

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT BY THE MANAGEMENT COMMITTEE
AND
AUDITED FINANCIAL STATEMENTS
31 DECEMBER 2020

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

CONTENTS

	PAGE
STATEMENT BY THE MANAGEMENT COMMITTEE	1
INDEPENDENT AUDITORS' REPORT	2 - 4
STATEMENT OF FINANACIAL ACTIVITIES	5
STATEMENT OF FINANCIAL POSITION	6
STATEMENT OF CHANGES IN FUNDS	7 - 8
STATEMENT OF CASH FLOWS	9
NOTES TO THE FINANCIAL STATEMENTS	10 - 30

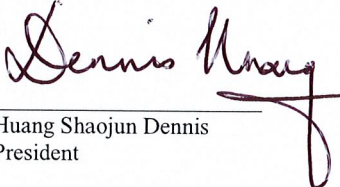
CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)


STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee:

- (a) the accompanying financial statements of the CHRISTIAN OUTREACH TO THE HANDICAPPED (the "Charity") are drawn up in accordance with the Societies Act, Chapter 311 (the Societies Act) and the Charities Act, Chapter 37 and other regulations (the Charities Act and Regulations) and Singapore Financial Reporting Standards (FRSs) so as to give a true and fair view of the state of affairs of the Charity as at 31 December 2020 and the results, changes in funds and cash flows of the Charity for the financial year then ended;
- (b) at the date of this statement, there are reasonable grounds to believe that the Charity will be able to pay its debts as and when fall due.

On behalf of the Management Committee


Huang Shaojun Dennis
President


Wong Wai Meng
Honorary Treasurer

Singapore

23 JUN 2021

Acevision & Associates PAC

Chartered Accountants of Singapore

(UEN No.: 201437029K)

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF CHRISTIAN OUTREACH TO THE HANDICAPPED

(UEN No. S87SS0014H)

(Registered in Singapore)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **CHRISTIAN OUTREACH TO THE HANDICAPPED** (the "Charity"), which comprise the statement of financial position as at 31 December 2020, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Societies Act) and the Charities Act, Chapter 37 and other 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 Charity as at 31 December 2020 and of the results, changes in funds and cash flows of the Charity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Charity 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 Statement by the Management Committee as set out on page 1.

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.

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 Societies Act, the Charities Act and Regulation 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.

INDEPENDENT AUDITORS' REPORT

(CONTINUED)

TO THE MEMBERS OF CHRISTIAN OUTREACH TO THE HANDICAPPED

(UEN No. S87SS0014H)

(Registered in Singapore)

Report on the Audit of the Financial Statements (Continued)

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

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

Those charged with governance is responsibilities for overseeing the Charity'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 Charity'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 Charity'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 Charity 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.

Acevision & Associates PAC

Chartered Accountants of Singapore

(UEN No.: 201437029K)

INDEPENDENT AUDITORS' REPORT

(CONTINUED)

TO THE MEMBERS OF CHRISTIAN OUTREACH TO THE HANDICAPPED

(UEN No. S87SS0014H)

(Registered in Singapore)

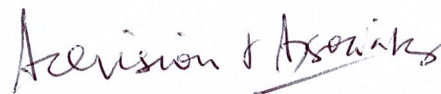
Report on Other Legal and Regulatory Requirements

In our opinion:

- a) the accounting and other records required to be kept by the Charity 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 reporting 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.

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

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



ACEVISION & ASSOCIATES PAC

Public Accountants and

Chartered Accountants

Singapore

23 JUN 2021

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
Income			
Income from generated funds			
- Voluntary income	4	554,812	1,020,414
- Fundraising activities	5	286,157	66,840
Government subvention	6	1,532,680	960,055
Income from charitable activities	7	162,931	197,651
Tote Board Social Service Fund		225,680	210,901
Community Silver Trust Fund	19	412,228	611,697
Silver Volunteer Fund	19	3,270	7,442
President's Challenge Fund	19	20,451	-
Invictus Fund	19	1,753	-
Other income	8	62,508	22,335
Total income		<u>3,262,470</u>	<u>3,097,335</u>
Expenditure			
Cost of fund generating activities	5	11,498	1,993
Cost of charitable activities	9	2,306,062	2,586,747
Governance and administrative costs	10	230,587	395,109
Total expenditure		<u>2,548,147</u>	<u>2,983,849</u>
Net surplus for the year		<u>714,323</u>	<u>113,486</u>
Net surplus is attributable as follows:			
Unrestricted funds			
General fund		270,280	(334,581)
Designated funds			
- Needy Client Fund		(1,495)	(8,157)
Total unrestricted funds		<u>268,785</u>	<u>(342,738)</u>
Restricted funds			
General fund		183,212	131,489
Designated funds			
- Community Silver Trust Fund		247,000	326,735
- President's Challenge Fund		15,326	-
Renovation fund		-	(2,000)
Total restricted funds		<u>445,538</u>	<u>456,224</u>
Total unrestricted and restricted funds		<u>714,323</u>	<u>113,486</u>

