cont'd)

At subsequent measurement

Debt instruments of the Society mainly comprise cash and cash equivalents and other receivables.

There are three prescribed subsequent measurement categories, depending on the Society's business model in managing the assets and the cash flow characteristic of the assets. The Society managed these groups of financial assets by collecting the contractual cash flow and these cash flows represented solely payment of principal and interest. Accordingly, these groups of financial assets are measured at amortised cost subsequent to initial recognition.

A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(b) Impairment

The Society assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

(c) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions and short-term highly liquid investments that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value.

2. Significant accounting policies (Cont'd)**2.9 Financial liabilities**

Financial liabilities are recognised when the Society becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables" and "Lease liabilities".

Financial liabilities which are due to be settled within 12 months after the reporting date are presented as current liabilities in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorised for issue. Other financial liabilities due to be settled more than 12 months after the reporting date are presented as non-current liabilities in the statement of financial position.

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Other payables

Other payables excluding accruals are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.12 Borrowing costs

All borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in statement of financial activities in the period in which they are incurred.

2.13 Borrowings

Borrowings are initially recognised at their fair values (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and their redemption values is recognised in the income statement over the period of borrowings using the effective interest method.

Borrowings, which are due to be settled within twelve months after the reporting date, are included in current borrowings in the statement of financial position.

2.14 Funds

Restricted funds balance are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Management Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2. Significant accounting policies (Cont'd)

2.15 Leases (Cont'd)

- (a) The accounting policy for leases before the initial application date of FRS 116, 1 January 2019 are as follows:

When the Society is the lessee:

Leases of assets in which a significant portion of 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 taken to the statement of financial activities on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities. Contingent rents are recognised as an expense in the statement of financial activities in the financial year in which they are incurred.

- (b) The accounting policy for leases on and after the initial application date of FRS 116, 1 January 2019 are as follows:

When the Society is the lessee:

At the inception of the contract, the Society assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

The Society applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Society recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

- **Right-of-use ("ROU") assets**

The Society recognised a right-of-use asset and lease liabilities at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted of any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

These right-of-use assets is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meet the definition of an investment property) are presented within "Property, plant and equipment".

If ownership of the leased asset transfers to the Society at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.6. The Society's right-of-use assets are presented within property, plant and equipment as disclosed in Note 11.

2. Significant accounting policies (Cont'd)

2.15 Leases (Cont'd)

- (b) The accounting policy for leases on and after the initial application date of FRS 116, 1 January 2019 are as follows: (Cont'd)

When the Society is the lessee: (Cont'd)

- Lease liabilities

The initial measurement of lease liability is measured at the present value of the lease payments discounted using the implicit rate in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Society shall use its incremental borrowing rate.

Lease payments include the following:

- Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
- Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
- Amount expected to be payable under residual value guarantees;
- The exercise price of a purchase option if it is reasonably certain to exercise the option; and
- Payment of penalties for terminating the lease, if the lease term reflects the Society exercising that option.

For contract that contain both lease and non-lease components, the Society allocates the consideration to each lease component on the basis of the relative stand-alone price of the lease and non-lease component. The Society has elected to not separate lease and non-lease component for property lease and account these as one single lease component.

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a changes in the Society's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in the statement of financial activities if the carrying amount of the right-of-use asset has been reduced to zero.

The Society's lease liabilities are disclosed in Note 14.

- Short-term and low-value leases

The Society has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease term of 12 months or less from the commencement date and do not contain a purchase option and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to the statement of financial activities on a straight-line basis over the lease term.

3. Significant accounting policies (Cont'd)

2.15 Leases (Cont'd)

- (b) The accounting policy for leases on and after the initial application date of FRS 116, 1 January 2019 are as follows: (Cont'd)

When the Society is the lessee: (Cont'd)

- Variable lease payments

Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Society shall recognise those lease payments in the statement of financial activities in the periods that triggered those lease payments.

2.16 Employee benefits

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2.17 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements 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.

Critical accounting estimates and assumptions

The Society makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Critical judgements in applying the entity's accounting policies

The critical judgements in applying the entity's accounting policies 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 discussed below.

Grants

Grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Society will comply with the conditions attached to it. For certain government grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Society if the conditions are not met.

4. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers:

| | 2019 S\$ | 2018 S\$ |
|---|---------------|---------------|
| Revenues from: | | |
| Donations | 35,122 | 25,153 |
| Residents projects and contributions | 17,302 | 13,226 |
| | <u>52,424</u> | <u>38,379</u> |
| Timing of transfer of goods or services | | |
| - At a point in time | <u>52,424</u> | <u>38,379</u> |

There is no contract liability.

