

HCSA COMMUNITY SERVICES

UNIQUE ENTITY NUMBER: S97SS0023J

**MANAGEMENT COMMITTEE'S STATEMENT
AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2021

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



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HCSA COMMUNITY SERVICES

CORPORATE INFORMATION 2021

1. CHARITY REGISTRATION NUMBER

001299

2. INSTITUTION OF A PUBLIC CHARACTER (IPC) NUMBER

IPC 000212

3. UNIQUE ENTITY NUMBER (UEN)

S97SS0023J

4. REGISTERED ADDRESS

No. 1 Lorong 23, Geylang, Singapore 388352

5. BOARD MEMBERS

Name

Designation

Tony Lim King Leong

President

Dominique Choy

Vice President

George Dixon Butron

Secretary

Ooi Hoe Seong

Assistant Secretary

Lee Soon Siang Delene

Treasurer

Vincent Lim Kee Ang

Assistant Treasurer

Yeo Jih-Shian

Board Member

Kim Lang Khalil

Board Member

Timothy Das

Board Member

Francis Ding

Board Member

Benedict Brandon Phay Yee How

Board Member

6. BANKERS

OCBC Bank Ltd

DBS Bank

Hong Leong Finance Limited

7. AUDITORS

Lo Hock Ling & Co.

Public Accountants and

Chartered Accountants Singapore

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

STATEMENT BY MANAGEMENT COMMITTEE

In our opinion, the accompanying financial statements of HCSA Community Services (the "Association") set out on pages 6 to 38 which comprise the statement of financial position as at 31 December 2021, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, are properly drawn up in accordance with the provisions of the Societies Act 1966, Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2021 and the results, changes in funds and cash flows of the Association for the year ended on that date.

On Behalf of the Management Committee



Tony Lim King Leong
President



Lee Soon Siang Delene
Treasurer

Singapore, 9 May 2022

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of HCSA Community Services (the "Association") set out on pages 6 to 38, which comprise the statement of financial position (balance sheet) as at 31 December 2021, and the statement of financial activities, statement of changes in funds and statement of cash flows for the 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 the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 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 Association as at 31 December 2021 and the results, changes in funds and cash flows of the Association for the 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 Association in accordance with the *Accounting and Corporate Regulatory Authority 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 opinion.

Other Information

Management is responsible for the other Information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon. Other than the information included in Corporate Information 2021 and Statement by the Management Committee set out on pages 1 to 2 of this report which we obtained prior to the date of this auditor's report, the remaining other information included in the annual report is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

Responsibilities of Management and Management Committee 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibilities include overseeing the Association's financial reporting process.

Continued

Auditors' 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Association'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 Association 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 the Management Committee 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,

- (a) the accounting and other records required to be kept by the Association have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund-raising appeals held during the year have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

Continued

Report on Other Legal and Regulatory Requirements

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

- (a) the Association 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 Association has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.



LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 9 May 2022

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Activities for the year ended 31 December 2021

		Unrestricted funds	Restricted funds	Total	Total
	Notes	2021	2021	2021	2020
		\$	\$	\$	\$
INCOME FROM GENERATED FUNDS					
<u>Voluntary Income</u>					
Amortisation of deferred capital grants	23	-	-	-	67,645
Donations					
- non-tax deductible		28,899	-	28,899	180,627
- tax deductible		448,318	-	448,318	393,317
Funds received for Training Kitchen Fund	11	107,990	-	107,990	94,776
Grants from government agencies	3	1,308,736	766,759	2,075,495	1,265,917
MSF subvention					
- per capita grant		1,492,475	-	1,492,475	1,368,081
- rental		58,469	-	58,469	48,029
Residential rental		55,769	-	55,769	44,166
		<u>3,500,656</u>	<u>766,759</u>	<u>4,267,415</u>	<u>3,462,558</u>
<u>Activities for Generating Funds</u>					
Course fees		224,229	-	224,229	156,384
Income from fund-raising events	4	834,707	-	834,707	393,853
Rental income/utility recoveries		<u>1,412,656</u>	<u>-</u>	<u>1,412,656</u>	<u>1,402,539</u>
		<u>2,471,592</u>	<u>-</u>	<u>2,471,592</u>	<u>1,952,776</u>
<u>Investment Income</u>					
Interest income from fixed deposits		<u>13,482</u>	<u>-</u>	<u>13,482</u>	<u>19,311</u>
<u>Other Income</u>					
Other government grants					
- Jobs Support Scheme		111,923	-	111,923	564,382
- Jobs Growth Incentive		88,926	-	88,926	-
- Rental relief		44,561	-	44,561	266,867
- others		89,507	-	89,507	123,801
Miscellaneous income		<u>13,266</u>	<u>-</u>	<u>13,266</u>	<u>24,602</u>
		<u>348,183</u>	<u>-</u>	<u>348,183</u>	<u>979,652</u>
TOTAL INCOME		<u>6,333,913</u>	<u>766,759</u>	<u>7,100,672</u>	<u>6,414,297</u>

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Activities for the year ended 31 December 2021 (continued)