The accompanying notes form an integral part of these financial statements

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Non-current assets			
Property, plant and equipment	13	693,633	532,856
		<u>693,633</u>	<u>532,856</u>
Current assets			
Trade receivables	14	-	100
Other receivables and prepayments	14	123,940	137,334
Cash and cash equivalents	15	6,320,209	5,361,326
		<u>6,444,149</u>	<u>5,498,760</u>
Total assets		<u><u>7,137,782</u></u>	<u><u>6,031,616</u></u>
FUNDS AND LIABILITIES			
FUNDS			
Unrestricted funds			
General funds		2,728,969	2,438,568
Designated funds	16	409,798	411,293
Total unrestricted funds		<u>3,138,767</u>	<u>2,849,861</u>
Restricted funds			
General funds		1,358,096	932,679
Designated funds	16	15,812	15,812
Building funds	16	857,944	857,944
Total restricted funds		<u>2,231,852</u>	<u>1,806,435</u>
Total funds		<u><u>5,370,619</u></u>	<u><u>4,656,296</u></u>
LIABILITIES			
Non-current liabilities			
Deferred capital grants	17	389,953	160,561
Lease liabilities	18	131,939	167,606
		<u>521,892</u>	<u>328,167</u>
Current liabilities			
Other payables	19	1,209,603	1,013,305
Lease liabilities	18	35,668	33,848
		<u>1,245,271</u>	<u>1,047,153</u>
Total liabilities		<u>1,767,163</u>	<u>1,375,320</u>
Total funds and liabilities		<u><u>7,137,782</u></u>	<u><u>6,031,616</u></u>

The accompanying notes form an integral part of these financial statements

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

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

	Balance as at 1 Jan 2020 S\$	Income S\$	Expenditure S\$	Net surplus/ (deficit) for the year S\$	Transfers to deferred capital grants (Note 17) S\$	Transfers from/(to) S\$	Balance as at 31 Dec 2020 S\$
Unrestricted funds							
General fund	2,438,568	524,884	(254,604)	270,280	-	20,121	2,728,969
Designated funds							
- Needy Client Fund	267,912	19,800	(21,295)	(1,495)	-	-	266,417
- Staff Conscience Fund	550	-	-	-	-	-	550
- Caregivers Support/Training Fund	142,831	-	-	-	-	-	142,831
Total designated funds	411,293	19,800	(21,295)	(1,495)	-	-	409,798
Total unrestricted funds	2,849,861	544,684	(275,899)	268,785	-	20,121	3,138,767
Restricted funds							
General fund	932,679	2,280,084	(2,096,872)	183,212	-	242,205	1,358,096
Designated funds							
- Community Silver Trust Fund	-	412,228	(165,228)	247,000	-	(247,000)	-
- Silver Volunteer Fund	-	3,270	(3,270)	-	-	-	-
- President's Challenge Fund	-	20,451	(5,125)	15,326	-	(15,326)	-
- Invictus Fund	-	1,753	(1,753)	-	-	-	-
- Tree of Life Fund	15,812	-	-	-	-	-	15,812
Total designated funds	15,812	437,702	(175,376)	262,326	-	(262,326)	15,812
Building fund	857,944	-	-	-	-	-	857,944
Total restricted funds	1,806,435	2,717,786	(2,272,248)	445,538	-	(20,121)	2,231,852
Total funds	4,656,296	3,262,470	(2,548,147)	714,323	-	-	5,370,619

