MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED

[UEN. 200201965D]

[A company limited by guarantee and not having share capital]
[Incorporated in the Republic of Singapore]

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

CONTENTS

Fiducia LLP
(UEN. T10LL0955L)
Public Accountants and
Chartered Accountants of Singapore

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DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited financial statements of Make-A-Wish Foundation (Singapore) Limited (the "Foundation") for the financial year ended 31 December 2019.

In the opinion of the directors,

a) the financial statements of the Foundation are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2019 and the financial performance, changes in funds and cash flows of the Foundation for the financial year then ended; and

b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

Directors

The directors of the Foundation in office at the date of this statement are as follows:

Chang Weilong Ivan
Ling Bingyuan, Jeremy
Paul Vinod D Souza
Claire Tan Lee Fang
Rajendra Nandakumar Pai
Tay Weng Boon Gillian
Hesh Sean S
Ong Kok Yeong David

Arrangements to enable directors to acquire shares and/or debentures

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose object was to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

Other matters

As the Foundation is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditor

The independent auditor, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the directors,

Paul Vinod D Souza Director	Ong Kok Yeong David Director

Singapore, 13 JUL 2020

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Public Accountants and Chartered Accountants of Singapore

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Independent auditor's report to the members of:

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[UEN. 200201965D]

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED** (the "Foundation"), which comprise the statement of financial position as at 31 December 2019, and the statement of financial activities, statement of changes in funds and statement of cash flows 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 Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Foundation as at 31 December 2019 and of the financial performance, changes in the funds and cash flows of the Foundation for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

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

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(CONT'D)

Independent auditor's report to the members of:

MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED
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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance comprises the directors. Their responsibilities include overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent auditor's report to the members of:

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation'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 Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

a) the Foundation has not used the donation moneys in accordance with the objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

b) the Foundation has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Fiducia LLP

Fiducia LLP
Public Accountants and
Chartered Accountants
Singapore, 13 JUL 2020

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

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED DECEMBER 2019

		2019			2018		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
	Note	General fund	Care and Share fund		General fund	Care and Share fund	
INCOME		S$	S$	S$	S$	S$	S$
Income from generating funds							
Voluntary income							
Donations in cash		462,472	0	462,472	559,203	0	559,203
Donations in kind		292,603	0	292,603	143,846	0	143,846
Amortisation of deferred Care and Share Matching Grant for operating expenses	15	0	168,161	168,161	0	160,895	160,895
		755,075	168,161	923,236	703,049	160,895	863,944
Income from fund-raising activities							
Charity Golf		331,768	0	331,768	476,892	0	476,892
Christmas Tree		15,047	0	15,047	66,752	0	66,752
Other fund-raising activities		289,378	0	289,378	381,118	0	381,118
Santa Run and Swish-A-Wish		529,608	0	529,608	547,046	0	547,046
YMCA Youth For Causes		30,312	0	30,312	23,276	0	23,276
		1,196,113	0	1,196,113	1,495,084	0	1,495,084
Investment income							
Interest income		28,505	0	28,505	19,648	0	19,648
Gain on disposal of financial assets, at FVPL		28,591	0	28,591	0	0	0
Fair value adjustment on financial assets, at FVTPL		0	0	0	(14,478)	0	(14,478)
		57,096	0	57,096	5,170	0	5,170
Other income							
Special Employment Credit		7,276	0	7,276	1,817	0	1,817
Job credit and other subsidies		762	0	762	19,706	0	19,706
Amortisation of deferred Care and Share Matching Grant for capital expenditure	15	0	38,283	38,283	0	59,069	59,069
		8,038	38,283	46,321	21,523	59,069	80,592
TOTAL INCOME		2,016,322	206,444	2,222,766	2,224,826	219,964	2,444,790

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

		2019			2018		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S$	S$	S$	S$	S$	S$
EXPENDITURE							
Cost of generating funds and charitable activities							
Administration fees		0	0	0	3,395	0	3,395
Affiliate fee		22,187	0	22,187	28,443	0	28,443
Amortisation	11	0	10,606	10,606	0	10,341	10,341
Credit card charges		0	0	0	10,911	0	10,911
Conference and meeting		0	1,268	1,268	0	5,888	5,888
Depreciation	10	38,555	0	38,555	31,884	12,695	44,579
General expenses		3,359	0	3,359	0	0	0
General fund-raising expenses		0	0	0	5,914	0	5,914
Insurance		1,628	0	1,628	1,474	0	1,474
Interns & contract staff		1,448	0	1,448	0	0	0
IT support		0	4,287	4,287	0	7,465	7,465
Management and sinking fund		8,810	0	8,810	8,848	0	8,848
Medical fee		586	0	586	305	0	305
Office supplies		238	0	238	0	0	0
Outreach and communication		0	80,802	80,802	0	126,216	126,216
Postage and courier		1,521	0	1,521	537	0	537
Printing and stationery		669	0	669	2,520	0	2,520
Publication		642	0	642	2,633	0	2,633
Repair & Maintenance		336	0	336	0	0	0
Salaries and CPF		354,518	34,931	389,449	331,722	0	331,722
Staff training and development		404	2,254	2,658	0	0	0
Staff welfare		3,827	0	3,827	3,238	0	3,238
Storage rental		1,155	0	1,155	0	0	0
Telecommunication		1,877	0	1,877	2,300	0	2,300
Transportation		3,988	0	3,988	10,958	0	10,958
Utilities		676	0	676	0	0	0
Wish granting and support expenses		783,578	0	783,578	535,651	0	535,651
Wish granters training		0	5,913	5,913	0	1,710	1,710
Wish granters' handbook		0	3,332	3,332	2,900	0	2,900
World Wish day		3,888	0	3,888	8,989	0	8,989
Wish year end party		48,537	0	48,537	22,552	0	22,552
		1,282,427	143,393	1,425,820	1,015,174	164,315	1,179,489