		Unrestricted funds	Restricted funds	Total	Total
	Notes	2021	2021	2021	2020
		\$	\$	\$	\$
EXPENDITURES					
<u>Costs of Generating Funds</u>					
Advertising		86	-	86	500
Appreciation and training for volunteers		1,322	-	1,322	100
Amortisation on intangible assets	6	6,014	-	6,014	19,968
Bank charges		2,153	-	2,153	3,026
Clinical and therapy expenses		60	-	60	337
Depreciation on property, plant and equipment	7	26,175	-	26,175	17,593
Depreciation on right-of-use assets	8	446,944	-	446,944	446,944
Employer's contributions to Central Provident Fund	5	56,326	-	56,326	40,116
Food and refreshments		4,703	-	4,703	11,081
Fund-raising expenses	4	69,920	-	69,920	23,751
General expenses		3,370	-	3,370	17,798
Insurance		3,044	-	3,044	4,226
Interest expense on lease liabilities		5,994	-	5,994	15,436
Materials for culinary class		17,089	-	17,089	10,061
Penalty		-	-	-	133
Printing, stationery and postage		3,270	-	3,270	3,335
Repairs and maintenance		34,548	-	34,548	19,321
Resident/intern allowance		1,080	-	1,080	-
Retreats and special events		5,463	-	5,463	1,130
Salaries and related costs	5	468,143	-	468,143	332,262
Sanitary		-	-	-	810
SDF levy		811	-	811	527
Staff benefits	5	75,253	-	75,253	1,555
Telecommunication		36,451	-	36,451	40,541
Transport		600	-	600	3,014
Utilities		190,757	-	190,757	182,527
Vehicle expenses		101	-	101	76
		<u>1,459,677</u>	<u>-</u>	<u>1,459,677</u>	<u>1,196,168</u>

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Activities for the year ended 31 December 2021 (continued)

		Unrestricted funds	Restricted funds	Total	Total
	Notes	2021	2021	2021	2020
		\$	\$	\$	\$
<u>EXPENDITURES</u> (continued)					
<u>Charitable Activities and Programs Costs</u>					
Advertising		-	-	-	228
Amortisation on intangible assets	6	20,268	1,812	22,080	29,952
Appreciation and training for volunteers		200	-	200	178
Bank charges		2,020	-	2,020	1,866
Clinical and therapy expenses		26,171	-	26,171	15,348
Community outreach and special events		14,420	-	14,420	2,853
Culinary course subsidies	11	44,322	-	44,322	64,448
Depreciation on property, plant and equipment	7	78,023	39,387	117,410	213,588
Depreciation on right-of-use assets	8	308,225	22,559	330,784	329,330
Employer's contributions to Central Provident Fund	5	272,939	40,863	313,802	312,654
Food and refreshments		50,494	-	50,494	47,061
Foreign workers levy		17,828	-	17,828	15,271
General expenses		65,218	-	65,218	33,380
Insurance		39,808	-	39,808	28,457
Interest expense on lease liabilities		4,100	303	4,403	10,305
Other program costs		-	40,793	40,793	57,005
Printing, stationery and postage		11,747	-	11,747	11,826
Rental rebates		-	-	-	298,759
Repairs and maintenance		101,378	11,585	112,963	85,680
Resident/intern allowance		50,944	9,600	60,544	48,768
Salaries and related costs	5	2,538,488	671,954	3,210,442	2,568,324
Sanitary		8,832	-	8,832	11,234
SDF levy		4,620	-	4,620	4,531
Security fees		11,368	-	11,368	6,019
Staff benefits	5	22,813	3,041	25,854	28,884
Staff training	5	49,588	-	49,588	23,032
Telecommunication		110,975	-	110,975	60,255
Transport		8,771	-	8,771	16,744
Tuition		24,737	-	24,737	17,493
Utilities		77,881	-	77,881	70,635
Vehicle expenses		5,160	-	5,160	2,665
		<u>3,971,338</u>	<u>841,897</u>	<u>4,813,235</u>	<u>4,416,773</u>

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Activities for the year ended 31 December 2021 (continued)

	Unrestricted <u>funds</u>	Restricted <u>funds</u>	<u>Total</u>	<u>Total</u>
	<u>2021</u>	<u>2021</u>	<u>2021</u>	<u>2020</u>
	\$	\$	\$	\$
<u>Governance costs</u>				
Audit fees	20,704	-	20,704	18,941
Professional fees	<u>5,670</u>	<u>-</u>	<u>5,670</u>	<u>5,311</u>
	<u>26,374</u>	<u>-</u>	<u>26,374</u>	<u>24,252</u>
TOTAL EXPENDITURES	<u>5,457,389</u>	<u>841,897</u>	<u>6,299,286</u>	<u>5,637,193</u>
Surplus for the year	876,524	(75,138)	801,386	777,104
Total funds brought forward	4,631,987	438,631	5,070,618	4,300,331
Return of unutilised fund (note 12)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,817)</u>
Total funds carried forward	<u><u>5,508,511</u></u>	<u><u>363,493</u></u>	<u><u>5,872,004</u></u>	<u><u>5,070,618</u></u>

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Position as at 31 December 2021

