

**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 2020**

CONTENTS

Statement by the Management Committee	2
Independent Auditor's Report	3
Statement of Financial Activities	6
Statement of Financial Position	11
Statement of Changes in Funds	12
Statement of Cash Flows	13
Notes to the Financial Statements	14

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CATHOLIC AIDS RESPONSE EFFORT

[UEN. T04SS0204E]

[IPC No. IPC000711]

*Audited Financial Statements
Financial Year Ended 31 December 2020*

STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements of **Catholic AIDS Response Effort** (the "Society") are drawn up so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the financial year then ended.

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 12 May 2021.


Ambrose Tan Jui Lian	President
Antony Ng Peng Chew	Vice President
Nicholas Chee Yong Choong	Secretary
Susanna Goh	Assistant Treasurer
Soo Wai Seng	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,

DocuSigned by:

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Ambrose Tan Jui Lian
President

DocuSigned by:

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Soo Wai Seng
Treasurer

Singapore, 12 May 2021.

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Independent auditor's report to the members of:

CATHOLIC AIDS RESPONSE EFFORT

[UEN. T04SS0204E]
[IPC No. IPC000711]
[Registered under the Societies Act, Chapter 311
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 2020, and the statement of financial activities, statement of changes in funds and statement of cash flows 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 2020 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 (set out in page 2), 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
 [UEN. T04SS0204E]
 [IPC No. IPC000711]
 [Registered under the Societies Act, Chapter 311
 in the Republic of Singapore]

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

[UEN. T04SS0204E]
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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 financial 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.

DocuSigned by:

Fiducia LLP
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Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 12 May 2021

Partner-in-charge: Gan Check Huat
PAB. No.: 01939

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 S\$	2019 S\$
INCOME			
Income from generating funds			
- Donations		6,790	35,122
- Grants		759,696	487,905
Income from charitable activities		14,286	17,302
Other income	6	93,314	19,088
TOTAL INCOME		<u>874,086</u>	<u>559,417</u>
LESS: EXPENDITURE			
Cost of charitable activities		315,298	359,510
Governance and administrative costs		130,800	119,120
TOTAL EXPENDITURE		<u>446,098</u>	<u>478,630</u>
NET SURPLUS FOR THE FINANCIAL YEAR		<u>427,988</u>	<u>80,787</u>

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

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	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\$
INCOME						
Income from generating funds						
Donations						
- Tax deductible	4	2,500	0	2,500	0	2,500
- Non-tax deductible	4	4,290	0	4,290	0	4,290
		<u>6,790</u>	<u>0</u>	<u>6,790</u>	<u>0</u>	<u>6,790</u>
Grants						
- Care and Share Matching grant		0	0	0	259,216	259,216
- Caritas Singapore Community Council		500,480	0	500,480	0	500,480
		<u>500,480</u>	<u>0</u>	<u>500,480</u>	<u>259,216</u>	<u>759,696</u>
Income from charitable activities						
Residents' projects	4	2,106	0	2,106	0	2,106
Residents' contribution	4	12,180	0	12,180	0	12,180
		<u>14,286</u>	<u>0</u>	<u>14,286</u>	<u>0</u>	<u>14,286</u>
Other income						
Fixed deposit interest	6	282	16,000	16,282	0	16,282
Other income	6	77,032	0	77,032	0	77,032
		<u>77,314</u>	<u>16,000</u>	<u>93,314</u>	<u>0</u>	<u>93,314</u>
TOTAL INCOME		<u>598,870</u>	<u>16,000</u>	<u>614,870</u>	<u>259,216</u>	<u>874,086</u>
EXPENDITURE						
Cost of charitable activities						
Air conditioning, installations and equipment		535	0	535	0	535
Building and grounds		1,456	0	1,456	0	1,456
Catering, food and household expenses		8,403	0	8,403	0	8,403
Children's transport fund and related transport cost		4,290	0	4,290	0	4,290
Cleaning and environment services		4,273	0	4,273	0	4,273
DUM spiro spero		559	0	559	0	559
Depreciation	11	46,741	0	46,741	3,410	50,151
Education and training expenses		407	0	407	0	407
Electrical and lighting		1,044	0	1,044	0	1,044
Furniture and fixture		(1,063)	0	(1,063)	4,144	3,081
Insurance expenses		747	0	747	0	747
Interest expense on lease liabilities		3,702	0	3,702	0	3,702
Landscaping services		0	0	0	3,076	3,076
Medicine & medical equipment		386	0	386	0	386
Monthly rations		7,000	0	7,000	0	7,000
Other event expenses		500	0	500	0	500
Other volunteer expenses		100	0	100	0	100
Other non-resident expenses		2,268	0	2,268	0	2,268
Resident incentive and assistance		6,060	0	6,060	0	6,060
Staff costs	7	206,102	0	206,102	0	206,102
Transportation/travelling		120	0	120	0	120
Utilities		1,537	0	1,537	9,338	10,875
Water system		163	0	163	0	163
		<u>295,330</u>	<u>0</u>	<u>295,330</u>	<u>19,968</u>	<u>315,298</u>

