

AUDITOR'S COPY

HCSA COMMUNITY SERVICES

UNIQUE ENTITY NUMBER: S97SS0023J

**STATEMENT OF THE BOARD
AND FINANCIAL STATEMENTS**

FOR YEAR ENDED 31 DECEMBER 2025

LO HOCK LING & CO

Chartered Accountants Singapore

盧鶴齡會計公司



www.lohocklingco.com.sg

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HCSA COMMUNITY SERVICES

CORPORATE INFORMATION 2025

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

<u>Name</u>	<u>Designation</u>
Dominique Choy	President
Yeo Jih-Shian	Vice President
Rachel Ooi Wei Gee	Vice President
Delene Lee Soon Siang	Secretary
Clares De Cruz	Assistant Secretary
Benedict Brandon Phay Yee How	Treasurer
Bryan Benjamin Leong	Assistant Treasurer
Tony Lim King Leong	Board Member
Harry Loh	Board Member
Lynn Hermijanto	Board Member
Dr. Victor Goh	Board Member

6. BANKERS

OCBC Bank Ltd
DBS Bank

7. LEGAL ADVISORS

WongPartnership LLP

8. AUDITORS

Lo Hock Ling & Co.
Public Accountants and
Chartered Accountants Singapore

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

STATEMENT BY THE BOARD

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 2025, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and material accounting policy 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 2025 and the results, changes in funds and cash flows of the Association for the year ended on that date.

On Behalf of the Board



Dominique Chey
President



Benedict Brandon Phay Yee How
Treasurer

Singapore, 11 May 2026

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 2025, 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 material accounting policy information.

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 2025 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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code), as applicable to audits of financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in Singapore. We have also 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 2025 and Statement by the Board 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 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 the Board 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 Board'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 Board 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.

We also provide those charged with governance with a statement that we have compiled with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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.

The engagement partner on the audit resulting in this independent auditor's report is Ye Jian Zhao.

Singapore, 11 May 2026


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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Activities for the year ended 31 December 2025

		Unrestricted funds	Restricted funds	Total	Total
	Notes	2025	2025	2025	2024
		\$	\$	\$	\$
<u>INCOME FROM GENERATED FUNDS</u>					
<u>Voluntary Income</u>					
Amortisation of deferred capital grants	14	450,606	-	450,606	226,375
Donations					
- non-tax deductible		69,189	171,217	240,406	113,431
- tax deductible		146,554	362,453	509,007	788,165
Grants from government agencies		641,210	5,730,735	6,371,945	3,794,410
Residential rental		9,470	-	9,470	60,170
		<u>1,317,029</u>	<u>6,264,405</u>	<u>7,581,434</u>	<u>4,982,551</u>
<u>Activities for Generating Funds</u>					
Carpark fees		309,629	-	309,629	192,387
Course fees		223,218	-	223,218	264,614
GST claimed		229,676	-	229,676	-
Income from fund-raising events	3	911,150	130,896	1,042,046	1,341,547
Rental income/utility recoveries		1,504,658	-	1,504,658	1,418,361
		<u>3,178,331</u>	<u>130,896</u>	<u>3,309,227</u>	<u>3,216,909</u>
<u>Investment Income</u>					
Interest income from fixed deposits		83,475	-	83,475	122,627
Changes in fair value of financial assets through profit or loss	8	1,366	-	1,366	54,725
		<u>84,841</u>	<u>-</u>	<u>84,841</u>	<u>177,352</u>
<u>Other Income</u>					
Other government grants		35,118	56,617	91,735	142,443
Miscellaneous income		44,180	8,198	52,378	107,093
		<u>79,298</u>	<u>64,815</u>	<u>144,113</u>	<u>249,536</u>
TOTAL INCOME		<u>4,659,499</u>	<u>6,460,116</u>	<u>11,119,615</u>	<u>8,626,348</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 2025 (continued)

		Unrestricted funds	Restricted funds	Total	Total
	Notes	2025	2025	2025	2024
		\$	\$	\$	\$
<u>EXPENDITURES</u>					
<u>Costs of Generating Funds</u>					
Advertising and commission		900	-	900	1,199
Appreciation and training for volunteers		2,403	-	2,403	2,310
Amortisation of intangible assets	5	4,776	-	4,776	7,119
Bank charges		2,617	-	2,617	3,274
Bonus	4	415,541	-	415,541	267,640
Clinical and therapy expenses		5,796	-	5,796	242
Central provident fund contribution	4	251,366	-	251,366	154,216
Corporate support services					
- Employee benefits expense	4	(1,216,109)	-	(1,216,109)	-
- Foreign workers levy		(3,428)	-	(3,428)	-
		(1,219,537)	-	(1,219,537)	-
Depreciation on property, plant and equipment	6	57,730	-	57,730	18,974
Depreciation on right-of-use assets	7	551,111	-	551,111	525,354
Food and refreshments		15,941	-	15,941	10,344
Foreign workers levy		6,350	-	6,350	1,867
Fund-raising expenses	3	72,241	-	72,241	178,719
General expenses		22,901	-	22,901	23,665
Insurance		30,344	-	30,344	15,146
Interest expense on lease liabilities		54,495	-	54,495	15,902
Materials and accessories		28,796	-	28,796	-
Printing, stationery and postage		8,071	-	8,071	11,470
Publicity and promotion		44,950	-	44,950	33,722
Repairs and maintenance		72,812	-	72,812	71,282
Resident/intern allowance		29,807	-	29,807	1,478
Retreats and special events		9,873	-	9,873	4,620
Salaries	4	1,487,541	-	1,487,541	1,118,451
Sanitary and utilities		332,025	-	332,025	271,036
Staff benefits	4	69,877	-	69,877	27,084
Telecommunication		92,533	-	92,533	52,260
Training		7,719	-	7,719	952
Transport and vehicle expenses		9,370	-	9,370	5,421
		<u>2,468,349</u>	<u>-</u>	<u>2,468,349</u>	<u>2,823,747</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 2025 (continued)