The accompanying notes form an integral part of these financial statements

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

**STATEMENT OF CHANGES IN FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2020 (CONTINUED)**

	Balance as at 1 Jan 2019 S\$	Income S\$	Expenditure S\$	Net surplus/ (deficit) for the year S\$	Transfers to deferred capital grants (Note 17) S\$	Transfers from/(to) S\$	Balance as at 31 Dec 2019 S\$
Unrestricted funds							
General fund	2,478,526	91,313	(425,894)	(334,581)	-	294,623	2,438,568
Designated funds							
- Needy Client Fund	276,220	8,770	(16,927)	(8,157)	-	(151)	267,912
- Staff Conscience Fund	550	-	-	-	-	-	550
- Caregivers Support/Training Fund	142,831	-	-	-	-	-	142,831
Total designated funds	419,601	8,770	(16,927)	(8,157)	-	(151)	411,293
Total unrestricted funds	2,898,127	100,083	(442,821)	(342,738)	-	294,472	2,849,861
Restricted funds							
General fund	769,775	2,378,113	(2,246,624)	131,489	-	31,415	932,679
Designated funds							
- Community Silver Trust Fund	-	611,697	(284,962)	326,735	-	(326,735)	-
- Silver Volunteer Fund	-	7,442	(7,442)	-	-	-	-
- Needy Client Fund	(151)	-	-	-	-	151	-
- Tree of Life Fund	15,812	-	-	-	-	-	15,812
Total designated funds	15,661	619,139	(292,404)	326,735	-	(326,584)	15,812
Building fund	857,944	-	-	-	-	-	857,944
Renovation fund	10,475	-	(2,000)	(2,000)	(9,172)	697	-
Total restricted funds	1,653,855	2,997,252	(2,541,028)	456,224	(9,172)	(294,472)	1,806,435
Total funds	4,551,982	3,097,335	(2,983,849)	113,486	(9,172)	-	4,656,296

The accompanying notes form an integral part of these financial statements

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Net surplus for the year		714,323	113,486
Adjustments for:			
Depreciation of property, plant and equipment		141,608	85,014
Amortisation of deferred capital grants		(54,336)	(27,125)
Interest income		(20,084)	(21,299)
Interest expense		9,770	4,386
Operating cash inflow before working capital changes		791,281	154,462
Changes in working capital			
Trade receivables		100	3,428
Other receivables and prepayments		24,112	(89,597)
Other payables		480,026	(474,763)
		504,238	(560,932)
Cash from/(used in) operations		1,295,519	(406,470)
Interest received		9,366	18,563
Net cash from/(used in) operating activities		1,304,885	(387,907)
Cash flows from investing activities			
Acquisition of property, plant and equipment		(302,385)	(175,444)
Net cash used in investing activities		(302,385)	(175,444)
Cash flows from financing activities			
Interest paid		(9,770)	(4,386)
Repayment of principal portion of lease liabilities		(33,847)	(12,936)
Net cash used in financing activities		(43,617)	(17,322)
Net increase/(decrease) in cash and cash equivalents		958,883	(580,673)
Cash and cash equivalents at beginning of year		5,361,326	5,941,999
Cash and cash equivalents at end of year	15	6,320,209	5,361,326

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2020

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

1 GENERAL INFORMATION

CHRISTIAN OUTREACH TO THE HANDICAPPED is a society registered and situated in the Republic of Singapore on 27 March 1987 under the Societies Act, Chapter 311. On 1 November 1987, it was registered as a charity under the Charities Act, Chapter 37 and has been accorded the status of an Institution of a Public Character (IPC) for the period from 1 July 2020 to 30 June 2022.

The registered office of the Charity is located at Block 414 Tampines Street 41, #01-301, Singapore 520414.

The principal place of business of the Charity is located at Block 414 Tampines Street 41, #01-311, Singapore 520414 and Block 171 Lorong 1 Toa Payoh, #01-1146, Singapore 310171.

During the year, the principal activities of the Charity are to provide holistic learning through recreational, social, Bible-based instructions and economic help to disabled people as a whole person and the family unit as the main building block of society. It also does things that are necessary, incidental or conducive to the attainment of the above such as:

- Encourage and train volunteers to work with the disabled in the area of spiritual and physical education;
- Operate facilities to minister to the needs of the disabled; and
- Cooperate, coordinate, complement and network with the recognised bodies, religious organisations, para-church groups, welfare agencies, government or private with the aim to meet its objective.

The financial statements included the financial position and the financial activities of the following centres:

- Christian Outreach to the Handicapped (Headquarters)
- Christian Outreach to the Handicapped (Tampines)
- Christian Outreach to the Handicapped (Toa Payoh)

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS") and the related interpretations to SFRS ("INT SFRS") as issued by the Singapore Accounting Standards Council, the Singapore Charities Act, Chapter 37 and the Societies Act, Chapter 311. The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar (SGD or S\$) which is the functional currency of the Charity. All financial information presented in Singapore Dollars has been rounded to the nearest one dollar, unless otherwise indicated.