**DETAILED STATEMENT OF FINANCIAL ACTIVITIES
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

Note	Unrestricted funds			Restricted fund	Total funds S\$	
	General fund S\$	Designated Fund Capital expenditure fund S\$	Total unrestricted funds S\$	Care and Share Matching fund S\$		
EXPENDITURE (CONT'D)						
Governance and administrative costs						
	Auditor's remuneration	5,350	0	5,350	0	5,350
	Bank charges	525	0	525	0	525
11	Depreciation	1,789	0	1,789	602	2,391
	Fees, licences and TOL	289	0	289	924	1,213
	Insurance expenses	4,230	0	4,230	0	4,230
	Interest expenses on lease liabilities	415	0	415	0	415
	Medical expenses	3,155	0	3,155	0	3,155
	Night warden cost	26,940	0	26,940	0	26,940
	Office equipment maintenance	5,046	0	5,046	12,100	17,146
	Postage, printing and stationery	343	0	343	0	343
	Sundries	41	0	41	0	41
7	Staff costs	22,440	0	22,440	41,035	63,475
	SDL contribution	462	0	462	0	462
	Telecommunications	2,748	0	2,748	0	2,748
	Training and development	0	0	0	230	230
	Transportation/travelling	128	0	128	0	128
	Worker's support fund	180	0	180	0	180
	Utilities	1,828	0	1,828	0	1,828
		<u>75,909</u>	<u>0</u>	<u>75,909</u>	<u>54,891</u>	<u>130,800</u>
	TOTAL EXPENDITURE	<u>371,239</u>	<u>0</u>	<u>371,239</u>	<u>74,859</u>	<u>446,098</u>
	NET SURPLUS FOR THE FINANCIAL YEAR	227,631	16,000	243,631	184,357	427,988
	Total funds brought forward	759,178	1,026,915	1,786,093	39,712	1,825,805
	Total funds carried forward	<u>986,809</u>	<u>1,042,915</u>	<u>2,029,724</u>	<u>224,069</u>	<u>2,253,793</u>

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

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

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\$	
INCOME						
Income from generating funds						
Donations						
- Tax deductible	4	18,175	0	18,175	0	18,175
- Non-tax deductible	4	16,947	0	16,947	0	16,947
		<u>35,122</u>	<u>0</u>	<u>35,122</u>	<u>0</u>	<u>35,122</u>
Grants						
- Care and Share Matching grant		0	0	0	22,905	22,905
- Caritas Singapore Community Council		465,000	0	465,000	0	465,000
		<u>465,000</u>	<u>0</u>	<u>465,000</u>	<u>22,905</u>	<u>487,905</u>
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
		<u>17,302</u>	<u>0</u>	<u>17,302</u>	<u>0</u>	<u>17,302</u>
Other income						
Fixed deposit interest	6	304	16,000	16,304	0	16,304
Other income	6	2,784	0	2,784	0	2,784
		<u>3,088</u>	<u>16,000</u>	<u>19,088</u>	<u>0</u>	<u>19,088</u>
TOTAL INCOME		<u>520,512</u>	<u>16,000</u>	<u>536,512</u>	<u>22,905</u>	<u>559,417</u>
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
		<u>354,116</u>	<u>0</u>	<u>354,116</u>	<u>5,394</u>	<u>359,510</u>