	Notes	Unrestricted funds 2025	Restricted funds 2025	Total 2025	Total 2024
		\$	\$	\$	\$
EXPENDITURES (continued)					
<u>Charitable Activities and Programs Costs</u>					
Amortisation of intangible assets	5	162,911	-	162,911	157,441
Appreciation and training for volunteers		2,040	15,777	17,817	26,174
Bank charges		-	98	98	1,687
Bonus	4	-	704,456	704,456	554,672
Clinical and therapy expenses		167	15,699	15,866	15,865
Community outreach and special events		28,011	41,985	69,996	21,153
Central provident fund contribution	4	-	482,600	482,600	348,189
Corporate support services					
- Employee benefits expense	4	-	1,216,109	1,216,109	-
- Foreign workers levy		-	3,428	3,428	-
			1,219,537	1,219,537	-
Culinary course subsidies	11	46,411	-	46,411	-
Depreciation on property, plant and equipment	6	291,811	489	292,300	178,237
Depreciation on right-of-use assets	7	9,261	396,444	405,705	307,887
Food and refreshments		3,610	158,696	162,306	97,446
Foreign workers levy		-	46,386	46,386	25,157
Fund raising expenses		-	2,244	2,244	-
General expenses		7,057	104,062	111,119	20,034
Insurance		1,209	36,153	37,362	39,147
Interest expense on lease liabilities		915	23,710	24,625	12,843
Loss on disposal of property, plant and equipment		-	-	-	15,134
Lease of premises		-	-	-	92,623
Materials and accessories		-	1,869	1,869	38,688
Printing, stationery and postage		1,071	17,550	18,621	19,871
Publicity and promotion		198	16,102	16,300	28,111
Repairs and maintenance		6,331	255,649	261,980	145,203
Resident/intern allowance		7,771	57,787	65,558	107,290
Salaries	4	936	2,955,710	2,956,646	2,213,308
Sanitary and utilities		6,423	113,706	120,129	142,374
Staff benefits	4	3,835	163,714	167,549	182,220
Telecommunication		19,383	76,670	96,053	68,521
Transport and vehicle expenses		621	40,127	40,748	19,062
Tuition		619	288,818	289,437	57,118
		<u>600,591</u>	<u>7,236,038</u>	<u>7,836,629</u>	<u>4,935,455</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 2025 (continued)

	<u>Unrestricted funds</u>	<u>Restricted funds</u>	<u>Total</u>	<u>Total</u>
	<u>2025</u>	<u>2025</u>	<u>2025</u>	<u>2024</u>
	\$	\$	\$	\$
<u>Governance costs</u>				
Audit fees	41,578	22,144	63,722	45,348
Professional fees	101,096	7,076	108,172	63,147
	<u>142,674</u>	<u>29,220</u>	<u>171,894</u>	<u>108,495</u>
TOTAL EXPENDITURES	<u>3,211,614</u>	<u>7,265,258</u>	<u>10,476,872</u>	<u>7,867,697</u>
Surplus/(deficit) for the year	1,447,885	(805,142)	642,743	758,651
Total funds brought forward	7,020,658	601,876	7,622,534	6,863,883
Transfer to deferred capital grant	(20,000)	(11,890)	(31,890)	-
Transfer of funds	<u>(1,076,363)</u>	<u>1,076,363</u>	<u>-</u>	<u>-</u>
Total funds carried forward	<u>7,372,180</u>	<u>861,207</u>	<u>8,233,387</u>	<u>7,622,534</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 2025

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
		\$	\$
<u>ASSETS</u>			
<u>Non-Current Assets</u>			
Intangible assets	5	173,457	285,257
Property, plant and equipment	6	914,077	879,238
Right-of-use assets	7	1,975,003	293,353
Financial assets at fair value through profit or loss	8	201,366	2,111,979
		<u>3,263,903</u>	<u>3,569,827</u>
<u>Current Assets</u>			
Trade and other receivables	9	2,061,123	1,352,392
Fixed deposits with banks	10	3,858,120	2,805,000
Cash and bank balances		3,453,270	2,211,684
		<u>9,372,513</u>	<u>6,369,076</u>
Total Assets		<u>12,636,416</u>	<u>9,938,903</u>
<u>FUNDS AND LIABILITIES</u>			
<u>Funds</u>			
<u>Unrestricted funds</u>			
- General fund		7,361,559	6,963,626
- Training Kitchen fund	11	10,621	57,032
		<u>7,372,180</u>	<u>7,020,658</u>
Restricted funds	12	861,207	601,876
Total Funds		<u>8,233,387</u>	<u>7,622,534</u>
<u>Non-Current Liabilities</u>			
Lease liabilities	13	1,013,823	-
Deferred capital grants	14	312,278	187,079
		<u>1,326,101</u>	<u>187,079</u>
<u>Current Liabilities</u>			
Deferred capital grants	14	121,152	265,053
Deferred income	15	248,855	54,290
Lease liabilities	13	992,979	339,436
Other payables	16	1,713,942	1,470,511
		<u>3,076,928</u>	<u>2,129,290</u>
Total Liabilities		<u>4,403,029</u>	<u>2,316,369</u>
Total Funds and Liabilities		<u>12,636,416</u>	<u>9,938,903</u>

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Changes in Funds for the year ended 31 December 2025