2.2 Adoption of new and revised standards

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Charity has adopted all the new and amended standards which are relevant to the Charity and are effective for annual financial periods beginning on or after 1 January 2020. Except for the adoption of Amendment to FRS 116 *Leases: Covid-19-Related Rent Concessions* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Charity.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Adoption of new and revised standards (cont'd)

Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions

The Charity adopted Amendment to FRS 116 Leases: Covid-19-Related Rent Concessions that is effective for annual periods beginning on or after 1 June 2020. Earlier application is permitted. As a practical expedient, the amendment to FRS 116 allows a lessee to elect not to assess whether a rent concession that meets the conditions in paragraph 46B is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the rent concession the same way it would account for the change applying this standard if the change were not a lease modification. The Charity has applied the practical expedient to all rent concessions that meet the conditions set out. The amount of rent concessions recognised in the statement of financial activities are disclosed in Note 18.

2.3 Standards issued but not yet effective

At the date of authorisation of these financial statements, the following new/revised FRSs and INT FRSs and amendments to FRS and INT FRSs that are relevant to the Charity were issued but not effective:

Description	Effective for annual periods beginning on or after
Amendment to FRS 116 <i>Leases: Covid-19-Related Rent Concessions</i>	1 June 2020
Amendments to FRS 109 <i>Financial Instruments</i> , FRS 39 <i>Financial Instruments: Recognition and Measurement</i> , FRS 107 <i>Financial Instruments: Disclosures</i> , FRS 116 <i>Leases: Interest Rate Benchmark Reform – Phase 2</i>	1 January 2021
Amendments to FRS 16 <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Annual Improvements to FRSs 2018-2020	1 January 2022
Amendments to FRS 1 <i>Presentation of Financial Statements: Classification of Liabilities as Current or Non-current</i>	1 January 2023

The management anticipates that the adoption of the standards above will have no material impact on the financial statements in the period of initial application. The Charity does not plan to early adopt these FRSs.

2.4 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 if, and only if, it is probable that future economic benefits associated with the item will flow to the Charity and the cost of the item can be measured reliably.

Subsequent to recognition, all other property, plant and equipments are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Charity recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the statement of financial activities as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Property, Plant and Equipment (cont'd)

		Useful lives
Air conditioners	-	5 years
Computers	-	3 years
Furniture and fittings	-	2 years to 5 years
Kitchen equipment	-	5 years
Motor vehicles	-	6 years
Office equipment	-	5 years
Premises	-	6 years
Renovation	-	5 years
Therapy equipment	-	5 years

The residual values, estimated useful lives and depreciation methods are reviewed at each reporting date. The effects of any revision are recognised in the statement of financial activities when the changes arise. Fully depreciated assets still in use are retained in the financial statements.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefit is expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

2.5 Financial Assets

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Charity expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Subsequent measurement of financial assets depends on the Charity's business model for managing the asset and the contractual cash flow characteristics of the asset. The measurement category for financial assets of the Charity is as follows:

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the statement of financial activities when the assets are derecognised or impaired, and through amortisation process.

2.6 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and bank balances and fixed deposits which are subject to an insignificant risk of change in value.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Impairment of Financial Assets

The Charity recognises an allowance for expected credit losses (ECLs) for all financial assets not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Charity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposure for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Charity applies a simplified approach in calculating ECLs. Therefore, the Charity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Charity established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Charity considers a financial asset to be in default when internal or external information indicates that the Charity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Charity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.8 Impairment of Non-Financial Assets

The carrying amounts of the Charity's non-financial assets including property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required. The Charity makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is assessed based on the higher of its fair value less costs to sell or its value in use as considered appropriate and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses of continuing operations are recognised in the statement of financial activities as 'impairment losses' except for assets that were previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is only reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. All reversals of impairment are recognised in the statement of financial activities unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through profit or loss is treated as a revaluation increase.

2.9 Financial Liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Charity becomes a party to the contractual provisions of the financial instrument. The Charity determines the classification of its financial liabilities at initial recognition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Financial Liabilities (cont'd)

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the statement of financial activities when the liabilities are derecognised, and through the amortisation process.

2.10 Derecognising of Financial Assets and Liabilities

Financial assets

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the statement of financial activities.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in the statement of financial activities.

2.11 Provisions

Provisions are recognised when the Charity has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of the obligation.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.12 Offsetting Arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Charity has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

2.13 Leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Leases (cont'd)

Right-of-use assets

The Charity 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, 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 Charity 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 Charity's right-of-use assets are presented within property, plant and equipment (Note 13).

Lease liabilities

At the commencement date of the lease, the Charity 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 Charity and payments of penalties for terminating the lease, if the lease term reflects the Charity 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.