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

		2019			2018		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S$	S$	S$	S$	S$	S$
Fund-raising expenses							
Administration fees		3,234	0	3,234	0	0	0
Affiliate fee		8,875	0	8,875	11,377	0	11,377
Amortisation	11	0	9,427	9,427	0	9,545	9,545
Angbao FR		4,230	0	4,230	0	0	0
Bank charges		526	0	526	432	0	432
Christmas Tree		4,081	0	4,081	4,240	0	4,240
Conference and meeting		0	1,127	1,127	0	0	0
Credit card charges		9,026	0	9,026	0	0	0
Depreciation	10	34,272	0	34,272	29,431	11,720	41,151
Charity Golf		80,135	0	80,135	115,404	0	115,404
General expenses		2,986	0	2,986	0	0	0
General fund-raising expenses		2,305	0	2,305	0	0	0
Insurance		1,447	0	1,447	1,348	0	1,348
Interns & contract staff		1,287	0	1,287	0	0	0
IT support		0	3,810	3,810	0	6,824	6,824
Management and sinking fund		7,831	0	7,831	8,089	0	8,089
Medical fee		521	0	521	278	0	278
Office supplies		212	0	212	0	0	0
Postage and courier		1,352	0	1,352	537	0	537
Printing and stationery		595	0	595	2,519	0	2,519
Publication		571	0	571	2,407	0	2,407
Repair & Maintenance		299	0	299	0	0	0
Salaries and CPF		153,462	15,372	168,834	165,860	0	165,860
Staff welfare		3,402	0	3,402	2,960	0	2,960
Staff training and development		360	2,003	2,363	0	0	0
Santa Run		113,043	0	113,043	147,179	0	147,179
Storage rental		1,027	0	1,027	0	0	0
Telecommunication		1,668	0	1,668	2,102	0	2,102
Transportation		3,545	0	3,545	0	0	0
Utilities		602	0	602	0	0	0
		440,894	31,739	472,633	494,163	28,089	522,252

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

		2019			2018		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S$	S$	S$	S$	S$	S$
EXPENDITURE (CONT'D)							
Governance costs							
Affiliate fee		13,313	0	13,313	17,066	0	17,066
Amortisation	11	0	6,482	6,482	0	6,629	6,629
Audit fee		6,000	0	6,000	6,000	0	6,000
Bank charges		526	0	526	432	0	432
Conference and meeting		0	774	774	0	0	0
Depreciation	10	11,793	11,768	23,561	20,438	8,138	28,576
General expenses		2,053	0	2,053	12,481	0	12,481
Insurance		995	0	995	969	0	969
IT support		0	2,620	2,620	0	4,905	4,905
Interns and contract staff		885	0	885	6,109	0	6,109
Management and sinking fund		5,384	0	5,384	5,814	0	5,814
Medical fee		358	0	358	200	0	200
Office supplies		145	0	145	0	0	0
Postage and courier		930	0	930	1,075	0	1,075
Printing and stationery		408	0	408	5,039	0	5,039
Professional fees		27,194	0	27,194	5,486	0	5,486
Publication		392	0	392	1,730	0	1,730
Repairs and maintenance		205	0	205	2,781	0	2,781
Recruitment expenses		426	0	426	1,055	0	1,055
Salaries and CPF		82,295	8,290	90,585	94,778	0	94,778
Staff training and development		247	1,378	1,625	1,014	7,888	8,902
Staff welfare		2,339	0	2,339	2,128	0	2,128
Storage rental		706	0	706	2,888	0	2,888
Telecommunication		1,147	0	1,147	1,511	0	1,511
Transportation		2,437	0	2,437	0	0	0
Utilities		413	0	413	2,232	0	2,232
		160,591	31,312	191,903	191,226	27,560	218,786
Other resources expended							
Interest expense		21,014	0	21,014	21,631	0	21,631
Interest on lease liabilities		255	0	255	0	0	0
		21,269	0	21,269	21,631	0	21,631
TOTAL EXPENDITURE		1,905,181	206,444	2,111,625	1,722,194	219,964	1,942,158
NET SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR		111,141	0	111,141	502,632	0	502,632