Notes	Unrestricted						Restricted						Total	
	General fund	Training Kitchen fund	DS TGH fund	DS SGC fund	Gilead Science fund	HKL fund	Other HWH fund	HWH- HSM fund	NCSS TSS fund	Silver Volunteer fund	SPIN fund	Yellow Ribbon Enabling fund		Other funds
Notes	11	12	12	12	12	12	12	12	12	12	12	12A		
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
Balance as at 1 January 2024	6,144,555	57,032	35,496	-	210,822	181,743	-	-	-	21,008	-	3,050	210,177	6,863,883
Surplus/(deficit) for the year	1,471,712	-	(268,909)	1,402	(100,358)	54,749	(225,540)	-	-	-	(214,696)	(2,600)	42,891	758,651
Transfer of funds	(652,641)	-	233,413	-	-	-	225,540	-	-	(21,008)	214,696	-	-	-
Balance as at 31 December 2024	6,963,626	57,032	-	1,402	110,464	236,492	-	-	-	-	-	450	253,068	7,622,534
Surplus/(deficit) for the year	1,494,296	(46,411)	(136,622)	(638,990)	71,520	(47,378)	(15,827)	(283,202)	22,202	-	79,907	(100)	143,348	642,743
Transfer of funds	(1,076,363)	-	136,622	637,588	-	-	15,827	283,202	-	-	-	-	3,124	-
Transfer to deferred capital grant	(20,000)	-	-	-	-	-	-	-	-	-	-	-	(11,890)	(31,890)
Balance as at 31 December 2025	7,361,559	10,621	-	-	181,984	189,114	-	-	22,202	-	79,907	350	387,650	8,233,387

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

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Cash Flows for the year ended 31 December 2025

	<u>Notes</u>	<u>2025</u>	<u>2024</u>
		\$	\$
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Surplus for the year		642,743	758,651
Adjustments for:			
Amortisation on intangible assets	5	167,687	164,560
Depreciation on property, plant and equipment	6	350,030	197,211
Depreciation on right of use assets	7	956,816	833,241
Interest expense on lease liabilities		79,120	28,745
Changes in fair value of financial assets at fair value through profit or loss	8	(1,366)	(54,725)
Loss on disposal of property, plant and equipment		-	15,134
Amortisation of deferred capital grants	14	(450,606)	(226,375)
Interest income		(83,475)	(122,627)
Operating surplus before working capital changes		1,660,949	1,593,815
Increase in receivables		(708,731)	(693,207)
Increase in payables		243,431	441,178
Decrease in deferred income		194,565	(62,982)
Net cash from operating activities		1,390,214	1,278,804
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Interest received		83,475	122,627
(Increase)/decrease in fixed deposits with maturity over 3 months		(53,120)	885,483
Purchase of intangible assets	5	(55,887)	(60,019)
Purchase of property, plant and equipment	6	(384,869)	(908,100)
Purchase of financial asset at fair value through profit or loss		(200,000)	(800,000)
Proceeds from redemption financial asset at fair value through profit or loss		2,111,979	-
Net cash generated from/(used in) investing activities		1,501,578	(760,009)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Grants received as deferred capital grants	14	400,014	13,372
Repayment of lease liabilities	13	(971,100)	(821,945)
Payment of interest on lease liabilities	13	(79,120)	(28,745)
Net cash used in financing activities		(650,206)	(837,318)
Net decrease in cash and cash equivalents		2,241,586	(318,523)
Cash and cash equivalents at beginning of the year		2,211,684	2,530,207
Cash and cash equivalents at end of the year	17	4,453,270	2,211,684

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 2025

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 as a charity registered under the Charities Act 1994. Its registered office is located at No. 1 Lorong 23 Geylang, Singapore 388352.

The Association is a charity registered under the Charities Act 1994. The Association is also an Institution of a Public Character ("IPC") under the Ministry of Social and Family Development. The IPC status is valid for the period from 1 November 2025 to 31 August 2028.

The principal activities of the Association are to operate a halfway house and transitional living programme to rehabilitate male ex-offenders, operate a residential treatment centre for teenage girls who have survived trauma, operate a culinary training centre for the Association's service-users and other vulnerable individuals, and provide community-based services for single-parent families and other vulnerable individuals.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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 1994, Societies Act 1966 and Singapore Financial Reporting Standards ("FRSs"), including related Interpretations promulgated by the Accounting Standards Committee, as required by the Societies Act 1966.

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 result in any substantial changes to the Association's accounting policies and have no material effect on the financial performance or position of the Association.

2.2 Critical 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Critical 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 5 and 6 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. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.2 Critical 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 Board plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

The Board 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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2. MATERIAL ACCOUNTING POLICY INFORMATION (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 and Designated 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. MATERIAL ACCOUNTING POLICY INFORMATION (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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2. MATERIAL ACCOUNTING POLICY INFORMATION (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 or duration of the licence 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 years
Renovation	3 years

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

Work-in-progress is not depreciated until it is ready for 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.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (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 and through profit or loss.

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*

(i) Financial assets at amortised cost

The Association's financial assets, comprising mainly receivables and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these are 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.

(ii) Financial assets at fair value through profit or loss (FVPL)

The Association's quoted securities are classified as financial asset at FVPL and will continue to be carried at fair value subsequent to initial recognition. Gains and losses arising from the changes in fair values of these financial assets are recognised in the profit or loss in the period in which they arise.

Regular way of purchases and sales of investments are recognised on trade-date, that is, the date on which the Association commits to purchase or sell the asset. Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of consideration received is recognised in profit or loss.

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.

HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

2.10 Financial Assets (continued)

D. *Impairment of Financial Assets (continued)*

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.

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.

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2. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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.

3. FUND-RAISING ACTIVITIES

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

	<u>2025</u>	<u>2024</u>
	\$	\$
Income relating to unrestricted funds	911,150	1,341,547
Income relating to restricted funds	130,896	-
	<u>1,042,046</u>	<u>1,341,547</u>
Tax deductible donations from fund raising activities	<u>699,259</u>	<u>468,529</u>
Fund-raising expenses	<u>74,485</u>	<u>178,719</u>

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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4. EMPLOYEE BENEFITS EXPENSE

	<u>2025</u>	<u>2024</u>
	\$	\$
<i>Employee benefits expenses relating to unrestricted funds</i>		
<u>Cost of Generating Funds</u>		
Salaries	1,487,541	1,118,451
Bonus	415,541	267,640
Employer's contributions to Central Provident Fund	251,366	154,216
Other benefits	69,877	27,084
Corporate support services allocated to Charitable Activities and Programs Costs	(1,216,109)	-
(i)	1,008,216	1,567,391
<u>Charitable Activities and Programs Costs</u>		
Salaries	936	80,233
Bonus	-	79,451
Employer's contributions to Central Provident Fund	-	45,924
Other benefits	3,835	8,654
(ii)	4,771	214,262
<i>Employee benefits expenses relating to restricted funds</i>		
<u>Charitable Activities and Programs Costs (note 12)</u>		
Salaries	2,955,710	2,133,075
Bonus	704,456	475,221
Employer's contributions to Central Provident Fund	482,600	302,265
Other benefits	163,714	173,566
Corporate support services allocated from Cost of Generating Funds	1,216,109	-
(iii)	5,522,589	3,084,127
Total (i + ii + iii)	6,535,576	4,865,780

The above employee benefits expense includes key management personnel compensation as disclosed in note 20 to the financial statements.