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

Note	Unrestricted funds			Restricted fund	Total funds S\$	
	General fund S\$	Designated Fund Capital expenditure fund S\$	Total unrestricted funds S\$	Care and Share Matching fund S\$		
EXPENDITURE (CONT'D)						
Governance and administrative costs						
	Auditor's remuneration	5,350	0	5,350	0	5,350
	Bank charges	173	0	173	0	173
11	Depreciation	1,077	0	1,077	602	1,679
	Fees, licences and TOL	100	0	100	0	100
	Insurance expenses	805	0	805	0	805
	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
7	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
		<u>81,168</u>	<u>0</u>	<u>81,168</u>	<u>37,952</u>	<u>119,120</u>
	TOTAL EXPENDITURE	<u>435,284</u>	<u>0</u>	<u>435,284</u>	<u>43,346</u>	<u>478,630</u>
	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	<u>759,178</u>	<u>1,026,915</u>	<u>1,786,093</u>	<u>39,712</u>	<u>1,825,805</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	2,205,684	1,786,536
Other receivables	10	64,842	43,058
		<u>2,270,526</u>	<u>1,829,594</u>
Non-current assets			
Property, plant and equipment	11	<u>53,746</u>	<u>106,288</u>
Total assets		<u>2,324,272</u>	<u>1,935,882</u>
LIABILITIES			
Current liabilities			
Other payables	13	14,064	5,351
Lease liabilities	14	50,916	48,311
		<u>64,980</u>	<u>53,662</u>
Non-current liabilities			
Lease liabilities	14	<u>5,499</u>	<u>56,415</u>
Total liabilities		<u>70,479</u>	<u>110,077</u>
NET ASSETS		<u>2,253,793</u>	<u>1,825,805</u>
FUNDS			
Unrestricted funds			
General fund	15	986,809	759,178
Designated fund – Capital expenditure fund	15	1,042,915	1,026,915
		<u>2,029,724</u>	<u>1,786,093</u>
Restricted fund			
Care and Share Matching fund	15	<u>224,069</u>	<u>39,712</u>
TOTAL FUNDS		<u>2,253,793</u>	<u>1,825,805</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020

	Balance as at beginning of year S\$	Net surplus for the year S\$	Balance at end of year S\$
2020			
Unrestricted fund			
General fund	759,178	227,631	986,809
Designated fund – Capital expenditure fund	<u>1,026,915</u>	<u>16,000</u>	<u>1,042,915</u>
	<u>1,786,093</u>	<u>243,631</u>	<u>2,029,724</u>
Restricted fund			
Care and Share Matching fund	<u>39,712</u>	<u>184,357</u>	<u>224,069</u>
Total funds	<u>1,825,805</u>	<u>427,988</u>	<u>2,253,793</u>
	Balance as at beginning of year S\$	Net surplus/ (deficit) for the year S\$	Balance at end of year S\$
2019			
Unrestricted fund			
General fund	673,950	85,228	759,178
Designated fund – Capital expenditure fund	<u>1,010,915</u>	<u>16,000</u>	<u>1,026,915</u>
	<u>1,684,865</u>	<u>101,228</u>	<u>1,786,093</u>
Restricted fund			
Care and Share Matching fund	<u>60,153</u>	<u>(20,441)</u>	<u>39,712</u>
Total funds	<u>1,745,018</u>	<u>80,787</u>	<u>1,825,805</u>

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

**STATEMENT OF CASH FLOWS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Net surplus for the financial year		427,988	80,787
Adjustments for:			
- COVID-19 related rent concessions	6	(16,800)	0
- Depreciation	11	52,542	57,093
- Interest expenses	14	4,117	6,124
- Interest income	6	(16,282)	(16,304)
Operating cash flow before working capital changes		<u>451,565</u>	<u>127,700</u>
Changes in working capital:			
- Other receivables		(5,764)	1,026
- Other payables		<u>8,713</u>	<u>(10,585)</u>
Net cash generated from operating activities		<u>454,514</u>	<u>118,141</u>
Cash flows from investing activities			
Interest received representing net cash generated from investing activities		<u>262</u>	<u>373</u>
Cash flows from financing activities			
Interest paid		(4,117)	(6,124)
Payment of principal portion of lease liabilities		<u>(31,511)</u>	<u>(44,440)</u>
Net cash used in financing activities		<u>(35,628)</u>	<u>(50,564)</u>
Net increase in cash and cash equivalents		419,148	67,950
Cash and cash equivalents at beginning of financial year		1,786,536	1,718,586
Cash and cash equivalents at end of financial year	9	<u><u>2,205,684</u></u>	<u><u>1,786,536</u></u>

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

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020**

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 and the registered office is located 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. The Society has renewed its IPC status 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 Financial Reporting Standards in Singapore and the disclosure requirements of the Societies Act (Chapter 311), and the Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

The preparation of financial statements in conformity with FRS 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.