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019 S$	2018 S$
ASSETS			
Current assets			
Cash and cash equivalents	6	311,921	837,769
Fixed deposits	7	2,736,279	1,798,740
Financial assets, at fair value through profit or loss	8	0	498,522
Other receivables	9	99,057	135,039
		3,147,257	3,270,070
Non-current assets			
Property, plant and equipment	10	3,521,297	3,607,032
Intangible asset	11	53,028	79,543
		3,574,325	3,686,575
Total assets		6,721,582	6,956,645
LIABILITIES			
Current liabilities			
Trade and other payables	12	222,797	172,797
Borrowings	13	1,909	37,539
Deferred Care and Share Matching Grant	15	31,388	37,806
		256,094	248,142
Non-current liabilities			
Borrowings	13	4,565	848,695
Care and Share matching Grant	14	597,637	78,177
Deferred Care and Share Matching Grant	15	30,414	59,900
		632,616	986,772
Total liabilities		888,710	1,234,914
NET ASSETS		5,832,872	5,721,731
FUNDS			
Unrestricted fund			
General fund	16	5,832,872	5,721,731

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

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

	Balance at beginning of financial year S$	Net surplus for the year S$	Balance at end of financial year S$
2019			
Unrestricted Fund			
General fund	5,721,731	111,141	5,832,872
Total funds	5,721,731	111,141	5,832,872

	Balance at beginning of financial year S$	Net surplus for the year S$	Balance at end of financial year S$
2018			
Unrestricted Fund			
General fund	5,219,099	502,632	5,721,731
Total funds	5,219,099	502,632	5,721,731

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

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

	Note	2019 S$	2018 S$
Cash flows from operating activities			
Net surplus		111,141	502,632
Adjustments for:			
- Gain on disposal of financial assets, at FVPL	8	(28,591)	0
- Loss on fair value adjustment on financial assets, at FVTPL	8	0	14,478
- Interest income		(28,505)	(19,648)
- Amortisation of intangible asset	11	26,515	26,515
- Depreciation of property, plant and equipment	10	96,388	114,306
- Interest expense		21,014	21,631
- Interest on lease liabilities		255	0
Operating cash flow before working capital changes		198,217	659,914
Changes in operating assets and liabilities:			
- Other receivables		35,982	100,834
- Trade and other payables		533,556	(256,904)
Net cash generated from operating activities		767,755	503,844
Cash flows from investing activities			
Placement of fixed deposits		(937,539)	(262,648)
Proceeds from disposal of quoted investments	8	527,113	0
Purchase of property, plant and equipment	10	(2,380)	(1,509)
Interest received		28,505	19,648
Net cash used in investing activities		(384,301)	(244,509)
Cash flows from financing activities			
Interest paid		(21,014)	(21,631)
Interest paid on lease liabilities		(255)	
Repayment of borrowings		(886,234)	(36,595)
Payment of principal portion of lease liabilities		(1,799)	0
Net cash used in financing activities		(909,302)	(58,226)
Net (decrease)/increase in cash and cash equivalents		(525,848)	201,109
Cash and cash equivalents at beginning of financial year		837,769	636,660
Cash and cash equivalents at end of financial year	6	311,921	837,769

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

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

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

1. General information

The Foundation is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 1 Coleman Street #04-18 The Adelphi Singapore 179803.

The principal activity of the Foundation is to grant the wishes of children with life threatening illnesses.

The Foundation was incorporated on 13 March 2002 as a company limited by guarantee and not having a share capital. The members of the Foundation guarantee to contribute a sum not more than S$100 each to the assets of the Foundation in the event of winding up. The Foundation has 8 (2018: 8) members as at 31 December 2019.

The Foundation was registered as a charity under the Charities Act (Chapter 37) since 08 July 2002. The Foundation has been accorded an Institute of a Public Character ("IPC") status for the period from 1 September 2017 to 29 February 2020 and renewed for a period from 1 March 2020 to 28 February 2023.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard in Singapore ("FRSs") and the provisions of the Companies Act, the Charities Act and Regulations. These financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

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

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

Interpretations and amendments to published standards effective in 2019

In the current financial year, the Foundation has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are relevant and mandatory to its operations and effective on 1 January 2019.

Except for the adoption of FRS 116 Leases as described below, the adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Foundation's accounting policies and had not material effect on the amounts reported for the current or prior financial years.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Interpretations and amendments to published standards effective in 2019 (Cont'd)

(a) Adoption of FRS 116 Leases

Prior to the adoption of FRS116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis.

The Foundation's accounting policy on leases after the adoption of FRS116 is as disclosed in Note 2.6.

On initial application of FRS116, the Foundation has elected to apply the following practical expedients:

(i) For all contracts entered into before 1 January 2019 and that were previously identified as leases under FRS17 Lease and and INT FRS 104 Determining whether an Arrangement contains a Leases, the Foundation has not reassessed if such contracts contain leases under FRS116; and

(ii) On a lease-by-lease basis, the Foundation has:

- applied a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- accounted for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

There were no onerous contracts as at 1 January 2019.

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

(i) The right-of-use assets for the leases were recognised based on an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments. As a result, no adjustment to the opening balance of retained earnings was provided at the date of initial adoption as at 1 January 2019.

(ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 January 2019 using the incremental borrowing rate for each individual lease or, if applicable, the incremental borrowing rate for each portfolio of leases with reasonably similar characteristic.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.1 Interpretations and amendments to published standards effective in 2019 (Cont'd)

(a) Adoption of FRS 116 Leases (Cont'd)

Based on the above, as at 1 January 2019:

- right-of-use assets of S$8,273 were recognised and presented within plant and equipment; and
- lease liabilities of S$8,273 were recognised.