Corporate support costs represent the apportionment of manpower costs from support functions to programme and fundraising activities, based on their respective proportions of total approved expenses as management's best estimate for shared services consumed.

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5. INTANGIBLE ASSETS

	Computer software licences \$
<u>Cost</u>	
At 1 January 2024	648,332
Additions	60,019
Written off	<u>(51,467)</u>
At 31 December 2024	656,884
Additions	<u>55,887</u>
At 31 December 2025	<u>712,771</u>
<u>Accumulated amortisation</u>	
At 1 January 2024	258,534
Charged to cost of generating funds	7,119
Charged to charitable activities and programs costs	
- unrestricted fund	156,745
- restricted fund (note 12)	696
Written off	<u>164,560</u> <u>(51,467)</u>
At 31 December 2024	371,627
Charged to cost of generating funds	4,776
Charged to charitable activities and programs costs	
- unrestricted fund	162,911
At 31 December 2025	<u>167,687</u> <u>539,314</u>
<u>Net carrying amount</u>	
At 31 December 2025	<u>173,457</u>
At 31 December 2024	<u>285,257</u>

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

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6. PROPERTY, PLANT AND EQUIPMENT

<u>Cost</u>	<u>Furniture and fitting, equipment, computers and electrical appliances</u>	<u>Renovation</u>	<u>Work-in Progress</u>	<u>Total</u>
	\$	\$	\$	\$
At 1 January 2024	905,368	1,639,681	-	2,545,049
Additions	397,839	510,261	-	908,100
Disposals/written off	(125,241)	(283,946)	-	(409,187)
Reclassifications	13,359	(13,359)	-	-
At 31 December 2024	1,191,325	1,852,637	-	3,043,962
Additions	86,548	120,272	178,049	384,869
Disposals/written off	(44,380)	(25,393)	-	(69,773)
At 31 December 2025	<u>1,233,493</u>	<u>1,947,516</u>	<u>178,049</u>	<u>3,359,058</u>
<u>Accumulated Depreciation</u>				
At 1 January 2024	822,696	1,538,870	-	2,361,566
Charged to cost of generating funds	6,390	12,584	-	18,974
Charged to charitable activities and programs costs				
- unrestricted funds	16,794	39,798	-	56,592
- restricted funds (note 12)	83,620	38,025	-	121,645
Charge for the year	106,804	90,407	-	197,211
Disposals/written off	(116,068)	(277,985)	-	(394,053)
At 31 December 2024	813,432	1,351,292	-	2,164,724
Charged to cost of generating funds	35,583	22,147	-	57,730
Charged to charitable activities and programs costs				
- unrestricted funds	141,761	150,050	-	291,811
- restricted funds (note 12)	6,635	(6,146)	-	489
Charge for the year	183,979	166,051	-	350,030
Disposals/written off	(44,380)	(25,393)	-	(69,773)
Reclassification	(16,056)	16,056	-	-
At 31 December 2025	<u>936,975</u>	<u>1,508,006</u>	<u>-</u>	<u>2,444,981</u>
<u>Net Book Value</u>				
At 31 December 2025	<u>296,518</u>	<u>439,510</u>	<u>178,049</u>	<u>914,077</u>
At 31 December 2024	<u>377,893</u>	<u>501,345</u>	<u>-</u>	<u>879,238</u>

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7. RIGHT OF USE ASSETS

	<u>Operating Premises</u>
<u>Cost</u>	\$
At 1 January 2024	2,224,288
Additions	297,117
Written off	<u>(109,048)</u>
At 31 December 2024	2,412,357
Additions	2,639,939
Written off	<u>(2,412,357)</u>
At 31 December 2025	<u>2,639,939</u>
 <u>Accumulated depreciation</u>	
At 1 January 2024	1,393,624
Depreciation for the year	
Charged to cost of generating funds	525,354
Charged to charitable activities and programs costs	
- unrestricted funds	47,631
- restricted funds (note 12)	260,256
	833,241
Written off	<u>(107,861)</u>
At 31 December 2024	2,119,004
Depreciation for the year	
Charged to cost of generating funds	551,111
Charged to charitable activities and programs costs	
- unrestricted funds	9,261
- restricted funds (note 12)	396,444
	956,816
Written off	<u>(2,410,884)</u>
At 31 December 2025	<u>664,936</u>
 <u>Net Book Value</u>	
At 31 December 2025	<u>1,975,003</u>
At 31 December 2024	<u>293,353</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>2025</u>	<u>2024</u>
	\$	\$
Unit Trust		
Balance as at 1 January	2,111,979	1,257,254
Additions during the year	200,000	800,000
Redemption during the year	(2,111,979)	-
Changes in fair value for the year	<u>1,366</u>	<u>54,725</u>
Balance as at 31 December	<u>201,366</u>	<u>2,111,979</u>

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9. TRADE AND OTHER RECEIVABLES

	<u>2025</u>	<u>2024</u>
	\$	\$
Trade receivables	50,924	3,600
Non-trade receivables	152,520	310,498
Accrued income	86,871	20,749
Grants receivables	1,442,477	711,533
Deposits	254,464	243,432
Prepayments	51,331	25,535
Interest receivables on fixed deposits	22,536	37,045
	<u>2,061,123</u>	<u>1,352,392</u>

Trade receivables are non-interest bearing and are generally on 30 day's (2024: 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

	<u>2025</u>	<u>2024</u>
	\$	\$
Fixed deposits with maturity		
- within 3 months	1,000,000	-
- between 4 and 24 months (note 17)	2,858,120	2,805,000
	<u>3,858,120</u>	<u>2,805,000</u>

Fixed deposits have original maturity terms between 3 and 12 months (2024: 12 and 24 months) and earn interest at rates ranging from 1.10% to 2.50% (2024: 2.50% to 3.32%) per annum.