2.1.1 Interpretations and amendments to published standards effective in 2020

In the current financial year, the Society adopted the new or revised FRSs and Interpretations to FRSs ("INT FRSs") that are relevant and mandatory to its operations and effective on 1 January 2020. The adoption of the standard did not have any material effect on the financial statements.

Except for the adoption of amendments to FRS 116 Leases as described below, the adoption of these new or amended FRS and INT FRS 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)

2.1.1 Interpretations and amendments to published standards effective in 2020 (Cont'd)

Early adoption of Amendments to FRS 116 Leases – Related Rent Concession

The Society has elected to early adopt the amendments to FRS 116 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Society has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of S\$16,800 was recognised as negative variable lease payments in the statement of financial activities during the year.

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/ revised FRSs, INT FRSs and amendments to FRSs that were issued but not yet effective:

Descriptions	Annual periods commencing on
Amendments to: - FRS 109, FRS 39 and FRS 107, FRS 104, FRS 116: Interest Rate Benchmark Reform – Phase 2	1 January 2021
Amendments to: - FRS 103 : Reference to the Conceptual Framework - FRS 16 : Property, Plant and Equipment – Proceeds before intended Use - FRS 37 : Onerous Contracts – Cost of Fulfilling a Contract Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to: - FRS 1 : Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to - FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The management expects that the adoption of the revised standards and interpretations will have no material impact on the financial statements in the period of initial application.

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

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

Income 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 income recognised is the amount allocated to the satisfied performance obligation.

Income is recognised as follows:

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 income are recognised when earned.

2.3 Grants

Grants from the government or non-profit organisation are recognised as receivable at their fair value where there is a reasonable assurance that the grants will be received and the Society will comply with all attached conditions.

Grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Grants related to assets is presented in the statement of financial position by recognising the grant as deferred capital grants that is recognised in statement of financial activities on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

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 - Copier	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.

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

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.

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 cash-generating unit ("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 amortised cost category.

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.

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.

Debt instruments that are held for collection of contractual cash flow where those cash flows represent solely payments of principal and interest are measured at amortised cost. 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 profit or loss 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 the statement of financial activities.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions 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, and only 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 costs, if any, both at initial recognition and at subsequent measurement. Transaction costs will be recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable and are normally settled within 12 months after the end of the financial reporting date.

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. Significant accounting policies (Cont'd)**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.

2.15 Leases

(a) 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.

Right-of-use assets

The Society recognised a right-of-use asset and lease liability 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 for 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 are 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.

The Society's right-of-use assets are presented within property, plant and equipment (Note 11).

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.

Lease liabilities

The initial measurement of a 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.

2. Significant accounting policies (Cont'd)**2.15 Leases (Cont'd)**

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

Lease liabilities (Cont'd)

For a 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 leases and account these as one single lease component.

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 change in the Society's assessment of whether it will exercise an extension option; or
- There is a modification 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 profit or loss 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 leases and leases of low-value assets

The Society has elected to not recognised right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less 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.

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 benefitsDefined 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. Significant accounting policies (Cont'd)

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.

2.18 Events after the reporting date

Post year-end events that provide additional information about the Society's position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

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:

	2020 S\$	2019 S\$
Revenues from:		
Donations	6,790	35,122
Residents projects and contributions	14,286	17,302
	<u>21,076</u>	<u>52,424</u>
Timing of transfer of goods or services		
- At a point in time	<u>21,076</u>	<u>52,424</u>

There is no contract liability.

5. Donations

	2020 S\$	2019 S\$
Tax deductible donations	2,500	18,175
Non-tax deductible donations	4,290	16,947
	<u>6,790</u>	<u>35,122</u>
The donations were allocated as follows:		
• Donations	<u>6,790</u>	<u>35,122</u>

During the financial year, the Society issued tax-exempt receipts for donations collected amounting to S\$2,500 (2019: S\$18,175).