5. Tax deductible donations

Tax deductible receipts issued by the Society for donations received during the financial year, pursuant to its Institutions of a Public Character ("IPC") status, are recorded as follows:

| | 2019 S\$ | 2018 S\$ |
|-----------------------------------|---------------|---------------|
| Statement of financial activities | | |
| General fund: | | |
| - Donations | <u>18,175</u> | <u>23,853</u> |

6. Other income

| | 2019 S\$ | 2018 S\$ |
|----------------------|---------------|---------------|
| Fixed deposit income | 16,304 | 11,173 |
| Job credit grants | 2,784 | 3,214 |
| | <u>19,088</u> | <u>14,387</u> |

7. Staff costs

Included in the expenses expended are as follows:

| | 2019 S\$ | 2018 S\$ |
|-----------------------|----------------|----------------|
| CPF contribution | 23,825 | 28,205 |
| Salaries and bonuses | 288,406 | 256,700 |
| Other staffs expenses | 100 | 0 |
| | <u>312,331</u> | <u>284,905</u> |

The staff costs were allocated as follows:

| | | |
|---------------------------------------|----------------|----------------|
| • Costs of charitable activities | 217,582 | 200,600 |
| • Governance and administrative costs | 94,749 | 84,305 |
| | <u>312,331</u> | <u>284,905</u> |

8. Income tax expense

The Society is registered as a charity organisation under Charities Act, Chapter 37. Consequently, income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act, Chapter 134.

9. Cash and cash equivalents

| | 2019 S\$ | 2018 S\$ |
|---|------------------|------------------|
| Cash on hand | 2,000 | 2,000 |
| Cash at bank | 582,174 | 514,598 |
| Fixed deposits – general fund | 202,362 | 201,988 |
| Fixed deposits – Capital expenditure fund | 1,000,000 | 1,000,000 |
| | <u>1,786,536</u> | <u>1,718,586</u> |

Fixed deposits of the Society at the reporting date had average maturity of 8 months (2018: 6 months) and had a weighted average effective interest rate of 1.34% (2018: 0.93%) per annum.

At the reporting date, the carrying amounts of cash and cash equivalents approximate their fair values.

CATHOLIC AIDS RESPONSE EFFORT

[UEN. T04SS0204E]

[IPC No. 000711]

Audited Financial Statements

Financial Year Ended 31 December 2019

10. Other receivables

| | 2019 S\$ | 2018 S\$ |
|----------------------|---------------|---------------|
| Deposit | 13,453 | 13,453 |
| Prepayments | 2,690 | 3,716 |
| Interest receivables | 26,915 | 10,984 |
| | <u>43,058</u> | <u>28,153</u> |

At the reporting date, the carrying amounts of other receivables approximate their fair values.

11. Property, plant and equipment

| 2019 At cost | Balance at beginning of year S\$ | Effect of adopting FRS 116 Leases S\$ | Additions S\$ | (Disposals) S\$ | Balance at end of year S\$ |
|--|---|--|-------------------------------|--------------------|-------------------------------------|
| Office equipment | 18,231 | 0 | 0 | 0 | 18,231 |
| Renovation | 381,664 | 0 | 0 | 0 | 381,664 |
| Furniture and fittings | 1,448 | 0 | 0 | 0 | 1,448 |
| Right-of-use asset – office premise | 0 | 140,223 | 0 | 0 | 140,223 |
| Right-of-use asset – copiers | 0 | 0 | 8,943 | 0 | 8,943 |
| | <u>401,343</u> | <u>140,223</u> | <u>8,943</u> | <u>0</u> | <u>550,509</u> |
| Accumulated depreciation | Balance at beginning of year S\$ | Effect of adopting FRS 116 Leases S\$ | Depreciation charge S\$ | (Disposals) S\$ | Balance at end of Year S\$ |
| Office equipment | 18,231 | 0 | 0 | 0 | 18,231 |
| Renovation | 367,449 | 0 | 10,204 | 0 | 377,653 |
| Furniture and fittings | 1,448 | 0 | 0 | 0 | 1,448 |
| Right-of-use asset – office premise | 0 | 0 | 46,741 | 0 | 46,741 |
| Right-of-use asset – copiers | 0 | 0 | 148 | 0 | 148 |
| | <u>387,128</u> | <u>0</u> | <u>57,093</u> | <u>0</u> | <u>444,221</u> |
| Net carrying amount | Balance at beginning of year S\$ | | | | Balance at end of Year S\$ |
| Office equipment | 0 | | | | 0 |
| Renovation | 14,215 | | | | 4,011 |
| Furniture and fittings | 0 | | | | 0 |
| Right-of-use asset – office premise | 0 | | | | 93,482 |
| Right-of-use asset – copiers | 0 | | | | 8,795 |
| | <u>14,215</u> | | | | <u>106,288</u> |