In the prior year, the Association regarded all fixed deposits as current assets, notwithstanding that one deposit had maturity period of more than 12 months from the balance sheet date, in view of its highly liquid nature.

11. TRAINING KITCHEN FUND

	<u>2025</u>	<u>2024</u>
	\$	\$
Balance as at 1 January	57,032	57,032
Movements during the year		
Funds designated	-	-
Less: Funds utilised		
Materials for culinary class and other costs	46,411	-
	<u>46,411</u>	<u>-</u>
Balance as at 31 December	<u>10,621</u>	<u>57,032</u>

The Training Kitchen fund is designated to support the cost of culinary courses and the renovation of HCSA Academy Culinary Training Centre.

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12. RESTRICTED FUNDS

	DS TGH FUND	DS SGC fund	GILEAD SCIENCE FUND	HKL FUND	Other HWH FUND	HWH-HSM FUND	NCSS TSS FUND	SILVER VOLUNTEER FUND	SPIN FUND	YELLOW RIBBON ENABLING FUND	OTHER RESTRICTED FUNDS	TOTAL
Notes	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(note 12A)	
	\$		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2024	35,496	-	210,822	181,743	-	-	-	21,008	-	3,050	210,177	662,296
Movements during the year												
Funds received/receivable	34,984	-	-	160,000	799,943	-	-	17,281	356,793	4,000	302,571	1,675,572
MSF subvention												
- per capita grant	1,476,972	341,137	-	-	-	-	-	-	-	-	-	1,818,109
- rental	127,636	29,276	-	-	-	-	-	-	-	-	-	156,912
Funds received reclassified to deferred grant income	-	-	-	-	-	-	-	-	-	-	(13,149)	(13,149)
	1,639,592	370,413	-	160,000	799,943	-	-	17,281	356,793	4,000	289,422	3,637,444
Funds utilised												
Amortisation of intangible asset	-	-	-	-	(696)	-	-	-	-	-	-	(696)
Bonus	(218,054)	(272)	-	-	(142,454)	-	-	-	(114,441)	-	-	(475,221)
Depreciation on property, plant and equipment	(87,972)	-	-	-	(28,627)	-	-	-	(5,046)	-	-	(121,645)
Depreciation on right-of-use assets	(67,448)	(54,893)	-	-	(121,564)	-	-	-	(16,351)	-	-	(280,256)
Employer's contributions to Central Provident Fund	(140,457)	(23,568)	-	-	(74,940)	-	-	-	(63,300)	-	-	(302,265)
Interest expenses on lease liabilities	(3,984)	(3,242)	-	-	(3,680)	-	-	-	(495)	-	-	(11,401)
Loss on disposal of property, plant and equipment	(15,134)	-	-	-	-	-	-	-	-	-	-	(15,134)
Rental – short-term lease	(92,623)	-	-	-	-	-	-	-	-	-	-	(92,623)
Repair and maintenance	(70,727)	(25,299)	-	-	(23,960)	-	-	(64)	(8,650)	-	-	(128,710)
Salaries	(916,315)	(186,698)	(30,300)	(42,290)	(451,648)	-	-	(14,541)	(314,722)	-	(174,561)	(2,133,075)
Staff benefits	(76,196)	(36,822)	(22,446)	-	(20,138)	-	-	-	(11,616)	-	(6,348)	(173,596)
Other costs	(217,591)	(38,217)	(47,612)	(62,961)	(157,776)	-	-	(2,676)	(36,858)	(6,600)	(65,622)	(635,913)
	(1,908,501)	(369,011)	(100,356)	(105,251)	(1,025,483)	-	-	(17,281)	(571,489)	(6,600)	(246,531)	(4,350,505)
(Deficit)/surplus	(268,909)	1,402	(100,358)	54,749	(225,540)	-	-	(214,696)	(214,696)	(2,600)	42,891	(713,061)
Transfer from/(to) general fund	233,413	-	-	-	225,540	-	-	(21,008)	214,696	-	-	852,641
Balance as at 31 December 2024	-	1,402	110,464	236,492	-	-	-	-	-	450	253,068	601,876
Movements during the year												
Funds received/receivable	170,854	37,937	135,000	152,500	47,481	1,002,771	214,344	43,996	226,348	4,000	822,056	2,857,287
ComChest grant funding	-	-	-	-	-	-	-	-	584,620	-	-	584,620
NCSS training grant	-	-	-	-	-	-	-	-	15,500	-	-	15,500
MSF subvention												
- per capita grant	1,945,491	1,047,512	-	-	-	-	-	-	-	-	-	2,993,003
- rental	143,774	117,471	-	-	-	148,475	-	-	-	-	-	409,720
Funds received reclassified to deferred capital grant	-	-	-	-	-	-	(36,000)	-	-	-	(364,014)	(400,014)
	2,260,119	1,202,920	135,000	152,500	47,481	1,151,246	178,344	43,996	826,468	4,000	458,042	6,460,116
Funds utilised												
Bonus	(243,993)	(211,167)	-	-	-	(162,163)	-	-	(87,133)	-	-	(704,456)
Corporate service support	(453,022)	(281,240)	-	-	-	(311,818)	-	-	(170,029)	-	-	(1,216,109)
Depreciation on property, plant and equipment	3,145	-	-	(333)	-	(878)	-	-	(1,938)	-	(485)	(489)
Depreciation on right-of-use assets	(135,137)	(110,567)	-	-	-	(134,400)	-	-	(16,340)	-	-	(396,444)
Employer's contributions to Central Provident Fund	(166,902)	(131,480)	-	-	-	(98,286)	(21,728)	-	(64,204)	-	-	(482,600)
Interest expenses on lease liabilities	(4,842)	(3,962)	-	-	-	(13,290)	-	-	(1,616)	-	-	(23,710)
Repair and maintenance	(120,623)	(99,365)	(39)	-	-	(21,310)	-	-	(12,216)	-	(2,096)	(255,649)
Salaries	(965,957)	(604,002)	-	(30,000)	-	(555,265)	(134,414)	(41,005)	(302,874)	-	(122,193)	(2,955,710)
Staff benefits	(56,288)	(53,393)	(25,599)	(1,000)	-	(20,537)	-	(400)	(5,809)	-	(688)	(183,714)
Other costs	(253,122)	(146,734)	(37,842)	(168,545)	(63,308)	(116,501)	-	(2,591)	(84,402)	(4,100)	(189,232)	(1,066,377)
	(2,396,741)	(1,841,910)	(63,480)	(199,878)	(63,308)	(1,434,448)	(156,142)	(43,996)	(746,561)	(4,100)	(314,694)	(7,265,258)
(Deficit)/surplus	(136,622)	(538,990)	71,520	(47,376)	(15,827)	(283,202)	22,202	(43,996)	79,907	(100)	143,348	(805,142)
Transfer to deferred capital grant	-	-	-	-	-	-	-	-	-	-	(11,890)	(11,890)
Transfer from/(to) general fund	136,622	637,588	-	-	15,827	283,202	-	-	-	-	3,124	1,076,363
Balance as at 31 December 2025	-	-	181,984	189,114	-	-	22,202	-	79,907	350	387,650	861,207