6. Other income

	2020 S\$	2019 S\$
Fixed deposit income	16,282	16,304
COVID-19 related rent concessions	16,800	0
Job support scheme	51,693	0
Wages credit scheme	8,539	2,784
	<u>93,314</u>	<u>19,088</u>

The Jobs Support Scheme ("JSS") provides wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during this period of economic and pandemic uncertainty. JSS payouts are intended to offset local employees' wages and help protect their jobs.

COVID-19 related rent concessions received from Landlord of S\$16,800 to which the Society applied the practical expedient as disclosed in Note 2.1.

7. Staff costs

Included in the expenses expended are as follows:

	2020 S\$	2019 S\$
CPF contribution	20,665	23,825
Salaries and bonuses	248,912	288,406
Other staff costs	0	100
	<u>269,577</u>	<u>312,331</u>

The staff costs were allocated on the basis of staff salaries as follows:

• Costs of charitable activities	206,102	217,582
• Governance and administrative costs	63,475	94,749
	<u>269,577</u>	<u>312,331</u>

8. Income tax

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

	2020 S\$	2019 S\$
Cash on hand	2,000	2,000
Cash at bank	1,001,061	582,174
Fixed deposits – General fund	202,623	202,362
Fixed deposits – Capital expenditure fund	1,000,000	1,000,000
	<u>2,205,684</u>	<u>1,786,536</u>

Fixed deposits of the Society at the reporting date had a maturity of 1 to 4 months (2019: 1 to 16 months) and had a weighted average effective interest rate of 0.83% (2019: 0.88%) per annum.

Fixed deposits are included as cash and cash equivalents as these can be readily converted into cash without incurring significant penalty.

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

10. Other receivables

	2020 S\$	2019 S\$
Deposits	13,453	13,453
Grant receivables – Jobs Support Scheme	6,164	0
Prepayments	2,290	2,690
Interest receivables	42,935	26,915
	<u>64,842</u>	<u>43,058</u>

The Jobs Support Scheme (JSS) provides wage support to employers to help them retain their local employees (Singapore citizens and Permanent Residents) during this period of economic and pandemic uncertainty. JSS payouts are intended to offset local employees wages and help protect their jobs.

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

11. Property, plant and equipment

2020	Balance at beginning of year S\$	Additions S\$	Balance at end of year S\$
At cost			
Office equipment	18,231	0	18,231
Renovation	381,664	0	381,664
Furniture and fittings	1,448	0	1,448
Right-of-use asset – office premise	140,223	0	140,223
Right-of-use asset – copier	8,943	0	8,943
	<u>550,509</u>	<u>0</u>	<u>550,509</u>
	Balance at beginning of year S\$	Depreciation charge S\$	Balance at end of year S\$
Accumulated depreciation			
Office equipment	18,231	0	18,231
Renovation	377,653	4,011	381,664
Furniture and fittings	1,448	0	1,448
Right-of-use asset – office premise	46,741	46,741	93,482
Right-of-use asset – copier	148	1,790	1,938
	<u>444,221</u>	<u>52,542</u>	<u>496,763</u>
	Balance at beginning of year S\$		Balance at end of year S\$
Net carrying amount			
Office equipment	0		0
Renovation	4,011		0
Furniture and fittings	0		0
Right-of-use asset – office premise	93,482		46,741
Right-of-use asset – copier	8,795		7,005
	<u>106,288</u>		<u>53,746</u>