In calculating the present value of lease payments, the Charity 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 Charity's lease liabilities are disclosed in Note 18.

Short-term leases and leases of low-value assets

The Charity applies the short-term lease recognition exemption to its short-term leases of office equipment and premises (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). 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 Charity 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 on the Charity's investment properties is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Funds

All income and expenditure are reflected in the statement of financial activities. Income and expenditure specifically relating to any of the funds separately set up by the Charity are allocated subsequently to those funds. Fund balances restricted by outside sources are so 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 purposes 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 institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the fund based on a method most suitable to that common expense unless impractical to do so. Support costs include central functions and have been allocated to activity cost categories on a basis consistent with the use of resources, e.g. allocated property costs by floor areas, or per capita, staff costs by the time spent and other costs by their usage.

2.15 Revenue Recognition

Revenues including donations, gifts and grants that provide core funding or are of general nature are recognised where there is (a) entitlement, (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Charity has unconditional entitlement. The revenue from services is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Charity.

Donations

Donations are accounted for when received, except for committed donations that are recorded when there is certainty over the amount committed by the donors and over the timing of the receipts of the donations. Revenue from fundraising event is recognised when the event has occurred.

A gift-in-kind (if any) is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the 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. No value is ascribed to volunteer services.

School fees

Revenue from school fees are recognised when the service performance satisfies a performance obligation by completion of significant act of a promised service to the customer.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in the statement of financial activities on systematic basis over the periods necessary to match them with related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grants as deferred capital grants that is recognised in statement of financial activities on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Revenue Recognition (cont'd)

Interest income from fixed deposits

Interest income is recognised using the effective interest method.

2.16 Income Tax

The Charity is a registered charity under the Charities Act 1982 and is exempted from income tax under Section 13U of the Income Tax Act.

2.17 Employee Compensation

Defined contribution plans

The Charity's contributions to defined contribution plans, namely the Central Provident Fund Scheme, are recognised as employee benefits expenses in the period in which the related service is performed.

Employee leave entitlement

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

2.18 Related Party

A related party is a person or entity that is related to the Charity and includes:

- a) A person or a close member of that person's family which is related to a reporting entity if that person:
 - i has control or joint control over the reporting entity;
 - ii has significant influence over the reporting entity; or
 - iii is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity which is related to a reporting entity if any of the following conditions applies:
 - i The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - 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 party.
 - v The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or any related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - 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).

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Charity.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

3.1 Judgments made in applying accounting policies

In the process of applying the Charity's accounting policies, management has made the following judgments, apart from those involving estimations, which has the most significant effect on the amounts recognised in the financial statements:

Determination of lease term of contracts with extension options

The Charity determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Charity has several lease contracts that include extension options. The Charity applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Charity reassesses the lease term whether there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Charity included the extension option in the lease term for leases of premises because of the leasehold improvements made and the significant costs that would arise to replace the assets.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Charity 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 Charity if the conditions are not met.

3.2 Key sources of estimation uncertainty

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

Leases – estimating the incremental borrowing rate

The Charity 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 Charity 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. The incremental borrowing rate therefore reflects what the Charity 'would have to pay', which 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 Charity estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4 VOLUNTARY INCOME

	2020 S\$	2019 S\$
Donations	538,288	1,008,690
Pledges	16,524	11,724
	<u>554,812</u>	<u>1,020,414</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

5 FUNDRAISING ACTIVITIES

	2020 S\$	2019 S\$
Flag day income	286,157	66,840
Less: cost of fund generating activities	(11,498)	(1,993)
	<u>274,659</u>	<u>64,847</u>

6 GOVERNMENT SUBVENTION

	2020 S\$	2019 S\$
Amortisation of deferred capital grant (Note 17)	54,336	27,125
Foreign workers levy rebate	1,500	-
Rental relief	21,361	-
Jobs support scheme	370,959	-
Recurrent operating subvention	901,627	748,893
Special employment credit	25,228	21,798
Training grant	180	-
VWO transport	102,961	135,242
Wage credit scheme	54,528	26,997
	<u>1,532,680</u>	<u>960,055</u>

7 INCOME FROM CHARITABLE ACTIVITIES

	2020 S\$	2019 S\$
School fees	<u>162,931</u>	<u>197,651</u>

8 OTHER INCOME

	2020 S\$	2019 S\$
Interest income from fixed deposits	20,084	21,299
Others	42,424	1,036
	<u>62,508</u>	<u>22,335</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