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12. RESTRICTED FUNDS (continued)

12A. OTHER RESTRICTED FUNDS

	ALLEN OVERY STEPUP FUND	HP ACRONIS ITLAB FUND	ISHK TOLALAM WELLNESS FUND	MAJORITY TRUST TRAMPOLINE FUND	HWH PC STEP UP FUND	HWH PC AIMS FUND	SG ECO FUND	NCSS TECH BOOSTER FUND	PC EMPOWERING FOR LIFE FUND	NCSS CTT DPE FUND	F&E FUND	OWENA FUND	TOTAL OTHER RESTRICTED FUNDS
	(k)	(l)	(m)	(n)	(o)	(p)	(q)	(r)	(s)	(t)	(u)	(v)	(note 12)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 1 January 2024	159,546	8,010	13,630	16,000	-	-	-	12,991	-	-	-	-	210,177
Movements during the year													
Funds received/receivable	83,131	-	-	4,000	-	-	-	-	174,561	40,879	-	-	302,571
Reclassify to deferred grant income	-	-	-	-	-	-	-	-	-	(13,149)	-	-	(13,149)
	83,131	-	-	4,000	-	-	-	-	174,561	27,730	-	-	289,422
Funds utilised													
Salaries	-	-	-	-	-	-	-	-	(174,561)	-	-	-	(174,561)
Staff benefits	(981)	-	(5,367)	-	-	-	-	-	-	-	-	-	(6,348)
Other costs	(9,216)	(8,010)	(4,666)	(16,000)	-	-	-	-	-	(27,730)	-	-	(65,622)
	(10,197)	(8,010)	(10,033)	(16,000)	-	-	-	-	(174,561)	27,730	-	-	(246,531)
Surplus/(deficit)	72,934	(8,010)	(10,033)	(12,000)	-	-	-	-	-	-	-	-	42,891
Balance as at 31 December 2024	232,480	-	3,597	4,000	-	-	-	12,991	-	-	-	-	253,068
Movements during the year													
Funds received/receivable	-	-	-	-	90,000	63,000	145,434	-	122,193	-	364,014	37,415	822,056
Funds received reclassified to deferred capital grant	-	-	-	-	-	-	-	-	-	-	(364,014)	-	(364,014)
	-	-	-	-	90,000	63,000	145,434	-	122,193	-	-	37,415	458,042
Funds utilised													
Depreciation on property, plant and equipment	-	-	-	-	-	(80)	(405)	-	-	-	-	-	(485)
Repair and maintenance	-	-	-	-	-	(516)	(1,580)	-	-	-	-	-	(2,096)
Salaries	-	-	-	-	-	-	-	-	(122,193)	-	-	-	(122,193)
Staff benefits	(688)	-	-	-	-	-	-	-	-	-	-	-	(688)
Other costs	(5,848)	-	-	-	(4,902)	(9,472)	(146,573)	-	-	-	-	(22,437)	(189,232)
	(6,536)	-	-	-	(4,902)	(10,068)	(148,558)	-	(122,193)	-	-	(22,437)	(314,694)
Surplus/(deficit)	(6,536)	-	-	-	85,098	52,932	(3,124)	-	-	-	-	14,978	143,348
Transfer to deferred capital grant	-	-	-	-	-	-	-	(11,890)	-	-	-	-	(11,890)
Transfer from/(to) general fund	-	-	-	-	-	-	3,124	-	-	-	-	-	3,124
Balance as at 31 December 2025	225,944	-	3,597	4,000	85,098	52,932	-	1,101	-	-	-	14,978	387,650

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12. RESTRICTED FUND (continued)