11. Property, plant and equipment (Cont'd)

| 2018 At cost | Balance at beginning of year S\$ | Additions S\$ | Balance at end of year S\$ |
|---------------------------------|---|-------------------------------|-------------------------------------|
| Office equipment | 18,231 | 0 | 18,231 |
| Renovation | 381,664 | 0 | 381,664 |
| Furniture and fittings | 1,448 | 0 | 1,448 |
| | <u>401,343</u> | <u>0</u> | <u>401,343</u> |
| Accumulated depreciation | Balance at beginning of year S\$ | Depreciation charge S\$ | Balance at end of Year S\$ |
| Office equipment | 18,231 | 0 | 18,231 |
| Renovation | 291,116 | 76,333 | 367,449 |
| Furniture and fittings | 1,448 | 0 | 1,448 |
| | <u>310,795</u> | <u>76,333</u> | <u>387,128</u> |
| Net carrying amount | Balance at beginning of year S\$ | | Balance at end of Year S\$ |
| Office equipment | 0 | | 0 |
| Renovation | 90,548 | | 14,215 |
| Furniture and fittings | 0 | | 0 |
| | <u>90,548</u> | | <u>14,215</u> |

Depreciation of property, plant and equipment was apportioned between cost of charitable activities and governance and administrative costs on the basis of floor area.

| The breakdown of the depreciation charges as follows : | 2019 S\$ | 2018 S\$ |
|--|---------------|---------------|
| Cost of charitable activities | 55,414 | 64,883 |
| Governance and administrative costs | <u>1,679</u> | <u>11,450</u> |
| | <u>57,093</u> | <u>76,333</u> |

11. Property, plant and equipment (Cont'd)

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 15.

| | Office equipment S\$ | Renovation S\$ | Total S\$ |
|-------------------------------------|----------------------------|-------------------|--------------|
| 2019 | | | |
| Cost | | | |
| Beginning and end of financial year | 2,181 | 19,060 | 21,241 |
| Accumulated depreciation | | | |
| Beginning of financial year | 2,181 | 12,039 | 14,220 |
| Depreciation charge | 0 | 4,013 | 4,013 |
| End of financial year | 2,181 | 16,052 | 18,233 |
| Net carrying amount | 0 | 3,008 | 3,008 |
| | | | |
| | Office equipment S\$ | Renovation S\$ | Total S\$ |
| 2018 | | | |
| Cost | | | |
| Beginning of financial year | 2,181 | 19,060 | 21,241 |
| Additions | 0 | 0 | 0 |
| End of financial year | 2,181 | 19,060 | 21,241 |
| Accumulated depreciation | | | |
| Beginning of financial year | 2,181 | 8,026 | 10,207 |
| Depreciation charge | 0 | 4,013 | 4,013 |
| End of financial year | 2,181 | 12,039 | 14,220 |
| Net carrying amount | 0 | 7,021 | 7,021 |

12. Leases – The Society as a lessee

Nature of the Society's leasing activities

The Society leases office premise and copiers for the purpose of its operations.

(a) Carrying amount

Right-of-use ("ROU") assets classified within property, plant and equipment

| | 31.12.2019 S\$ | 01.01.2019 S\$ |
|----------------|-------------------|-------------------|
| Office premise | 93,482 | 140,223 |
| Copiers | 8,795 | 0 |
| | <u>102,277</u> | <u>140,223</u> |

12. Leases – The Society as a lessee (Cont'd)

(b) Depreciation charged during the financial year

| | 2019 S\$ |
|----------------|---------------|
| Office premise | 46,741 |
| Copiers | 148 |
| | <u>46,889</u> |

(c) Interest expense on lease liabilities

| | 2019 S\$ |
|----------------|--------------|
| Office premise | 6,086 |
| Copiers | 38 |
| | <u>6,124</u> |

(d) Lease expenses not capitalised in lease liabilities

| | 2019 S\$ |
|----------------------------------|--------------|
| Lease expense - short term lease | <u>1,860</u> |

(e) Total cash outflow for all the leases in 2019 was \$50,564.