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		\$	\$
<u>Non-Current Assets</u>			
Intangible assets	6	31,733	59,827
Property, plant and equipment	7	169,988	261,320
Right-of-use assets	8	151,876	929,604
		<u>353,597</u>	<u>1,250,751</u>
<u>Current Assets</u>			
Trade and other receivables	9	488,841	345,858
Fixed deposits with banks	10	1,101,699	1,088,267
Cash and bank balances		5,202,577	4,418,212
		<u>6,793,117</u>	<u>5,852,337</u>
Total Assets		<u>7,146,714</u>	<u>7,103,088</u>
<u>FUNDS AND LIABILITIES</u>			
<u>Funds</u>			
<u>Unrestricted Funds</u>			
General fund		5,373,510	4,560,654
Training Kitchen fund	11	135,001	71,333
		<u>5,508,511</u>	<u>4,631,987</u>
<u>Restricted Funds</u>			
Silver Volunteer fund	12	130,138	44,763
SPIN fund	13	(285,408)	46,087
NCSS OD fund	14	79,702	283,981
NCSS Invictus fund	15	58,600	58,600
Yellow Ribbon Emergency fund	16	7,750	5,200
NCSS Tech Booster Fund	17	64,000	-
NCSS EVMFS	18	(9,036)	-
Gilead Science grant	19	94,447	-
Allen Overy Stepup fund	20	50,000	-
HKL grant	21	173,300	-
		<u>363,493</u>	<u>438,631</u>
Total Funds		<u>5,872,004</u>	<u>5,070,618</u>
<u>Non-Current Liability</u>			
Lease liabilities	22	-	155,800
		<u>-</u>	<u>155,800</u>
<u>Current Liabilities</u>			
Deferred capital grants	23	-	-
Deferred income	24	287,218	283,307
Lease liabilities	22	155,800	790,203
Other payables	25	831,692	803,160
		<u>1,274,710</u>	<u>1,876,670</u>
Total Liabilities		<u>1,274,710</u>	<u>2,032,470</u>
Total Funds and Liabilities		<u>7,146,714</u>	<u>7,103,088</u>

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

(Registered under the Societies Act 1966)

	<div style="display: flex; justify-content: space-between;"> Unrestricted Restricted </div>								
	General fund	Training Kitchen fund	Silver Volunteer fund	SPIN fund	NCSS OD fund	NCSS Invictus fund	Yellow Ribbon Emergency fund	Other funds	Total
Notes		11	12	13	14	15	16	17 to 21	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2020	4,128,695	81,115	14,627	47,938	27,956	-	-	-	4,300,331
Surplus/(deficit) for the year	431,959	(9,782)	36,953	(1,851)	256,025	58,600	5,200	-	777,104
Return of unutilised fund (note 12)	-	-	(6,817)	-	-	-	-	-	(6,817)
Balance as at 31 December 2020	4,560,654	71,333	44,763	46,087	283,981	58,600	5,200	-	5,070,618
Surplus/(deficit) for the year	812,856	63,668	85,375	(331,495)	(204,279)	-	2,550	372,711	801,386
Balance as at 31 December 2021	5,373,510	135,001	130,138	(285,408)	79,702	58,600	7,750	372,711	5,872,004

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HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Cash Flows for the year ended 31 December 2021

	Notes	2021	2020
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus for the year		801,386	777,104
Adjustments for:			
Amortisation on intangible assets	6	28,094	49,920
Depreciation on property, plant and equipment	7	143,585	231,181
Depreciation on right of use assets	8	777,728	776,274
Interest expense on lease liabilities	22	10,397	25,741
Amortisation of deferred capital grants	23	-	(67,645)
Interest income		(13,482)	(19,311)
Operating surplus before working capital changes		1,747,708	1,773,264
(Increase)/decrease in receivables		(142,983)	53,152
Increase/(decrease) in payables		28,532	56,080
Increase/(decrease) in deferred income		3,911	264,620
Net cash from operating activities		1,637,168	2,147,116
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		13,482	19,311
Increase in fixed deposits with maturity over 3 months		(13,432)	(19,067)
Purchase of intangible assets	6	-	(51,467)
Purchase of property, plant and equipment	7	(52,253)	(36,522)
Net cash used in investing activities		(52,203)	(87,745)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Return of unutilised funds	12	-	(6,817)
Repayment of lease liabilities	22	(790,203)	(773,650)
Payment of interest on lease liabilities	22	(10,397)	(25,741)
Net cash used in financing activities		(800,600)	(806,208)
Net increase in cash and cash equivalents		784,365	1,253,163
Cash and cash equivalents at beginning of the year		4,418,212	3,165,049
Cash and cash equivalents at end of the year	26	5,202,577	4,418,212

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2021

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

1. GENERAL INFORMATION

HCSA Community Services (the "Association") is registered with the Registrar of Societies in the Republic of Singapore. It is also a charity registered under the Charities Act 1994. Its registered office is located at No. 1 Lorong 23 Geylang, Singapore 388352.

The principal activities of the Association are to operate a halfway and three quarter way house to rehabilitate male ex-offenders, operate a residential treatment centre for abused teenage girls, operate a culinary training centre for the Association's beneficiaries and other vulnerable individuals, and provide community-based services to the needy, elderly and disadvantaged. The Association is also an Institution of a Public Character ("IPC") under the Ministry of Social and Family Development.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Association presents its financial statements in Singapore dollars ("S\$"), which is also its functional currency. These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Charities Act, Societies Act and Singapore Financial Reporting Standards ("FRSs"), including related Interpretations promulgated by the Accounting Standards Council, as required by the Societies Act.

During the financial year, the Association adopted all the new and amended FRSs which are relevant to the Association and are effective for the current financial year. The adoption of these Standards did not have material effect on the financial performance or position of the Association.

2.2 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Association's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(A) *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet 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.

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgments (continued)

(A) *Key sources of estimation uncertainty* (continued)

(i) *Amortisation of Intangible Assets/Depreciation on Property, Plant and Equipment*

The costs of intangible assets and property, plant and equipment are amortised/depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these assets are disclosed in notes 2.8 and 2.9. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future amortisation/depreciation charges could be revised. The carrying amounts of these assets and the amortisation/depreciation charges for the year are disclosed in notes 6 and 7 to the financial statements respectively.

(ii) *Expected credit losses on trade receivables*

Expected credit losses (ECLs) are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its debtors, the Association has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

Based on management's assessment, there are no ECLs on the Association's trade receivables at the balance sheet date.