The effects of adoption of FRS116 on the Foundation's financial statements as at 1 January 2019 are as follows:

	1 January 2019 S$ (As previously reported)	FRS 116 adjustments S$	1 January 2019 S$ (As restated)
Statement of financial position			
Non-current assets			
Plant and equipment	3,607,032	8,273	3,615,305
Current liabilities			
Lease liabilities	0	1,799	1,799
Non-current liabilities			
Lease liabilities	0	6,474	6,474

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	S$
Operating lease commitments as at 31 December 2018	8,902
Incremental borrowing rate as at 1 January 2019	3.50%
Lease liabilities as at 1 January 2019	8,273

New or amended Standards and Interpretation not yet effective

The Foundation has not adopted FRS 117 Insurance contracts that has been issued but not yet effective. It is effective for annual periods commencing on 1 January 2021.

Management believes that the adoption of the revised standards will have no material impact on the financial statements in the period of the initial application.

2.2 Income recognition

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

Income is recognised when the Foundation 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.

Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Foundation is allowed by the condition to expend the income. Donations-in-kinds are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Interest income

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

2.2.3 Other income

Other income is recognised when earned.

2.3 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Foundation will comply with all attached conditions. Government grants, relating to cost, are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2.4 Expenses recognition

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

2.4.1 Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Foundation other than those costs incurred in undertaking charitable activities.

2.4.2 Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Foundation. Such cost include the direct costs of the charitable activities of the Foundation together with any support costs incurred that enable these activities to be undertaken.

2. Significant accounting policies (Cont'd)

2.4 Expenses recognition (Cont'd)

2.4.3 Governance costs

Governance costs comprise all costs attributable to the general running of the Foundation in providing the governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and include an apportionment of overhead and support costs.

2.5 Property, plant and equipment

2.5.1 Measurement

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

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

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

2.5.2 Depreciation

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

	Useful life
Leasehold improvements	5 years
Leasehold properties	50 years
Office equipment and furniture	5 years
Right-of-use asset	Over the remaining useful life

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

2.5.3 Subsequent expenditure

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

2.5.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.6 Leases

2.6.1 These accounting policies are applied before the initial application date of FRS 116, 1 January 2019:

(a) As lessee

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight–line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to statement of financial activities.

2.6.2 These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019:

(a) As lessee

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

Right-of-use assets

The Foundation recognises the right-of-use assets based on an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments. 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, and lease payments made at or before the commencement date less any lease incentives received. 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 transfers to the Foundation 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 2.8. The Foundation's right-of-use assets are presented within plant and equipment as disclosed in Note 10.

Lease liabilities

At the commencement date of the lease, the Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Foundation and payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (Cont'd)

2.6 Leases (Cont'd)

2.6.2 These accounting policies are applied on and after the initial application date of FRS 116, 1 January 2019 (Cont'd):

(a) As lessee (Cont'd)

Lease liabilities (Cont'd)

In calculating the present value of lease payments, the Foundation 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.

The Foundation's lease liabilities are disclosed in Note 13.

Short-term leases and leases of low-value assets

The Foundation applies the short-term lease recognition exemption to its short-term leases of equipment (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 office equipment 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.

2.7 Intangible assets

Intangible assets which comprise of software development is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other indirectly attributable costs of preparing the assets for its intended use. Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful live of five years. The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2.8 Impairment of non-financial assets

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

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

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

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

2. Significant accounting policies (Cont'd)

2.8 Impairment of non-financial assets (Cont'd)

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

A reversal of impairment loss for an asset is recognised in profit or loss.

2.9 Financial assets

2.9.1 Classification and measurement

The Foundation classifies its financial assets in the following measurement categories:

- Amortised cost; and
- Fair value through profit or loss (FVPL).

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

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

<u>At initial recognition</u>

At initial recognition, the Foundation measures a financial asset at its fair value plus, in 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 asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the statement of financial activities.

<u>At subsequent measurement</u>

(i) Debt instrument

Debt instruments of the Foundation mainly comprise of cash and cash equivalents, fixed deposits, and other receivables.

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

A gain or loss on a debt investment 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) Equity investments

The Foundation subsequently measures all its equity investments at their fair values. Equity instruments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "investment income".

2. Significant accounting policies (Cont'd)

2.9 Financial assets (Cont'd)

2.9.2 Impairment

The Foundation assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. For cash and cash equivalents, fixed deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2.9.3 Recognition and derecognition

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

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

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

2.10 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions, which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2.11 Financial liabilities

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

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

2.12 Trade and other payables

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2. Significant accounting policies (Cont'd)

2.13 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of financial activities over the period of the borrowings using the effective interest method.

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

2.14 Borrowing cost

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

2.15 Provisions for other liabilities and charges

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

2.16 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.17 Funds

Fund balances are restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Board of Directors. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Board of Directors retains full control over the use of unrestricted funds in furtherance of the Foundation's objects. Care and Share Matching Fund is classified as restricted fund.