13. Other payables

| | 2019 S\$ | 2018 S\$ |
|----------|--------------|---------------|
| Accruals | <u>5,351</u> | <u>15,936</u> |

At the reporting date, the carrying amounts of other payables approximate their fair values.

14. Lease liabilities

| | 2019 S\$ | 2018 S\$ |
|-------------|----------------|-------------|
| Current | 48,311 | 0 |
| Non-current | 56,415 | 0 |
| | <u>104,726</u> | <u>0</u> |

The breakdown of the lease liabilities are as follows

| | 2019 S\$ | 2018 S\$ |
|----------------|----------------|-------------|
| Office premise | 95,914 | 0 |
| Copiers | 8,812 | 0 |
| | <u>104,726</u> | <u>0</u> |

CATHOLIC AIDS RESPONSE EFFORT

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[IPC No. 000711]

Audited Financial Statements
Financial Year Ended 31 December 2019**14. Lease liabilities (Cont'd)**

Interest expense was apportioned between cost of charitable activities and governance and administrative costs on the basis of type of right-of-use asset.

| | |
|---|--------------|
| The breakdown of the interest expenses on lease liabilities as follows: | 2019 S\$ |
| Cost of charitable activities | 6,086 |
| Governance and administrative costs | 38 |
| | <u>6,124</u> |

A reconciliation of liabilities arising from financing activities is as follows:

| | 01.01.2019 S\$ | Additions S\$ | Cash flows S\$ | Non-cash changes Accretion of interests S\$ | Other S\$ | 31.12.2019 S\$ |
|--------------------|-------------------|------------------|----------------------|--|--------------|-------------------|
| Liabilities | | | | | | |
| Lease liabilities | | | | | | |
| - current | 44,309 | 131 | (50,564) | 6,124 | 48,311 | 48,311 |
| - non-current | 95,914 | 8,812 | 0 | 0 | (48,311) | 56,415 |
| | <u>140,223</u> | <u>8,943</u> | <u>(50,564)</u> | <u>6,124</u> | <u>0</u> | <u>104,726</u> |

15. Funds**Unrestricted fund****General fund**

This fund represents accumulated income for meeting operating expenses by the Society.

Designated fund – Capital expenditure fund

The fund is set up for capital expenditure relating to CARE premise at 9 Mandai Road by setting aside fund for future improvement and additions to the premise. The transfer of S\$1,000,000 to designated fund from general fund was approved by the Management Committee on 7 November 2017. The transfer was made during the financial year ended 31 December 2018 and the fund was placed in a separate fixed deposit account since April 2018.

Net assets of Capital expenditure fund are as follows:

| | Note | 2019 S\$ | 2018 S\$ |
|------------------------|------|------------------|------------------|
| Represented by: | | | |
| Fixed deposits | 9 | 1,000,000 | 1,000,000 |
| Interest receivable | | <u>26,915</u> | <u>10,915</u> |
| | | <u>1,026,915</u> | <u>1,010,915</u> |

15. Funds (Cont'd)

Restricted fund

Care and Share Matching fund

Care and Share Matching Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable agency's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects were not being approved by MSF.

Movement of this fund is as follows:

| | 2019 S\$ | 2018 S\$ |
|------------------------------|-----------------|------------------|
| Balance at beginning of year | 60,153 | 160,446 |
| Add: Grant received | 22,905 | 0 |
| Less: Utilisation | <u>(43,346)</u> | <u>(100,293)</u> |
| Balance at end of year | <u>39,712</u> | <u>60,153</u> |

Net assets of Care and Share Matching fund are as follows:

| | Note | 2019 S\$ | 2018 S\$ |
|---|------|---------------|---------------|
| Total Care and Share Matching fund | | <u>39,712</u> | <u>60,153</u> |
| Represented by: | | | |
| Cash and bank balances | | 36,704 | 53,132 |
| Property, plant & equipment | 11 | <u>3,008</u> | <u>7,021</u> |
| | | <u>39,712</u> | <u>60,153</u> |

16. Related party transactions

The Society has significant related party transactions with a related party on terms agreed between the parties as follows:

| | 2019 S\$ | 2018 S\$ |
|--|-------------|------------------|
| Caritas Singapore Community Council Limited: | | |
| - Grants received | <u>0</u> | <u>(270,000)</u> |

17. Key management personnel compensation

The key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Society. The key management personnel for the financial year are the Executive Director. Key management personnel compensation for the financial year is as follows:

| | 2019 S\$ | 2018 S\$ |
|----------------------|----------------|----------------|
| Salaries and bonuses | 97,300 | 92,400 |
| CPF contribution | 7,731 | 7,614 |
| | <u>105,031</u> | <u>100,014</u> |

The annual remuneration of key management personnel is classified as follows:

| | 2019 | 2018 |
|---|----------|----------|
| <u>Number of key management in remuneration bands</u> | | |
| S\$100,001 to S\$200,000 | <u>1</u> | <u>1</u> |

The remuneration of key management personnel is determined by the Management Committee.