(iii) *Leases*

Incremental Borrowing Rate

The Association cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Association would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Determining the incremental borrowing rate requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

Estimation of Lease Term

When determining the lease term of a lease contract, management considers all relevant factors that create an economic incentive for the Association to exercise an extension option, including any expected changes in circumstances since the commencement date that is within its control and affects its ability to exercise or not to exercise an option to extend. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgments (continued)

(B) *Critical judgments made in applying accounting policies*

In the process of applying the Association's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

Impairment of Non-Financial Assets

The carrying amounts of the Association's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires critical judgment on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

2.3 FRSs issued but not yet effective

The Association has not applied any new FRS that has been issued but is not yet effective. The Management Committee plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

The Management Committee does not expect the adoption of the new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Association 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 Association 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 or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Provided there is evidence of entitlement, as expressed in writing, donations and income from fund-raising events are recognised in profit or loss in the period of receipt or when they become receivable.

Rental income from operating lease is recognised over time on a straight line basis over the lease term.

Culinary course fees are recognised as income at a point in time upon completion of training courses.

Revenue from sale of items is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Interest income is recognised over time on a time-proportion basis.

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(Registered under the Societies Act 1966)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue Recognition (continued)

Government grants are recognised when there is reasonable assurance that the Association will comply with the conditions attaching to the grants and the grants will be received.

Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate

Grants related to assets are recognised as deferred capital grant in the balance sheet, and are amortised over the useful life of the assets to match the depreciation of the property, plant and equipment purchased with the related grants.

A gift in kind is included in profit or loss based on an estimate of the fair value at the date of the receipt of the gift of a non-monetary asset or the grant of a right to a monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

2.5 Funds

Monies received for specific purposes are credited directly to the respective fund accounts. Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Unless specifically indicated, fund balances are not represented by any specific assets but are represented by the total net assets of the Association. The objectives and movements of the Association's Restricted Funds, comprising the Silver Volunteer fund, SPIN fund, NCSS OD fund, NCSS Invictus fund, Yellow Ribbon Emergency fund, NCSS Tech Booster fund, NCSS EVMFS, Gilead Science grant, Allen Overy Stepup fund, HKL grant and Designated Training Kitchen fund, are disclosed in the notes to the financial statements.

2.6 Employee Benefits

(i) *Defined Contribution Plans*

The Association makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

(ii) *Short-term Compensated Absences*

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

2.7 Leases

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

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

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Leases (continued)

As lessee (continued)

Right-of-use assets

The Association recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of the costs to dismantle and remove the underlying asset and to restore the asset to its original condition (restoration costs). Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Association 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 2.13.

Lease liabilities

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Association uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option to purchase the underlying asset).

Short-term leases and leases of low-value assets

Where applicable, the Association applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

Leases in which the Association does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

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(Registered under the Societies Act 1966)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible Assets

Intangible assets are initially recorded at cost. The cost of an item of intangible assets is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Intangible assets with finite useful life are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over their expected useful lives of 3 years on a straight line basis.

The amortisation period and amortisation method of intangible assets are reviewed and adjusted as appropriate, at each financial year-end.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

2.9 Property, Plant and Equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

Office furniture, equipment, computers and electrical appliances	3 to 5 years
Motor vehicles	5 years
Renovation	3 to 5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year-end.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial Assets

Financial assets are recognised when the Association becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have ceased or expired.

A. *Classification*

The Association's financial assets are classified at amortised cost.

The basis of classification depends on the Association's business model and the contractual cash flow characteristics of the financial assets.

B. *At initial recognition*

At initial recognition, the Association 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 profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

C. *At subsequent measurement*

The Association's financial assets, comprising mainly trade and other receivables, and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these represent contractual cash flows which represent solely payments of principal and interest. A gain or loss on a financial asset 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 are recognised using the effective interest rate method.

D. *Impairment of Financial Assets*

The Association assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For trade receivables, the Association applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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(Registered under the Societies Act 1966)

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.10 (D). Receivables with a short duration are not discounted.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and bank deposits which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

For the purpose of the statement of cash flows, fixed deposits with original maturities over 3 months are excluded from cash and cash equivalents.

2.13 Impairment of Non-Financial Assets

The carrying amounts of the Association's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.14 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables with a short duration are not discounted.

Payables are recognised when the Association becomes a party to the contractual provisions of the financial instrument. Payables are derecognised when the obligation under the liability is extinguished.

2.15 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

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2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Related Parties

A related party is defined as follows:

- (A) A person or a close member of that person's family is related to the Association if that person:
 - (i) Has control or joint control over the Association;
 - (ii) Has significant influence over the Association; or
 - (iii) Is a member of the key management personnel of the Association or of a parent of the Association.
- (B) An entity is related to the Association if any of the following conditions applies:
 - (i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary are related to each other).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).
 - (vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

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3. GRANTS FROM GOVERNMENT AGENCIES

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
(a) Grants relating to Unrestricted Funds			
NCSS Trust fund - President's Challenge		84,897	26,400
Yellow Ribbon Fund		585,253	290,020
Other grants		638,586	37,060
		1,308,736	353,480
(b) Grants relating to Restricted Funds			
Silver Volunteer fund	12	85,375	53,975
SPIN fund	13	170,659	449,015
NCSS OD grant	14	-	322,447
NCSS Invictus fund	15	-	80,000
Yellow Ribbon Emergency fund	16	12,150	7,000
NCSS Tech Booster fund	17	64,000	-
NCSS EVMFS	18	43,275	-
Gilead Science grant	19	168,000	-
Allen Overy StepUp fund	20	50,000	-
HKL grant	21	173,300	-
		766,759	912,437
		2,075,495	1,265,917