2.18 Employee compensation

Defined contribution plans

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

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2.19 Events after the reporting date

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

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3.1 Critical accounting estimates and assumptions

The Foundation is of the opinion that there are no significant judgments made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

3.2 Critical judgements in applying the entity's accounting policies

The critical judgements in applying the entity's accounting policies at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3.2.1 Government grants

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

4. Income tax

The Foundation is a charity registered under the Charities Act, Chapter 37 and it is exempted from income tax under the provisions of Section 13(zm) of the Income Tax Act Chapter 134.

5. Tax deductible receipts

During the financial year, the Foundation has tax-exempt donations amounting to $1,111,479 (2018: S$1,470,691). They are recorded as follows:

	2019 S$	2018 S$
Statement of financial activities		
General fund:		
- Charity golf	196,900	340,363
- Santa run	317,746	342,388
- Monthly donation (individual)	112,380	73,544
- Monthly donation (Corporate)	7,200	52,434
- General donation (individual)	194,896	320,487
- General donation (Corporate)	69,242	4,041
- Supported Events	211,300	289,894
- Others	1,815	47,540
	1,111,479	1,470,691

6. Cash and cash equivalents

	2019 S$	2018 S$
Cash on hand	500	500
Cash at banks	311,421	837,269
	311,921	837,769

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

7. Fixed deposits

	2019 S$	2018 S$
Fixed deposits	2,736,279	1,798,740

Fixed deposits at the reporting date had an average maturity of 10 months (2018: 10 months) from that date and had a weighted average effective interest rate of 1.61% (2018: 1.34%) per annum.

Fixed deposit amounting to $23,083 (2018: S$23,072) is pledged to the credit facility with a financial institution.

At the reporting date, the carrying amounts of fixed deposits approximated their fair values.

8. Financial assets, at fair value through profit or loss

	2019 S$	2018 S$
Quoted equity securities		
Beginning of financial year	498,522	513,000
Fair value loss	0	(14,478)
Disposal during the year	(498,522)	0
End of financial year	0	498,522

The fair value of quoted shares is based on the quoted closing market price on the last market day of the financial year and is classifies as level 1 fair value in the fair value hierarchy.

On 19 September 2019, quoted equity securities were sold for a consideration of $527,113, with a gain on disposal of $28,591, which was recognised in the statement of financial activities.

9. Other receivables

	2019 S$	2018 S$
Donation receivables	91,174	116,201
Deposits	6,545	18,298
Prepayment	1,338	540
	99,057	135,039

Donation receivables relate to the donation to be received from the donors, Giving.sg or credit card companies for the activities or event held during the financial year.

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

10. Property, plant and equipment

	Balance at 01.01.2019 S$	Effect of adopting FRS 116 Leases S$	Balance at 01.01.2019 (restated) S$	Additions S$	Balance at 31.12.2019 S$
Cost					
Leasehold improvements	102,713	0	102,713	0	102,713
Leasehold properties	4,076,673	0	4,076,673	0	4,076,673
Office equipment and furniture	123,345	0	123,345	2,380	125,725
Right-of-use assets:					
- Copier machine	0	8,273	8,273	0	8,273
	4,302,731	8,273	4,311,004	2,380	4,313,384

	Balance at 01.04.2019 S$	Effect of adopting FRS 116 Leases S$	Balance at 01.04.2019 (restated) S$	Depreciation S$	Balance at 31.12.2019 S$
Accumulated depreciation					
Leasehold improvements	102,713	0	102,713	0	102,713
Leasehold properties	489,201	0	489,201	81,533	570,734
Office equipment and furniture	103,785	0	103,785	12,946	116,731
Right-of-use assets:					
- Copier machine	0	0	0	1,909	1,909
	695,699	0	695,699	96,388	792,087

	Balance at 01.04.2019 S$	Balance at 31.12.2019 S$
Carrying amount		
Leasehold improvements	0	0
Leasehold properties	3,587,472	3,505,939
Office equipment and furniture	19,560	8,994
Right-of-use assets:		
- Copier machine	0	6,364
	3,607,032	3,521,297

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

2018	Balance at 01.01.2018 S$	Additions S$	Balance at 31.12.2018 S$
Cost			
Leasehold improvements	102,713	0	102,713
Leasehold properties	4,076,673	0	4,076,673
Office equipment and furniture	121,836	1,509	123,345
	4,301,222	1,509	4,302,731

	Balance at 01.01.2018 S$	Depreciation S$	Balance at 31.12.2018 S$
Accumulated depreciation			
Leasehold improvements	82,171	20,542	102,713
Leasehold properties	407,667	81,534	489,201
Office equipment and furniture	91,555	12,230	103,785
	581,393	114,306	695,699

	Balance at 01.01.2018 S$	Balance at 31.12.2018 S$
Carrying Amount		
Leasehold improvements	20,542	0
Leasehold properties	3,669,006	3,587,472
Office equipment and furniture	30,281	19,560
	3,719,829	3,607,032

The depreciation expenses were allocated as follows:

	2019 S$	2018 S$
Cost of generating funds and charitable activities	38,555	44,579
Cost of generating funds and charitable activities – Fund raising expenses	34,272	41,151
Governance costs	23,561	28,576
	96,388	114,306

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

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 16.