9 COST OF CHARITABLE ACTIVITIES

	2020 S\$	2019 S\$
Activities of daily living	292	754
Centre activities	11,811	34,329
Community living skills activities	2,895	6,009
Depreciation of property, plant and equipment (Note 13)	141,608	85,014
Equipment expensed	7,740	37,357
Employee benefits expense (Note 11)	1,458,488	1,652,946
Fund utilisation	164,367	244,603
Household supplies	10,343	4,859
Interest on lease liabilities (Note 18)	9,770	4,386
Miscellaneous	8,625	8,112
Postage	3,231	1,263
Rental of equipment	-	3,509
Rental of premises	41,744	51,521
Repairs and maintenance	29,256	46,384
Printing and stationery	6,011	12,784
Social assistance	21,295	16,927
Subscription fee	1,040	2,189
Telecommunication	6,009	5,369
Transport	251,454	214,038
Utilities	44,095	48,307
Vehicle expenses	20,416	18,754
Volunteers expenses	7,569	28,510
Wet market purchase	58,003	58,823
	<u>2,306,062</u>	<u>2,586,747</u>

10 GOVERNANCE AND ADMINISTRATIVE COSTS

	2020 S\$	2019 S\$
Accounting fee	16,400	9,500
Audit fee	4,750	6,250
Bad debts written off	2,664	-
Employee benefits expense (Note 11)	152,303	300,583
Insurance	31,056	31,937
Other expenses	23,414	46,839
	<u>230,587</u>	<u>395,109</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

11 EMPLOYEE BENEFITS EXPENSE

	2020 S\$	2019 S\$
Salaries and bonus	1,369,726	1,564,059
CPF contribution and skills development levy	188,454	220,269
Foreign worker levy	3,300	1,120
Staff welfare	47,751	25,698
Staff insurance	-	45,304
Staff training	953	90,069
Staff uniform	-	6,340
Medical expense	607	670
	<u>1,610,791</u>	<u>1,953,529</u>
The expenses were allocated as follows:		
Cost of charitable activities (Note 9)	1,458,488	1,652,946
Governance and administrative costs (Note 10)	152,303	300,583
	<u>1,610,791</u>	<u>1,953,529</u>

The remuneration of the top key management personnel are as follows:

	2020 S\$	2019 S\$
Salaries and bonus	-	67,447
CPF contribution and skills development levy	-	5,560
	<u>-</u>	<u>73,007</u>
Number of keymen management in compensation bands:		
Above S\$100,000 and below S\$200,000	<u>-</u>	<u>-</u>

Key management personnel are those chief executive officer and senior officers having authority and responsibility for planning, directing and controlling the activities of the Charity, directly or indirectly.

12 TAX EXEMPT RECEIPTS

The Charity enjoys a concessionary tax treatment whereby qualifying donors are granted tax deduction for the donations made to the funds of the Charity. The quantum of the tax deduction for each calendar year may vary as announced in the Singapore Budget. The Institutions of a Public Character status granted to the Charity for donation is for the period from 1 July 2018 to 30 June 2020. The IPC status has been renewed for the period from 1 July 2020 to 30 June 2022.

	2020 S\$	2019 S\$
The tax-exempt receipts issued for donations collected	<u>689,247</u>	<u>837,016</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

13 PROPERTY, PLANT AND EQUIPMENT

	Air conditioners	Computer	Furniture and fittings	Kitchen equipment	Motor vehicles	Office equipment	Premises	Renovation	Therapy equipment	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
<u>Cost</u>										
Balance as at 01.01.2019	7,681	110,524	45,979	10,027	232,974	51,507	-	1,146,465	26,399	1,631,556
Addition	-	7,195	64,000	-	-	47,136	169,967	27,304	74,232	389,834
Balance as at 31.12.2019	7,681	117,719	109,979	10,027	232,974	98,643	169,967	1,173,769	100,631	2,021,390
Addition	11,400	31,547	-	-	97,888	1,350	-	2,909	157,291	302,385
Write off	-	(37,704)	-	-	(92,674)	-	-	-	(3,188)	(133,566)
Balance as at 31.12.2020	19,081	111,562	109,979	10,027	238,188	99,993	169,967	1,176,678	254,734	2,190,209
<u>Accumulated depreciation</u>										
Balance as at 01.01.2019	6,402	78,690	36,890	6,640	102,417	27,986	-	1,126,324	18,171	1,403,520
Depreciation for the year	518	10,437	13,870	1,089	23,383	9,854	11,970	6,866	7,027	85,014
Balance as at 31.12.2019	6,920	89,127	50,760	7,729	125,800	37,840	11,970	1,133,190	25,198	1,488,534
Depreciation for the year	1,125	17,309	17,602	983	30,728	15,949	28,727	10,642	18,543	141,608
Write off	-	(37,704)	-	-	(92,674)	-	-	-	(3,188)	(133,566)
Balance as at 31.12.2020	8,045	68,732	68,362	8,712	63,854	53,789	40,697	1,143,832	40,553	1,496,576
<u>Carrying amounts</u>										
Balance as at 31.12.2019	761	28,592	59,219	2,298	107,174	60,803	157,997	40,579	75,433	532,856
Balance as at 31.12.2020	11,036	42,830	41,617	1,315	174,334	46,204	129,270	32,846	214,181	693,633