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

2019	Balance at beginning of year S\$	Effect of adopting FRS 116 Leases S\$	Balance at beginning of year (restated) S\$	Additions S\$	Balance at end of year S\$
At cost					
Office equipment	18,231	0	18,231	0	18,231
Renovation	381,664	0	381,664	0	381,664
Furniture and fittings	1,448	0	1,448	0	1,448
Right-of-use asset – office premise	0	140,223	140,223	0	140,223
Right-of-use asset – copier	0	0	0	8,943	8,943
	<u>401,343</u>	<u>140,223</u>	<u>541,566</u>	<u>8,943</u>	<u>550,509</u>
	Balance at beginning of year S\$	Effect of adopting FRS 116 Leases S\$	Balance at beginning of year (restated) S\$	Depreciation charge S\$	Balance at end of year S\$
Accumulated depreciation					
Office equipment	18,231	0	18,231	0	18,231
Renovation	367,449	0	367,449	10,204	377,653
Furniture and fittings	1,448	0	1,448	0	1,448
Right-of-use asset – office premise	0	0	0	46,741	46,741
Right-of-use asset – copier	0	0	0	148	148
	<u>387,128</u>	<u>0</u>	<u>387,128</u>	<u>57,093</u>	<u>444,221</u>
	Balance at beginning of year S\$				Balance at end of year S\$
Net carrying amount					
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 – copier	0				8,795
	<u>14,215</u>				<u>106,288</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 :	2020 S\$	2019 S\$
Cost of charitable activities	50,151	55,414
Governance and administrative costs	<u>2,391</u>	<u>1,679</u>
	<u>52,542</u>	<u>57,093</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\$
2020			
Cost			
Beginning and end of financial year	2,181	19,060	21,241
Accumulated depreciation			
Beginning of financial year	2,181	15,049	17,230
Depreciation charge	0	4,011	4,011
End of financial year	2,181	19,060	21,241
Net carrying amount	0	0	0
	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	11,036	13,217
Depreciation charge	0	4,013	4,013
End of financial year	2,181	15,049	17,230
Net carrying amount	0	4,011	4,011

12. Leases – The Society as a lessee

Nature of the Society's leasing activities

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

(a) Carrying amount

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

	2020 S\$	2019 S\$
Office premise	46,741	93,482
Copier	7,005	8,795
	<u>53,746</u>	<u>102,277</u>

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

(b) Depreciation charged during the financial year

	2020 S\$	2019 S\$
Office premise	46,741	46,741
Copier	1,790	148
	<u>48,531</u>	<u>46,889</u>

(c) Interest expense on lease liabilities

	2020 S\$	2019 S\$
Office premise	3,702	6,086
Copier	415	38
	<u>4,117</u>	<u>6,124</u>

(d) Lease expenses not capitalised in lease liabilities

	2020 S\$	2019 S\$
Lease expense- short term lease	<u>0</u>	<u>1,860</u>

(e) Total cash outflow for all the leases in 2020 was S\$ 35,628 (2019: S\$52,424).

13. Other payables

	2020 S\$	2019 S\$
Accruals	5,351	5,351
Deferred grant income – Job Support Scheme	8,713	0
	<u>14,064</u>	<u>5,351</u>

The deferred grant income – Jobs Support Scheme (JSS) will be recognised as a grant income, on a systematic basis, over the estimated 17 months of economic uncertainty till August 2021 in which the entity recognises the related salary costs.

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

14. Lease liabilities

	2020 S\$	2019 S\$
Current	50,916	48,311
Non-current	5,499	56,415
	<u>56,415</u>	<u>104,726</u>

14. Lease liabilities (Cont'd)

The breakdown of the lease liabilities are as follows:

	2020 S\$	2019 S\$
Office premise	49,216	95,914
Copier	7,199	8,812
	<u>56,415</u>	<u>104,726</u>

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

	2020 S\$	2019 S\$
The breakdown of the interest expenses on lease liabilities as follows:		
Cost of charitable activities	3,702	6,086
Governance and administrative costs	415	38
	<u>4,117</u>	<u>6,124</u>

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

2020	01.01.2020 S\$	Cash flows S\$	Non-cash changes			31.12.2020 S\$
			Accretion of interests S\$	Rent concession S\$	Other S\$	
Liabilities						
Lease liabilities						
- current	48,311	(35,628)	4,117	(16,800)	50,916	50,916
- non-current	56,415	0	0	0	(50,916)	5,499
	<u>104,726</u>	<u>(35,628)</u>	<u>4,117</u>	<u>(16,800)</u>	<u>0</u>	<u>56,415</u>

2019	01.01.2019 S\$	Additions S\$	Cash flows S\$	Non-cash changes		31.12.2019 S\$
				Accretion of interests S\$	Other 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 funds

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	2020 S\$	2019 S\$
Represented by:			
Fixed deposits	9	1,000,000	1,000,000
Interest receivable		42,915	26,915
		<u>1,042,915</u>	<u>1,026,915</u>

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:

	2020 S\$	2019 S\$
Balance at beginning of year	39,712	60,153
Add: Grant received	259,216	22,905
Less: Utilisation	(74,859)	(43,346)
Balance at end of year	<u>224,069</u>	<u>39,712</u>