4. FUND-RAISING ACTIVITIES

Income from fund-raising events comprises donations received classified as:

	<u>2021</u>	<u>2020</u>
	\$	\$
Non-tax deductible	382,192	64,310
Tax deductible	452,515	329,543
	834,707	393,853
Fund-raising expenses	69,920	23,751

Total expenses incurred on public fund-raising appeals during the financial year did not exceed 30% of total donations collected through the public appeals in the same year. The Association had complied with the requirements of the 30/70 fund-raising rule stated in Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

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5. EMPLOYEE BENEFITS EXPENSE

	<u>2021</u>	<u>2020</u>
	\$	\$
(a) Employee benefits expense relating to Unrestricted Funds		
<u>Cost of Generating Funds</u>		
Salaries and related costs	468,143	332,262
Employer's contributions to Central Provident Fund	56,326	40,116
Other benefits	75,253	1,555
(i)	599,722	373,933
<u>Charitable Activities and Programs Costs</u>		
Salaries and related costs	2,538,488	2,215,281
Employer's contributions to Central Provident Fund	272,939	279,872
Other benefits	72,401	44,551
(ii)	2,883,828	2,539,704
(b) Employee benefits expense relating to Restricted Funds		
* <u>Charitable Activities and Programs Costs</u>		
Salaries and related costs	671,954	353,043
Employer's contributions to Central Provident Fund	40,863	32,782
Other benefits	3,041	7,365
(iii)	715,858	393,190
Total (i + ii + iii)	<u>4,199,408</u>	<u>3,306,827</u>

Employee benefits expense relating to Restricted Funds comprise:

* <u>Charitable Activities and Program Costs</u>		
- Silver Volunteer fund (note 12)	-	12,065
- SPIN fund (note 13)	385,715	314,703
- NCSS OD fund (note 14)	204,279	66,422
- NCSS EVMFS (note 18)	52,311	-
- Gilead Science grant (note 19)	73,553	-
	<u>715,858</u>	<u>393,190</u>

The above employee benefits expense includes key management personnel compensation as disclosed in note 29 to the financial statements.

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6. INTANGIBLE ASSETS

	Computer software licences
	\$
<u>Cost</u>	
At 1 January 2020	149,800
Additions	51,467
At 31 December 2020, 1 January 2021 and 31 December 2021	201,267
<u>Accumulated amortisation</u>	
At 1 January 2020	91,520
Charged to charitable activities and programs costs	
- unrestricted fund	18,960
- restricted fund - SPIN fund (note 13)	10,992
	29,952
Charged to cost of generating funds	19,968
	49,920
At 31 December 2020 and 1 January 2021	141,440
Charged to charitable activities and programs costs	
- unrestricted fund	20,268
- restricted fund - SPIN fund (note 13)	1,812
	22,080
Charged to cost of generating funds	6,014
	28,094
At 31 December 2021	169,534
<u>Net carrying amount</u>	
At 31 December 2021	31,733
At 31 December 2020	59,827

Cost relating to computer software licences acquired is not an integral part of the related hardware.

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7. PROPERTY, PLANT AND EQUIPMENT

	Office furniture, equipment, computers and electrical appliances	Motor vehicles	Renovation	Total
<u>Cost</u>	\$	\$	\$	\$
At 1 January 2020	691,548	159,669	1,538,523	2,389,740
Additions	36,522	-	-	36,522
Disposals	(3,704)	(43,074)	-	(46,778)
At 31 December 2020 and 1 January 2021	724,366	116,595	1,538,523	2,379,484
Additions	52,253	-	-	52,253
At 31 December 2021	776,619	116,595	1,538,523	2,431,737
<u>Accumulated Depreciation</u>				
At 1 January 2020	452,128	159,669	1,321,964	1,933,761
Charged to cost of generating funds	3,171	-	14,422	17,593
Charged to charitable activities and programs costs	95,228	-	37,811	133,039
Charged to Training Kitchen fund (note 11)	40,110	-	-	40,110
Charged to Silver Volunteer fund (note 12)	453	-	-	453
Charged to SPIN fund (note 13)	10,302	-	29,684	39,986
Charge for the year	149,264	-	81,917	231,181
Disposal/written off	(3,704)	(43,074)	-	(46,778)
At 31 December 2020 and 1 January 2021	597,688	116,595	1,403,881	2,118,164
Charged to cost of generating funds	9,471	-	16,704	26,175
Charged to charitable activities and programs costs	71,520	-	6,503	78,023
Charged to Training Kitchen fund (note 11)	-	-	-	-
Charged to Silver Volunteer fund (note 12)	-	-	-	-
Charged to SPIN fund (note 13)	9,703	-	29,684	39,387
Charge for the year	90,694	-	52,891	143,585
At 31 December 2021	688,382	116,595	1,456,772	2,261,749
<u>Net Book Value</u>				
At 31 December 2021	88,237	-	81,751	169,988
At 31 December 2020	126,678	-	134,642	261,320