- (a) DS TGH fund is a restricted fund provided by the Ministry of Social and Family Development in support of the approved costs of operating the Therapeutic Group Home Programme. The deficit of DS TGH fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by the general fund.
- (b) DS SGC fund is a restricted fund funded by Ministry of Social and Family Development in support of the approved costs of operating the Children's Home Tier 2 Programme. The programme provides appropriate levels of care for Children and Young Persons with higher needs and who therefore require small group care for a limited period of time (within 12-18 months).
- (c) Gilead Science Grant is a restricted fund set up to provide financial support for Highpoint Halfway House Hepatitis C – Educate, Test and Treat Project.
- (d) 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.
- (e) Other HWH fund is a restricted fund funded by Yellow Ribbon Singapore for the operation of the approved HCSA Shelter Programme. The deficit of HWH fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund. There are other HWH initiatives all funded by YRSG included in this fund. These include (i) HWH Resident Aftercare Support Programme, (ii) HWH-WISDOM, (iii) HWH-GIFT Initiative, (iv) HWH-Project HIRE, (v) HWH-Connect Families, (vi) HWH-AIM for Good Health, (vii) HWH-STEER Initiative.
- (f) HWH-HSM (Halfway House Service Model) fund is a restricted fund funded by Singapore Prison Service (SPS) for the operation of a residential facility for residents referred by SPS. The deficit of HWH-HSM fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund.
- (g) NCSS TSS Fund is a restricted fund established to support HCSA in initiatives to foster innovative approaches to enhance service delivery. This fund supports the costs of implementing a new Finance System and headcount costs to enhance and implement HCSA's Digital Strategy Plan and to partner with NCSS Centre of Evidence in impact measurement
- (h) The Silver Volunteer fund is a restricted fund in support of the programmes approved by the Council for Third Age/Agency for Integrated Care. Upon confirmation and approval of the claimed amounts by the fund provider, expenditure previously absorbed by the general fund was transferred back accordingly.
- (i) SPIN fund is a restricted fund set up for the approved programme, Single Parents: Informed, Involved, Included (SPIN). The deficit of SPIN fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund. The "Funds received/receivable", \$226,348 includes donations of \$141,854, Majority Trust Grant of \$75,000, wage credits from Government of \$5,009, Honorarium of \$4,100 and expense reimbursement from sponsors of \$385.
- (j) Yellow Ribbon Enabling 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.
- (k) 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.

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12. RESTRICTED FUND (continued)

- (l) HP Acronis ITLab fund is a restricted fund funded by Yellow Ribbon Singapore to assist ex-offenders to understand their personal capability and capacity, aiding in their job match and assisting them in developing work ethics through an enhanced employment and employability framework.
- (m) Ishk Tolalam Wellness Fund is a restricted fund designated for wellness and selfcare for Dayspring RTC staff (counselling and self-care) and Highpoint staff (self-care).
- (n) Majurity Trust Trampoline Fund is a restricted fund set up to deliver academic support programmes to young girls in HCSA DRTC who experience abuse to continue schooling and children of single-parents and provide stipends for job training for ex-offenders through the HCSA Academy.
- (o) President's Challenges (PC) Step Up provides funding to provide aftercare support for ex-offenders and trauma survivors to reintegrate into community by facilitating community stakeholders to journey alongside them.
- (p) President's Challenges (PC) AIMS seeks to provides suite of holistic aftercare support for AIMS ex-offenders in community, through Highpoint AIMS expanded aftercare initiative – PATHS.
- (q) SG ECO Fund (Grant) is a restricted fund set up to support project that advance environmental sustainability and involve the community.
- (r) NCCS 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.
- (s) The President's Challenge (PC) – Empowering for life fund is funded by PC fund for the operation of the HCSA Academy Culinary Training Centre.
- (t) The NCCS CTT DPE fund is a grant in support of the Association's cyber security and data protection consultancy.
- (u) The F&E fund is a restricted fund provided by the Ministry of Social and Family Development (MSF) for the purchase of furniture and equipment at 69 Wan Tho Avenue, Singapore 347601, to support the Agency's operation of the Pilot Small Group Care Services for older girls and the Therapeutic Group Home Service.
- (v) Owena Fund is a restricted donation from Mustard Seed Foundation through ComChest to provide financial support for alumni from Dayspring.

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13. LEASE LIABILITIES

	<u>2025</u>		<u>2024</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	1,060,833	992,979	343,182	339,436
- after 1 year but not later than 5 years	<u>1,037,050</u>	<u>1,013,823</u>	<u>-</u>	<u>-</u>
	2,097,883	2,006,802	343,182	339,436
Less: Amounts representing interest	<u>91,081</u>	<u>-</u>	<u>3,746</u>	<u>-</u>
	<u><u>2,006,802</u></u>	<u><u>2,006,802</u></u>	<u><u>339,436</u></u>	<u><u>339,436</u></u>

The Association leases operating premises with lease periods of 1.75 to 3 years (2024: 1.5 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 4.63% (2024: 4.63%) 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>2025</u>	<u>2024</u>
	\$	\$
Lease liabilities as at 1 January	339,436	865,451
Additional lease liabilities during the year	2,639,939	297,117
Effect of lease modification	<u>(1,473)</u>	<u>(1,187)</u>
	2,977,902	1,161,381
<u>Non-cash movement</u>		
Accretion of interest	79,120	28,745
<u>Cash movements</u>		
Less:		
Payments of lease liabilities during the year		
- Principal portion	971,100	821,945
- Interest	79,120	28,745
	<u>1,050,220</u>	<u>850,690</u>
Lease liabilities as at 31 December	<u><u>2,006,802</u></u>	<u><u>339,436</u></u>

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14. DEFERRED CAPITAL GRANTS

	<u>Intangible assets</u>	<u>Furniture and fittings, equipment and computers</u>	<u>Total</u>
	\$	\$	\$
<u>Gross carrying value</u>			
At 1 January 2024	743,707	60,916	804,623
Additions	13,372	-	13,372
At 31 December 2024	757,079	60,916	817,995
Additions	47,891	384,013	431,904
Written off	(119,910)	(60,916)	(180,826)
At 31 December 2025	685,060	384,013	1,069,073
<u>Less: Accumulated amortisation</u>			
At 1 January 2024	90,084	49,404	139,488
Amortisation for the year	214,863	11,512	226,375
At 31 December 2024	304,947	60,916	365,863
Amortisation for the year	304,341	146,265	450,606
Written off	(119,910)	(60,916)	(180,826)
At 31 December 2025	489,378	146,265	635,643
<u>Net carrying value</u>			
At 31 December 2025	195,682	237,748	433,430
At 31 December 2024	452,132	-	452,132
		<u>2025</u>	<u>2024</u>
		\$	\$
<u>Classification:</u>			
- Current		121,152	265,053
- Non-current		312,278	187,079
		433,430	452,132
<u>Additional deferred capital grants comprise:</u>			
- Grants received		400,014	13,372
- Donations received		20,000	-
- Utilisation of restricted fund		11,890	-
		431,904	13,372

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15. DEFERRED INCOME

	<u>2025</u>	<u>2024</u>
	\$	\$
Deferred income	<u>248,855</u>	<u>54,290</u>

Deferred income comprises grants and donations received in advance that are designated for capital expenditure and programme activities to be incurred in the subsequent financial year. Grants which are used to fund the costs of programs relating to the subsequent years are deferred and will be utilised as income over the periods necessary to match them with the related costs which they are intended to compensate.