There is no paid staff on the Society's Management Committee.

18. Management of conflict of interest

The Committee Members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Management Committee member may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

19. Operating lease commitments

At the reporting date, the Society has commitments for future minimum lease payments under non-cancellable operating leases as follows:

| | 2019 S\$ | 2018 S\$ |
|-----------------------------------|-------------|----------------|
| Not later than one year | 0 | 50,400 |
| Later than one year to five years | <u>0</u> | <u>100,800</u> |
| | <u>0</u> | <u>151,200</u> |

As disclosed in Note 2.1, the Society has adopted FRS 116 Leases on 1 January 2019. These lease payments have been recognised as ROU assets and lease liabilities on the statement of financial positions as at 31 December 2019, except for short-term and low-value assets.

20. Financial instruments

The financial assets and liabilities of the Society as at the end of financial year are as follows:

| | 2019 S\$ | 2018 S\$ |
|--|------------------|------------------|
| Financial assets at amortised cost | | |
| Cash and cash equivalents | 1,786,536 | 1,718,586 |
| Other receivables (excluding prepayments) | 40,368 | 24,437 |
| | <u>1,826,904</u> | <u>1,743,023</u> |
| Financial liabilities at amortised cost | | |
| Other payable | 5,351 | 15,936 |
| Lease liabilities | 104,726 | 0 |
| | <u>110,077</u> | <u>15,936</u> |

21. Financial risk management

The Society's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Management Committee on an informal basis.

The following sections provide details regarding the Society's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Society has minimal exposure to credit risks due to the nature of its activities.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.

Liquidity risk

The Society manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the management to finance its on-going working capital requirements. The table below summarises the profile of the Society's financial liabilities at the reporting date based on contractual undiscounted payments.

| | Within one year S\$ | Later than one year but not later than five years S\$ | Total S\$ |
|---|---------------------------|--|----------------|
| 2019 | | | |
| Financial liabilities, at amortised cost | | | |
| Other payables | 5,351 | 0 | 5,351 |
| Lease liabilities | 52,428 | 58,351 | 110,779 |
| | <u>57,779</u> | <u>58,351</u> | <u>116,130</u> |
| 2018 | | | |
| Financial liabilities, at amortised cost | | | |
| Other payables | 15,936 | 0 | 15,936 |

22. Fair values

The carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short term nature.

23. Reserve policy and position

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2019 is as follows:

| | | 2019 | 2018 | Increase/ (decrease) |
|---|--|---------|---------|-------------------------|
| | | S\$'000 | S\$'000 | % |
| A | Unrestricted Funds | | | |
| | General funds | 759 | 674 | 13 |
| B | Restricted or Designated Funds | | | |
| | Designated funds | 1,027 | 1,011 | 2 |
| | Restricted funds | 40 | 60 | (33) |
| C | Endowment Funds | 0 | 0 | 0 |
| D | Total Funds | 1,826 | 1,745 | 5 |
| E | Total Annual Operating Expenditure | 478 | 579 | (17) |
| F | Ratio of Unrestricted fund to Annual Operating Expenditure (A/E) | 1.59 | 1.16 | |

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Administrative costs.

The Society's Reserve Policy is as follows:

The Management Committee shall maintain a Reserve Fund for purposes of holding surpluses or meeting shortfalls or deficits for any financial year. At the beginning of the financial year, the Management Committee shall initiate the budgetary processes by advancing to the cash book account such sums as may be needed until the arrival of revenues for the year. At the end of the year, the surpluses or deficits of the cash book account for the financial year in question shall be transferred to the Reserve Fund based on the audited financial statements.

24. Comparative figures

Certain comparatives have been reclassified and represented to comply with current year presentation.

| | As previously reported S\$ | Reclassification S\$ | As reclassified S\$ |
|--|----------------------------------|-------------------------|------------------------|
| 2018 | | | |
| Cash flow from operating activities | | | |
| Interest received | 189 | (189) | 0 |
| Cash flow from investing activities | | | |
| Interest received representing net cash generated from investing activities | 0 | 189 | 189 |

25. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 19 May 2020.