During the financial year, the Charity acquired property, plant and equipment with an aggregate cost of S\$302,385 (2019: S\$389,834). The cash outflow on acquisition of property, plant and equipment in 2020 amounted to S\$302,385 (2019: S\$175,444).

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18(a).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

14 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2020 S\$	2019 S\$
Trade receivables		
- third parties	-	100
Other receivables and prepayments:		
Deposits	16,002	15,143
Prepayments	7,672	27,580
Interest receivable	25,190	14,472
Grants/funding receivables	75,076	77,475
Other receivables	-	2,664
	<u>123,940</u>	<u>137,334</u>

Trade receivables are non-interest bearing and the credit period granted are generally on cash terms. (2019: cash terms).

15 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following amounts:

	2020 S\$	2019 S\$
Fixed deposits	1,583,639	1,574,272
Cash and bank balances	4,736,570	3,787,054
	<u>6,320,209</u>	<u>5,361,326</u>

The fixed deposits bear interest rates ranging from 1.00% to 1.83% (2019: 1.00% to 1.83%) per annum with maturities within the next 12 to 36 months.

Certain fixed deposits and cash and bank balances are related to building fund, amounting to S\$857,944 (2019: S\$857,944).

16 FUNDS OF THE CHARITY

General fund

The general fund is expandable at the discretion of management in furtherance of the Charity's objects and purposes.

Designated funds

Needy Client Fund

This fund, previously known as "Benevolent Fund", is for the specific purpose of offering financial assistance to all clients who are assessed to be eligible for such help. It will assist the payment of client's basic living needs, award bursary covering programme fees and transport costs, and assist the payment of medical expenses.

Staff Conscience Fund

This fund is collected voluntarily from the staff who have utilized the organization's resources for personal use; e.g printing.

Caregivers Support/Training Fund

This fund was set aside for caregivers with subsidies to attend training that build their capabilities in caring for the physical, social and emotional needs of their dependents.

Tree of Life Fund

This fund is for the objective of furthering the purpose and goals of the Tree of Life Project, which volunteers help to teach the Charity's client and staff to do recycle art. It will cover all the expenditure incurred for the projects' programmes, activities and events.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

16 FUNDS OF THE CHARITY (CONT'D)

Community Silver Trust Fund

This fund is a donation-matching grant from the Government aimed at enhancing the intermediate and long-term care (ILTC) services in Singapore.

Silver Volunteer Fund

This fund is to support programs that offer volunteer opportunities to seniors, including the training, management and recognition of senior volunteers in the program and serve as a platform to draw a diverse and growing network of volunteer host organisations (VHOs) to come forward and offer seniors a wide range of volunteer opportunities in areas, including, but not limited to, aged care, health and wellness, arts and heritage, horticulture and the environment, learning and community development.

President's Challenge Fund

This fund is allocated for cyclical maintenance works and/or purchase of a vehicle, or any other expenses to support office and centre's operations.

Invictus Fund

This fund is to support social service agencies in maintaining service delivery and serving client safely and effectively during the pandemic.

Tech Booster Fund

This fund aims to ramp up adoption of ready technologies for manpower-intensive programmers at centres.

The movements in the funds are as follows:

	Community Silver Trust Fund S\$	Silver Volunteer Fund S\$	President's Challenge Fund S\$	Invictus Fund S\$	Tree of Life Fund S\$
Balance at 1 January 2019	-	-	-	-	15,812
Income	611,697	7,442	-	-	-
Expenditure	(284,962)	(7,442)	-	-	-
Utilisation of Community Silver Trust Fund to fund recurrent operating expenses	(326,735)	-	-	-	-
Balance at 31 December 2019	-	-	-	-	15,812
Income	412,228	3,270	20,451	1,753	-
Expenditure	(165,228)	(3,270)	(5,125)	(1,753)	-
Utilisation of Community Silver Trust Fund to fund recurrent operating expenses	(247,000)	-	-	-	-
Utilisation of President's Challenge Fund to fund programme operating expenses	-	-	(15,326)	-	-
Balance at 31 December 2020	-	-	-	-	15,812

Building fund

This fund, previously named as "Building Fund and Expansion Work", was set aside for purchasing a new premise and/or expansion works in the future.