16. OTHER PAYABLES

	<u>2025</u>	<u>2024</u>
	\$	\$
Accruals	1,157,270	1,003,925
Deposits received	330,400	284,446
Goods and services tax payable	19,624	-
Provision for unutilised leave	93,383	65,040
Sundry payables	<u>113,265</u>	<u>117,100</u>
	<u>1,713,942</u>	<u>1,470,511</u>

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

17. 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.

	<u>2025</u>	<u>2024</u>
	\$	\$
Fixed deposit with banks	3,858,120	2,805,000
Cash and bank balances	<u>3,453,270</u>	<u>2,211,684</u>
	7,311,390	5,016,684
Less: Fixed deposits with maturities over 3 months (note 10)	<u>2,858,120</u>	<u>2,805,000</u>
	<u>4,453,270</u>	<u>2,211,684</u>

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18. 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.

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to \$1,248,266 (2024: \$1,256,695). This includes a donation of \$40,000, which was accounted for as deferred income given that they are donations for specific capital expenditure not incurred as at financial year-end.

19. COMMITMENTS

Capital Commitment

As at 31 December 2025, the Association has capital commitment amounting to \$490,044 (2024: \$18,282) in respect of contracted expenditure for intangible assets which have not been provided for in the financial statements.

Lease Commitment

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>2025</u>	<u>2024</u>
	\$	\$
Receivable within 1 year	1,079,000	279,146
Receivable after 1 year but not later than 5 years	<u>233,000</u>	<u>221,000</u>
	<u>1,312,000</u>	<u>500,146</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.

20. RELATED PARTIES

The Association is governed by the Board. The key management personnel, comprising 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 the Board members and staff in management positions to declare actual or potential conflicts of interests to the Board, and to abstain from voting or participating in decision making where such conflicts arise.

Key management personnel compensation

	<u>2025</u>	<u>2024</u>
	\$	\$
Short-term employee benefits:		
Salaries and related costs	1,304,832	1,045,970
Employer's contribution to Central Provident Fund	<u>159,601</u>	<u>128,759</u>
	<u>1,464,433</u>	<u>1,174,729</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>2025</u>	<u>2024</u>
Annual remuneration		
\$100,001 to \$200,000	2	3
\$200,001 to \$300,000	<u>1</u>	<u>-</u>

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21. RELATED PARTIES (continued)

The members of the Board are volunteers and do not receive any monetary remuneration for their service.

No paid staff who is a close family member of the Board and key management personnel received annual remuneration exceeding \$50,000 in 2025 (2024: nil).

22. 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:

22.1 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.

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.

Recognition of expected credit losses (ECLs)

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 ECLs on the Association's receivables as at the balance sheet date.

22.2 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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22. FINANCIAL RISKS MANAGEMENT (continued)

22.2 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.

	<u>Within 1 year</u>	<u>After 1 year but not later than 5 years</u>	<u>Total</u>
	\$	\$	\$
<u>2025</u>			
Lease liabilities	1,060,833	1,037,050	2,097,883
Other payables	<u>1,600,935</u>	<u>-</u>	<u>1,600,935</u>
	<u>2,661,768</u>	<u>1,037,050</u>	<u>3,698,818</u>
<u>2024</u>			
Lease liabilities	343,182	-	343,182
Other payables	<u>1,405,471</u>	<u>-</u>	<u>1,405,471</u>
	<u>1,748,653</u>	<u>-</u>	<u>1,748,653</u>

22.3 Market price risk

At the balance sheet date, the Association held unit trust as financial asset at fair value through profit or loss.

Sensitivity analysis

A 10% increase in the underlying unit trust prices at the reporting date would increase equity and profit by \$20,137 (2024: 211,198) as a result of higher fair value gains on the basis that all other variables remain constant.

A 10% decrease in the underlying unit trust prices would have had the equal but opposite effects on equity and profit, on the basis that all other variables remain constant.

The Association is exposed to the risk of impairment in the value of investments held. The Association manages the risk of impairment by evaluating investment opportunities, continuously monitoring the performance of investments held and assessing market risk relevant to which the investments operate.

22.4 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.

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23. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair values of financial instruments which are carried at fair value are classified based on a three-level fair value measurement hierarchy defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - valuation techniques using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of the Association's financial assets at fair value through profit or loss is based on unit trust market price as at balance sheet date and is classified under level 2 of the fair value hierarchy.

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.

There were no assets or liabilities transferred between Level 1 and Level 2 or transfers into or out of Level 3. The Association's policy is to recognise transfers (if any) between levels of fair value hierarchy at the end of the reporting period during which they occur.

24. FINANCIAL INSTRUMENTS BY CATEGORY

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

	<u>2025</u>	<u>2024</u>
	\$	\$
Financial assets at FVPL	201,366	2,111,979
Financial assets at amortised cost	9,321,182	6,343,541
Financial liabilities at amortised cost	3,607,737	1,744,907

25. RESERVE POLICY

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

The Board of the Association will review its reserve requirement annually.

Designated and restricted funds disclosed in notes 12 and notes 12A 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.

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26. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2025 were authorised for issue by the HCSA Community Services Board on 11 May 2026.