	Leasehold Improvements S$	Office equipment and furniture S$	Total S$
2019			
Cost			
Beginning of financial year	102,713	60,056	162,769
Additions	0	2,380	2,380
End of financial year	102,713	62,436	165,149
Accumulated depreciation			
Beginning of financial year	102,713	41,895	144,608
Depreciation charge	0	11,768	11,768
End of financial year	102,713	53,663	156,376
Carrying amount at end of financial year	0	8,773	8,773

	Leasehold Improvements S$	Office equipment and furniture S$	Total S$
2018			
Cost			
Beginning of financial year	102,713	58,547	161,260
Additions	0	1,509	1,509
End of financial year	102,713	60,056	162,769
Accumulated depreciation			
Beginning of financial year	82,171	29,883	112,054
Depreciation charge	20,542	12,012	32,554
End of financial year	102,713	41,895	144,608
Carrying amount at end of financial year	0	18,161	18,161

11. Intangible asset

Software	Note	2019 S$	2018 S$
Cost			
Beginning of financial year		132,573	132,573
Addition		0	0
End of financial year		132,573	132,573
Accumulated amortisation			
Beginning of financial year		53,030	26,515
Amortisation		26,515	26,515
End of financial year		79,545	53,030
Carrying amount	16	53,028	79,543

11. Intangible asset (Cont'd)

The amortisation expenses were allocated as follows:

	2019 S$	2018 S$
Cost of generating funds and charitable activities	10,606	10,341
Cost of generating funds and charitable activities – Fund raising expenses	9,427	9,545
Governance costs	6,482	6,629
	26,515	26,515

The software was purchased through the Care and Share Matching Grant.

12. Trade and other payables

	2019 S$	2018 S$
Trade payables	46,844	0
Accrued affiliate fee	45,906	57,583
Accrued expenses	130,047	115,214
	222,797	172,797

At the reporting date, the carrying amounts of trade and other payables approximated their fair values.

13. Borrowings

	2019 S$	2018 S$
Current		
Term loan 1	0	37,539
Lease liabilities	1,909	0
	1,909	37,539
Non-current		
Term loan 1	0	848,695
Lease liabilities	4,565	0
	4,565	848,695

Term loan 1

In October 2012, the Foundation took up a mortgage loan facility of S$1,905,500 repayable in 300 monthly instalments commencing in December 2012. As at reporting date, the interest rate for the year was Nil (2018: 2.38%). The loan has been fully repaid on 19 December 2019, subsequently the legal mortgage of the Foundation's leasehold properties at 1 Coleman Street #04-18/19/20 The Adelphi Singapore 179803 as disclosed in note 10 has been discharged.

13. Borrowings (Cont'd)

Lease liabilities

Amount recognised in profit or loss:	Note	2019 S$
Amortisation of right-of-use assets	10	1,909
Interest expense on lease liabilities		255
Total amount recognised in profit or loss		2,164

Total cash outflow:

The Foundation had total cash outflows for leases of S$2,054 in 2019.

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

			Non-cash changes		
	1 January 2019 S$	Cash flows S$	Accretion of interests S$	Other S$	31 December 2019 S$
Liabilities					
Lease liabilities					
- current	1,799	(2,054)	255	1,909	1,909
- non-current	6,474	0	0	(1,909)	4,565

14. Care and Share Matching Grant

	Note	2019 S$	2018 S$
Care and Share Matching Grant			
Balance at beginning of financial year		78,177	240,583
Grant received during the year		690,000	0
Utilised during the year	15	(170,540)	(162,406)
Balance at end of financial year	16	597,637	78,177

15. Deferred Care and Share Matching Grant

	Note	2019 S$	2018 S$
Deferred Care and Share Matching Grant			
Balance at beginning of financial year		97,706	155,264
Grant utilised during the year	14	170,540	162,406
Amortisation during the year			
- Operating expenses		(168,161)	(160,895)
- Capital expenditure		(38,283)	(59,069)
	16	61,802	97,706
Presented as follows:			
Current			
Deferred Care and Share Matching Grant		31,388	37,806
Non-current			
Deferred Care and Share Matching Grant		30,414	59,900
	16	61,802	97,706

Deferred Care and Share Matching Grant is amortised over the period necessary to match the depreciation of the property, plant and equipment purchased with these related grants.

16. Funds

Funds comprise of unrestricted and restricted fund.

Unrestricted Fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Foundation.

Restricted Fund

Fund balances restricted by outside sources are indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the management, externally restricted funds may only be utilised in accordance with the purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its Foundation purposes.

Restricted Fund comprise:

Care and Share Matching Fund

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

16. Funds (Cont'd)

Restricted Fund (Cont'd)

The Care and Share Matching Grant is restricted and is to be utilised for the following purposes:

(a) Capability building

(i) Organisational development:

Examples include engaging consultants or developing training in areas of strategic planning, business contingency planning, business process re-design, workplace health, research, improving organisation models to ensure financial viability and find raising capacity.

(ii) Manpower development:

Examples include the awarding of scholarships to the Foundation's staff, manpower training, human resource management and development like leadership management, learning needs analysis for Foundation staff and talent development.