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8. RIGHT OF USE ASSETS

	<u>Operating premises</u>
	\$
<u>Cost</u>	
At 1 January 2020	2,315,745
Additions	161,726
Written off due to termination of lease	<u>(200,865)</u>
At 31 December 2020, 1 January 2021 and 31 December 2021	<u>2,276,606</u>
<u>Accumulated depreciation</u>	
At 1 January 2020	771,593
Depreciation for the year	
Charged to cost of generating funds	446,944
Charged to charitable activities and programs costs	303,830
Charged to Restricted funds	
- Silver Volunteer fund (note 12)	2,941
- SPIN fund (note 13)	22,559
	776,274
Written off due to termination of lease	<u>(200,865)</u>
At 31 December 2020 and 1 January 2021	1,347,002
Depreciation for the year	
Charged to cost of generating funds	446,944
Charged to charitable activities and programs costs	308,225
Charged to Restricted funds	
- Silver Volunteer fund (note 12)	-
- SPIN fund (note 13)	22,559
	777,728
At 31 December 2021	<u>2,124,730</u>
<u>Net Book Value</u>	
At 31 December 2021	<u>151,876</u>
At 31 December 2020	<u>929,604</u>

9. TRADE AND OTHER RECEIVABLES

	<u>2021</u>	<u>2020</u>
	\$	\$
Trade receivables	17,386	23,256
Non-trade receivables	109,484	3,683
Grants receivables	124,077	83,724
Deposits	210,399	209,929
Prepayments	27,495	25,266
	<u>488,841</u>	<u>345,858</u>

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9. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 30 day's (2020: 30 day's) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Non-trade receivables and deposits are unsecured, non-interest bearing and expected to be repayable on demand.

10. FIXED DEPOSITS WITH BANKS

Fixed deposits have original maturity terms between 6 and 24 months and earn interest at rates ranging from 0.40% to 1.88% (2020: 0.10% to 1.30%) per annum.

11. TRAINING KITCHEN FUND

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		71,333	81,115
Movements during the year			
Funds received from donor		107,990	94,776
Less: Funds utilised			
Depreciation on property, plant and equipment	7	-	40,110
Program costs - Culinary course subsidies		44,322	64,448
		44,322	104,558
Balance as at 31 December		135,001	71,333

The Training Kitchen fund is designated by donors to support the cost of setting up a training kitchen and renovating the premises at Highpoint Halfway House, and the culinary courses launched by HCSA Academy Culinary Training Centre.

12. SILVER VOLUNTEER FUND

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		44,763	14,627
Movements during the year			
Funds received from Council For Third Age	3	85,375	53,975
Less: Funds utilised			
Depreciation on property, plant and equipment	7	-	453
Depreciation on right-of-use assets	8	-	2,941
Employee benefits expense	5	-	12,065
Other program costs		-	1,563
		-	17,022
Return of unutilised fund to Council For Third Age		-	(6,817)
Balance as at 31 December		130,138	44,763

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12. SILVER VOLUNTEER FUND (continued)

The Silver Volunteer fund is a restricted fund set up for the approved programme, Giving a Future and a Hope.

13. SPIN FUND

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		46,087	47,938
Movements during the year			
Add: Income recognised			
Amortisation of deferred capital grant			
- Intangible assets	23	-	5,155
Funds received from National Council of Social Service	3	170,659	449,015
		170,659	454,170
Less: Funds utilised			
Amortisation of intangible assets	6	1,812	10,992
Depreciation on property, plant and equipment	7	39,387	39,986
Depreciation on right-of-use assets	8	22,559	22,559
Employee benefits expense	5	385,715	314,703
Interest expense on lease liabilities		303	779
Other program costs		40,793	55,442
Repair and maintenance		11,585	11,560
		502,154	456,021
Balance as at 31 December		(285,408)	46,087

SPIN fund is a restricted fund set up for the approved programme, Single Parents: Informed, Involved, Included (SPIN). The fund will be used to cover expenditure in running SPIN.

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14. NCSS OD FUND

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		283,981	27,956
Movements during the year			
Funds received from National Council of Social Service ("NCSS")	3	-	322,447
Less: Funds utilised			
Employee benefits expense	5	204,279	66,422
Balance as at 31 December		<u>79,702</u>	<u>283,981</u>

NCSS OD fund is a restricted fund set up for the approved programme, Organisation Development Programme ("OD"), of which NCSS is the administrator, in partnership with Singapore Totalisator Board. The objective of the OD is to enable the non-profit organisation to go through a diagnostic using Enterprise SG's Business Excellence framework, leading to the conceptualisation of a time-bound strategy plan. The fund will be used to cover expenditure in running the NCSS OD.

15. NCSS INVICTUS FUND

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		58,600	-
Movements during the year			
Funds received from National Council of Social Service ("NCSS")	3	-	80,000
Less: Funds utilised			
Telecommunication		-	21,400
Balance as at 31 December		<u>58,600</u>	<u>58,600</u>

NCSS Invictus fund is a restricted fund set up to enhance service continuity and improve staff welfare of frontline workers.

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16. YELLOW RIBBON EMERGENCY FUND

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		5,200	-
Movements during the year			
Funds received from Yellow Ribbon Fund	3	12,150	7,000
Less: Funds utilised			
Resident/intern allowance		<u>9,600</u>	<u>1,800</u>
Balance as at 31 December		<u>7,750</u>	<u>5,200</u>

Yellow Ribbon Emergency fund is a restricted fund set up to provide financial support to newly released ex-offenders as well as families who are affected by recent incarceration of a sole bread-winner. The fund will be used strictly for food and transportation of beneficiaries.

17. NCSS TECH BOOSTER FUND

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		-	-
Movements during the year			
Funds received from NCSS	3	<u>64,000</u>	-
Balance as at 31 December		<u>64,000</u>	-

NCSS Tech Booster Fund (Grant) is a restricted fund set up to provide financial support to ramp up ready technologies adoption to enhance operational efficiency, alleviate demand for vacant positions and increase client centricity of services. The fund will be used strictly for the implementation of technologies, along with change management for stakeholders and redesign of processes affected by the adoption of technologies.