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

	Note	2020 S\$	2019 S\$
Total Care and Share Matching fund		<u>224,069</u>	<u>39,712</u>
Represented by:			
Cash and bank balances		224,069	35,701
Property, plant & equipment	11	0	4,011
		<u>224,069</u>	<u>39,712</u>

16. Related party transactions

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

	2020 S\$	2019 S\$
<u>Caritas Singapore Community Council Limited:</u>		
- Grants received	<u>500,000</u>	<u>465,000</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:

	2020 S\$	2019 S\$
Salaries and bonuses	93,509	97,300
CPF contribution	<u>7,020</u>	<u>7,731</u>
	<u>100,529</u>	<u>105,031</u>

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

	2020	2019
<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 Management 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. Financial instruments

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

	2020 S\$	2019 S\$
Financial assets at amortised cost		
Cash and cash equivalents	2,205,684	1,786,536
Other receivables (excluding prepayments)	<u>62,552</u>	<u>40,368</u>
	<u>2,268,236</u>	<u>1,826,904</u>
Financial liabilities at amortised cost		
Other payable (excluding deferred income)	5,351	5,351
Lease liabilities	<u>56,415</u>	<u>104,726</u>
	<u>61,766</u>	<u>110,077</u>

20. 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

Credit risk is the potential financial loss resulting from the counterparty defaulting on its contractual obligation to the Society.

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

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\$
2020			
Financial liabilities, at amortised cost			
Other payables	5,351	0	5,351
Lease liabilities	<u>52,434</u>	<u>5,917</u>	<u>58,351</u>
	<u>57,785</u>	<u>5,917</u>	<u>63,702</u>

20. Financial risk management (Cont'd)

Liquidity risk (Cont'd)

	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
	57,779	58,351	116,130

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Society's financial instruments will fluctuate because of changes in market interest rates. The Society's exposure to interest rate risk arises primarily from their cash and cash equivalents and borrowings.

The Society does not expect any significant effect on the Society's profit or loss arising from the effects of reasonably possible changes to interest rates on interest bearing financial instruments at the end of the financial year.

Sensitivity analysis for interest rate risk

At the reporting date, the interest rate profile of the Society's interest-bearing financial instruments was as follows:

	2020 S\$	2019 S\$
Fixed rate instruments		
<u>Financial assets</u>		
Fixed deposits	1,202,623	1,202,362
<u>Financial liabilities</u>		
Lease liabilities	56,415	104,726

The sensitivity analysis is based on changes in the interest rates of variable rate financial instruments.

At the reporting date, the Society does not have variable rate interest-bearing financial instruments.

21. 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.

The fair value of non-current portion of lease liabilities carried at amortised cost are estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Society for similar financial liabilities.

22. Reserve policy and position

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2020 is as follows:

		2020	2019	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General funds	987	759	30
B	Restricted or Designated Funds			
	Designated funds	1,043	1,027	2
	Restricted funds	224	40	460
C	Endowment Funds	0	0	0
D	Total Funds	2,254	1,826	23
E	Total Annual Operating Expenditure	446	479	(7)
F	Ratio of Unrestricted fund to Annual Operating Expenditure (A/E)	2.21	1.58	

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.

23. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Society's operations has been significantly impacted by COVID-19 up to the date of signing this report as the Society's planned events and activities have been temporarily halted or cancelled.

Below is the summary of the impact of COVID-19 on the Society's financial performance reflected in this set of financial statements for the financial year ended 31 December 2020:

- i. The Society has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Society is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the service disruption.
- ii. The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020 to 1 June 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and the Society's physical operations were temporarily closed to adhere to the respective governments' movement control measures.

23. Impact of COVID-19 (Coronavirus Disease 2019) (Cont'd)

Below is the summary of the impact of COVID-19 on the Society's financial performance reflected in this set of financial statements for the financial year ended 31 December 2020: (cont'd)

- iii. In 2020, the Society has received rental rebates for its office rental at the Society's premise. The effects of such rental concessions received are disclosed in Notes 6. The government has also implemented assistance measures which might mitigate some of the impact of COVID-19 on the Society's risks and liquidity.

As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Society cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2021. If the situation persists beyond management's current expectations, the Society's assets may be subject to further write downs in the subsequent financial periods.

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on 12 May 2021.