(b) Capacity building

Examples include the purchase of additional equipment to enhance social service delivery (E.g. wheelchairs), investment in technology (E.g. the purchase of electronic devices for staff to boost productivity so as to better serve the Foundation's beneficiaries) and physical infrastructure developments (e.g. renovation of the Foundation's premises, expansion of physical space).

(c) New programmes to meet emerging or unmet needs and enhancements/ expansion of existing services. Examples include inter-agency projects to meet specific needs in the community or enhanced services to provide more upstream intervention.

(d) Critical existing needs

Examples include the Foundation's recurring operating costs and costs that are crucial to the continued operations of the Foundation.

The net assets of the Care and Share Matching Fund are as follows:

	Note	2019 S$	2018 S$
Total restricted Fund		0	0
Represented by:			
Cash and bank balances		597,638	78,179
Property, plant and equipment	10	8,773	18,161
Intangible assets	11	53,028	79,543
Care and Share Matching Grant	14	(597,637)	(78,177)
Deferred Care and Share Matching Grant	15	(61,802)	(97,706)
		0	0

17. Operating lease commitments

At the reporting date, the Foundation has commitments future minimum lease payments in respect of leasing of office equipment under non-cancellable operating leases as follows:

	2019 S$	2018 S$
Not later than one year	0	2,054
Later than one year but not later than five years	0	6,848
	0	8,902

As disclosed in Note 2.1.1, the Foundation has adopted FRS 116 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities in the statement of financial position as at 31 December 2019, except for short-term and low-value assets.

18. Related party transactions

The following transactions took place between the Foundation and related parties during the financial year at terms agreed between the parties:

	2019 S$	2018 S$
Professional fees	41,174	0

Remuneration of key management personnel

Key management personnel compensation for the financial year was as follows:

	2019 S$	2018 S$
Salaries, allowance and bonuses and other post-employment benefits	174,981	191,844

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

Remuneration band (S$)	2019 No. of personnel	2018 No. of personnel
Between S$50,001 to S$100,000	2	2

Other than above, the directors are volunteers and neither they nor any immediate member of their families received any compensation or remuneration from the Foundation during the financial year.

19. Reserve position and policy

The Foundation's reserve position for financial year ended 31 December 2019 and 31 December 2018 are as follows:

		2019	2018	Increase/ (decrease)
		S$'000	S$'000	%
A	Unrestricted Funds			
	General Funds	5,833	5,722	2
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	0	0	0
C	Endowment Funds	0	0	0
D	Total Funds	5,833	5,722	2
E	Total Annual Operating Expenditure	2,112	1,942	9
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.76	2.96	

Reference:

C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.

D. Total Funds include unrestricted, restricted / designated and endowment funds.

E. Total Annual Operating Expenditure includes expenses related to Cost of Generating Funds, Cost of Charitable Activities and Governance Costs.

The primary objective in the management of the Foundation's reserve is to ensure that it maintains strong and healthy level of reserves and working fund ratio in order to support its operation. The Foundation has a cash reserve policy of holding not more than 3 years' (2018: 3 years') operating expenditure. Such reserve shall be invested in financially prudent deposits.

20. Basis of apportionment of support costs

During the year 2019, the following support costs were allocated as follows:

Support Costs	(A) Cost of generating funds and charitable activities	(B) Cost of generating funds and charitable activities – Fund raising expenses	(C) Governance costs	Total Support Costs	Basis of Apportionment		
					(A)	(B)	(C)
	S$	S$	S$	S$	%	%	%
Affiliate fee	22,187	8,875	13,313	44,375	50	20	30
Audit fee	0	0	6,000	6,000	0	0	100
Amortisation	10,606	9,427	6,482	26,515	40	36	24
Bank charges	0	526	526	1,052	0	50	50
Conference and meeting	1,268	1,127	774	3,169	40	36	24
Depreciation	38,555	34,272	23,561	96,388	40	36	24
General expenses	3,359	2,986	2,053	8,398	40	36	24
Insurance	1,628	1,447	995	4,070	40	36	24
Interns & contract staff	1,448	1,287	885	3,620	40	36	24
IT support	4,287	3,810	2,620	10,717	40	36	24
Management and sinking fund	8,810	7,831	5,384	22,025	40	36	24
Medical fee	586	521	358	1,465	40	36	24
Office supplies	238	212	145	595	40	36	24
Postage and courier	1,521	1,352	930	3,803	40	36	24
Printing and stationery	669	595	408	1,672	40	36	24
Professional fee	0	0	27,194	27,194	0	0	100
Publication	642	571	392	1,605	40	36	24
Recruitment expenses	0	0	426	426	0	0	100
Repair & maintenance	336	299	205	840	40	36	24
Salaries and CPF	389,449	168,834	90,585	648,868	60	26	14
Staff welfare	3,827	3,403	2,339	9,569	40	36	24
Staff training and development	2,658	2,363	1,625	6,646	40	36	24
Storage rental	1,155	1,027	706	2,888	40	36	24
Telecommunication	1,877	1,668	1,147	4,692	40	36	24
Transportation	3,988	3,545	2,437	9,970	40	36	24
Utilities	676	602	413	1,691	40	36	24

20. Basis of apportionment of support costs (Cont'd)

The 2018 support costs were allocated as follows:

Support Costs	(A) Cost of generating funds and charitable activities	(B) Cost of generating funds and charitable activities – Fund raising expenses	(C) Governance costs	Total Support Costs	Basis of Apportionment		
					(A)	(B)	(C)
	S$	S$	S$	S$	%	%	%
Affiliate fee	28,443	11,377	17,066	56,886	50	20	30
Amortisation	10,341	9,545	6,629	26,515	39	36	25
Bank charges	0	432	432	864	0	50	50
Depreciation	44,579	41,151	28,576	114,306	39	36	25
Insurance	1,474	1,348	969	3,791	39	36	25
IT support	7,465	6,824	4,905	19,194	39	36	25
Management and sinking fund	8,848	8,089	5,814	22,751	39	36	25
Postage and courier	537	537	1,075	2,149	25	25	50
Printing and stationery	2,520	2,519	5,039	10,078	25	25	50
Publication	2,633	2,407	1,730	6,770	39	36	25
Salaries and CPF	331,721	165,860	94,778	592,359	56	28	16
Staff welfare	3,543	3,238	2,328	9,109	39	36	25
Telecommunication	2,300	2,102	1,511	5,913	39	36	25
Conference and meeting	5,888	0	0	5,888	100	0	0

21. Financial instruments

The financial assets and liabilities of the Foundation as at the financial reporting date are as follows:

The carrying amounts of financial assets measured at fair value (fair value through profit and loss) are disclosed on the face of the statement of financial position and in Note 8 to the financial statements.

The aggregate carrying amounts of financial assets and financial liabilities at amortised cost are as follows:

	2019 S$	2018 S$
Financial assets, at amortised cost		
Cash and cash equivalents	311,921	837,769
Fixed deposits	2,736,279	1,798,740
Other receivables, excluding prepayments	97,719	134,499
	3,145,919	2,771,008
Financial liabilities, at amortised cost		
Trade and other payables	222,797	172,797
Borrowings	6,474	886,234
	229,271	1,059,031

22. Financial risk management

The Foundation's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Board of Directors on an informal basis.

Liquidity risk

Liquidity risk reflects the risk that the Foundation will have insufficient resources to meet its financial liabilities as and when they fall due.

The Foundation manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Board of Directors to fund the Foundation's activities. It places its cash with creditworthy institutions.

The table below summarises the maturity profile of the Foundation's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

22. Financial risk management (Cont'd)

Liquidity risk (cont'd)

2019	Within one year S$	Later than one year S$	Total S$
Financial assets			
Cash and cash equivalents	311,921	0	311,921
Fixed deposits	2,736,279	0	2,736,279
Financial assets at fair value through profit or loss	0	0	0
Other receivables, excluding prepayment	97,719	0	97,719
	3,145,919	0	3,145,919
Financial liabilities			
Trade and other payables	(222,797)	0	(222,797)
Borrowings	(2,054)	(4,794)	(6,848)
	(224,851)	(4,794)	(229,645)
Net financial assets/(liabilities)	2,921,068	(4,794)	2,916,274

2018	Within one year S$	Later than one year S$	Total S$
Financial assets			
Cash and cash equivalents	837,769	0	837,769
Fixed deposits	1,798,740	0	1,798,740
Financial assets at fair value through profit or loss	498,522	0	498,522
Other receivables	134,499	0	134,499
	3,269,530	0	3,269,530
Financial liabilities			
Other payables and accruals	(172,797)	0	(172,797)
Borrowings	(58,224)	(1,048,032)	(1,106,256)
	(231,021)	(1,048,032)	(1,279,053)
Net financial assets/(liabilities)	3,058,509	(1,048,032)	1,990,477

Interest rate risk

The Foundation's exposure to changes in interest rate risk primarily relates to variable rate bank borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for these instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

The Foundation is exposed to interest rate risk through the impact of rate changes on interest bearing assets and liabilities. The major interest-bearing asset of the Foundation is its fixed deposits, which are not exposed to interest rate risk as the interest rates are fixed.

22. Financial risk management (Cont'd)

Credit risk

The Foundation has minimal exposure to credit risks due to the nature of its activities. As at the date of this report, major receivables have been collected.

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

Price risk

The Foundation is exposed to equity securities price risk because of the investments held by the Foundation, which are classified as fair value through profit or loss. The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date. If prices for equity securities changed by 10% with all other variables including tax rate being constant, the effects on other comprehensive income will be approximately $Nil (2018: $49,900).

23. Fair values

The Foundation had adopted the amendments to FRS, which requires disclosure of fair value measurement by level of the following hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
(ii) inputs other than quoted prices included (i.e. as prices) or indirectly (i.e. derived from prices)(Level 2); and
(iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs)(Level 3).

The following table presents the assets and liabilities measured at fair value at the end of financial year:

	Level 1 S$	Level 2 S$	Level 3 S$
2019			
Financial assets, at FVPL (Note 8)	0	0	0
	Level 1 S$	**Level 2 S$**	**Level 3 S$**
2018			
Financial assets, at FVPL (Note 8)	498,522	0	0

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

Borrowings are approximate their fair value as the interest rate are approximate to market value.

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors of the Foundation on 13 JUL 2020