18. NCSS EVMFS

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		-	-
Movements during the year			
Funds received from NCSS	3	43,275	-
Less: Funds utilised			
Employee benefits expense	5	<u>(52,311)</u>	-
Balance as at 31 December		<u>(9,036)</u>	-

NCSS EVMFS, Enhanced Volunteer Manager Funding Scheme is a 2 year restricted funding programme set up to provide financial support for dedicated volunteer managers to strengthen the volunteer management capabilities.

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19. GILEAD SCIENCE GRANT

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		-	-
Movements during the year			
Funds received from Gilead Sciences Singapore Pte Ltd and DCH Auriga (Singapore) Pte Ltd	3	168,000	-
Less: Funds utilised			
Employee benefits expense	5	(73,553)	-
Balance as at 31 December		<u>94,447</u>	<u>-</u>

Gilead Science Grant is a restricted fund set up to provide financial support for Highpoint Halfway House Hepatitis C – Educate, Test, Treat Project.

20. ALLEN OVERY STEPUP FUND

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		-	-
Movements during the year			
Funds received from Allen & Overy LLP and Cornerstone Capital Pte Ltd	3	50,000	-
Balance as at 31 December		<u>50,000</u>	<u>-</u>

Allen Overy Stepup Fund is a restricted fund set up to provide financial support to launch aftercare programme that aims to support ex-offenders and teenage girls who have suffered trauma after they are discharged from our rehabilitative programmes through Highpoint Halfway House and Dayspring Residential Treatment Centre.

21. HKL GRANT

	<u>Note</u>	<u>2021</u>	<u>2020</u>
		\$	\$
Balance as at 1 January		-	-
Movements during the year			
Funds received from HKL (Esplanade) Pte. Limited	3	173,300	-
Balance as at 31 December		<u>173,300</u>	<u>-</u>

Hongkong Land Grant is a restricted fund set up to provide financial support for HCSA's Dayspring Clinical Therapies for abused teenage girls, Alternate schooling / Home schooling programme, online learning and tuition programme for single-parent children, digitalisation hardware provision of notebook computer, Culinary training scholarship for youths at risk and young adults.

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22. LEASE LIABILITIES

	<u>2021</u>		<u>2020</u>	
	<u>Contractual lease liabilities</u>	<u>Present value of lease liabilities</u>	<u>Contractual lease liabilities</u>	<u>Present value of lease liabilities</u>
	\$	\$	\$	\$
Lease liabilities payable:				
- within 1 year	156,002	155,800	800,600	790,203
- after 1 year but not later than 5 years	-	-	156,002	155,800
	156,002	155,800	956,602	946,003
Less: Amounts representing interest	202	-	10,599	-
	<u>155,800</u>	<u>155,800</u>	<u>946,003</u>	<u>946,003</u>

The Association leases operating premises with lease periods of 2 to 3 years. The leases have varying terms and provide renewal rights.

The present values of lease liabilities are calculated based on incremental borrowing rates of 1.38% and 2.10% (2020: 1.38% and 2.10%) per annum.

Reconciliation of changes in liabilities arising from financing activities

Movements in lease liabilities arising from financing cash flows during the year are as follows.

	<u>2021</u>	<u>2020</u>
	\$	\$
Lease liabilities as at 1 January	946,003	1,557,927
Additional lease liabilities during the year	-	161,726
	946,003	1,719,653
<u>Non-cash movement</u>		
Accretion of interest	10,397	25,741
<u>Cash movements</u>		
Less:		
Payments of lease liabilities during the year		
- Principal portion	790,203	773,650
- Interest	10,397	25,741
	800,600	799,391
Lease liabilities as at 31 December	<u>155,800</u>	<u>946,003</u>

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23. DEFERRED CAPITAL GRANTS

	<u>Renovation</u>	<u>Motor vehicle</u>	<u>Intangible asset</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Gross carrying value</u>				
At 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	<u>274,733</u>	<u>115,656</u>	<u>70,000</u>	<u>460,389</u>
<u>Less: Accumulated amortisation</u>				
At 1 January 2020	230,422	115,656	46,666	392,744
Amortisation for the year	<u>44,311</u>	<u>-</u>	<u>23,334</u>	<u>67,645</u>
At 31 December 2020 and 1 January 2021	<u>274,733</u>	<u>115,656</u>	<u>70,000</u>	<u>460,389</u>
Amortisation for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2021	<u>274,733</u>	<u>115,656</u>	<u>70,000</u>	<u>460,389</u>
<u>Net carrying value</u>				
At 31 December 2021	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Current year's amortisation of deferred capital grants is credited to the Statement of Financial Activities as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Unrestricted fund		
- Voluntary income	-	62,490
Restricted fund		
- SPIN fund (note 13)	<u>-</u>	<u>5,155</u>
	<u>-</u>	<u>67,645</u>

Deferred capital grants comprise government grants received in relation to renovation expenditure, a donated motor vehicle and computer software licence.

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24. DEFERRED INCOME

	<u>2021</u>	<u>2020</u>
	\$	\$
Deferred grant income*	161,581	78,381
Grants received in advance#	125,637	192,147
Other fundings received in advance #	-	12,779
	<u>287,218</u>	<u>283,307</u>

* Deferred grant income represents Jobs Support Scheme grant, Jobs Growth Incentive and Special Employment Credit in respect of and receivable in the next financial year, for which the Association has fulfilled the grant requirements as at 31 December 2021.

During the year, the Association obtained grants and fundings from various government agencies and donors which are designated to fund the various programs of the Association. Grants which are used to fund the costs of programs relating to the subsequent years are deferred and will be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

25. OTHER PAYABLES

	<u>2021</u>	<u>2020</u>
	\$	\$
Accruals	454,777	383,323
Deposits received	301,550	296,208
Provision for unutilised leave	63,487	68,636
Sundry payables	11,878	54,993
	<u>831,692</u>	<u>803,160</u>

Other payables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances as shown in the statement of financial position.

27. TAXATION

As a registered charity under the Charities Act 1994, the Association is exempt from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

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28. LEASE COMMITMENTS

As at the balance sheet date, the Association has the following lease commitments under non-cancellable operating leases where the Association is the lessor:

	<u>2021</u>	<u>2020</u>
	\$	\$
Receivable within 1 year	205,198	286,738
Receivable after 1 year but not later than 5 years	-	16,308
	<u>205,198</u>	<u>303,046</u>

The above operating lease receivables relate to the sublet of the Association's premises to non-related parties and do not provide for contingent rents.

29. RELATED PARTIES

The Association is governed by the Management Committee. The Chief Executive Officer and management personnel are responsible for organising and supervising the daily activities of the Association.

The Association has in place a conflict of interest policy which sets out documented procedures requiring Management Committee members and staff in management positions to declare actual or potential conflicts of interests to the Management Committee, and to abstain from voting or participating in decision making where such conflicts arise.

Key management personnel compensation

	<u>2021</u>	<u>2020</u>
	\$	\$
Short-term employee benefits:		
Salaries and related costs	1,117,239	890,708
Employer's contribution to Central Provident Fund	132,624	73,140
	<u>1,249,863</u>	<u>963,848</u>

Key management personnel are employees holding management position in the Association.

The annual remuneration of the top three highest paid staff classified by remuneration bands are as follows:

	<u>Number of staff</u>	
	<u>2021</u>	<u>2020</u>
Annual remuneration		
\$100,001 to \$200,000	<u>3</u>	<u>3</u>

Except for the Chief Executive Officer who is a Board member, the President and members of the Management Committee are volunteers and do not receive any monetary remuneration for their service.

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30. FINANCIAL RISKS MANAGEMENT

The Association is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

30.1 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Association as and when they fall due.

(i) *Risk Management*

The Association's exposure to credit risk arises primarily from trade and other receivables. Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Association at the commencement of each tenancy term.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

(ii) *Recognition of expected credit losses (ECL)*

The Association's financial assets that are subject to credit losses where the expected credit loss model has been applied are trade and other receivables. The Association assesses on forward looking basis the expected credit losses on its trade receivables, and recognises a loss allowance in accordance with FRS 109.

Based on the Association's historical collection trend, most trade and other receivables are settled within the credit term. Trade and other receivables are assessed on a collective basis to determine whether there are changes in credit risk. Lifetime ECLs are recognised for specific receivables for which credit risk is deemed to have increased significantly.

Based on the management's assessment, there is no significant ECL on the Association's receivables as at the balance sheet date.

30.2 Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting financial obligations due to shortage of funds.

The Association manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

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30. FINANCIAL RISKS MANAGEMENT (continued)

30.2 Liquidity risk (continued)

The table below summarises the maturity profile of the Association's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	Within 1 year	After 1 year but not later than 5 years	Total
	\$	\$	\$
<u>2021</u>			
Lease liabilities	156,002	-	156,002
Other payables	768,205	-	768,205
	<u>924,207</u>	<u>-</u>	<u>924,207</u>
<u>2020</u>			
Lease liabilities	800,600	156,002	956,602
Other payables	734,524	-	734,524
	<u>1,535,124</u>	<u>156,002</u>	<u>1,691,126</u>

30.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market interest rates.

The Association does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The management monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Association are disclosed in note 10 to the financial statements.

31. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

The carrying amounts of lease liabilities are reasonable approximation of their fair values as they are measured at the present value of lease payments based on the incremental borrowing rate.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category are as follows:

	<u>2021</u>	<u>2020</u>
	\$	\$
Financial assets at amortised cost	6,641,545	5,743,347
Financial liabilities at amortised cost	924,005	1,680,527

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33. RESERVE POLICY

The Association will work towards building up reserves of up to three years of operating expenditures from the Association's unrestricted funds that are freely available for operating purposes in order to ensure long term sustainability.

The Management Committee of the Association will review its reserve requirement annually.

Designated and restricted funds disclosed in notes 11 to 21 to the financial statements are only used for the specific purposes for which the funds were set up.

The Association is not subject to externally imposed reserve management requirements.

There were no changes to the Association's approach to reserve management since the previous financial year.

34. UNCERTAINTIES RELATING TO COVID-19

Since the outbreak of the Corona Virus Disease 2019 ("COVID-19") in early 2020, the pandemic has significantly and adversely impacted various sectors of global economies. As the COVID-19 pandemic evolves, the global situation remains fluid. As at the date of issue of these financial statements, the Association is unable to reasonably ascertain the full extent of the probable impact of the pandemic on its operations and financial performance for the financial year ending 31 December 2022. Notwithstanding this, the Management Committee has assessed that the Association is able to maintain sufficient liquidity to continue operations as a going concern for at least the next 12 months from the end of the reporting period. The Management Committee continues to monitor the developments and will take appropriate action as necessary in the event if an economic disruption occur.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2021 were authorised for issue by the HCSA Community Services Management Committee on 9 May 2022.