Renovation fund

This fund was set aside for renovation purposes.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

17 DEFERRED CAPITAL GRANTS

	S\$
Balance at 1 January 2019	95,875
Transferred from grants received in advance (Note 19)	82,639
Transferred from statement of change in renovation fund	9,172
Amortised during the year (Note 6)	(27,125)
Balance at 31 December 2019	160,561
Transferred from grants received in advance (Note 19)	283,728
Amortised during the year (Note 6)	(54,336)
Balance at 31 December 2020	389,953

These amounts represent government grants and donations received from individuals for the purchase of property, plant and equipment. These grants and donations are amortised and recognised as income in proportion to the depreciation of the related property, plant and equipment.

18 LEASES

The Charity as a lessee

The Charity has lease contracts for office equipment and premises. The Charity's obligations under these leases are secured by the lessor's title to the leased assets. The Charity is restricted from assigning and subleasing the leased assets. There are several lease contracts that include extension options which are further discussed below.

The Charity also has certain leases of office equipment and premises with lease terms of 12 months or less. The Charity applies the 'short-term lease' recognition exemptions for these leases.

a) Carrying amounts of right-of-use assets classified within property, plant and equipment

	Office equipment S\$	Premises S\$	Total S\$
Addition	44,917	169,967	214,884
Depreciation for the year	(2,994)	(11,970)	(14,964)
Balance as at 31.12.2019	41,923	157,997	199,920
Depreciation for the year	(8,983)	(28,727)	(37,710)
Balance as at 31.12.2020	32,940	129,270	162,210

b) Lease liabilities

	2020 S\$	2019 S\$
Maturity analysis:		
Within one year	43,618	43,617
After one year but not more than five years	144,133	171,059
After five years	-	16,692
Total future (undiscounted) cash outflows	187,751	231,368
Interest payments	(20,144)	(29,914)
	167,607	201,454
Analysed as:		
Current liabilities	35,668	33,848
Non-current liabilities	131,939	167,606
	167,607	201,454

The movements during the year are disclosed in the statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

18 LEASES (CONT'D)

c) Amounts recognised in the statement of financial activities

	2020 S\$	2019 S\$
Depreciation of right-of-use assets	37,710	14,964
Interest on lease liabilities (Note 9)	9,770	4,386
Lease expense not capitalised in lease liabilities:		
Expenditure relating to short-term leases		
Rental of premises	41,744	51,521
Rental of equipment	-	3,509
	41,744	55,030
Total amount recognised in statement of financial activities	89,224	74,380

d) Total cash outflow

The Charity had total cash outflows for leases of S\$85,361 (2019: S\$76,737).

e) Extension options

The Charity has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Charity's business needs. Management exercises significant judgment in determining whether these extension options are reasonably certain to be exercised.

19 OTHER PAYABLES

	2020 S\$	2019 S\$
Accruals	5,000	32,577
Grants/funding received in advance	1,160,620	963,040
Accrued for unutilised leave	43,883	17,688
Other payables	100	-
	1,209,603	1,013,305

The movement of the grants/funding received in advance are as follows:

	Community Silver Trust Fund S\$	Silver Volunteer Fund S\$	President's Challenge Fund S\$	Invictus Fund S\$	Tech Booster Fund S\$	Total S\$
Balance as at 01.01.2019	1,525,539	16,748	-	-	-	1,542,287
Grants received during the year	72,568	67,593	49,000	-	-	189,161
Unutilised grants returned during the year	(66,630)	-	-	-	-	(66,630)
Transferred to deferred capital grants (Note 17)	(80,232)	(2,407)	-	-	-	(82,639)
Recognised in statement of financial activities	(611,697)	(7,442)	-	-	-	(619,139)
Balance as at 31.12.2019	839,548	74,492	49,000	-	-	963,040

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

19 OTHER PAYABLES (CONT'D)

	Community Silver Trust Fund S\$	Silver Volunteer Fund S\$	President's Challenge Fund S\$	Invictus Fund S\$	Tech Booster Fund S\$	Total S\$
Balance as at 01.01.2020	839,548	74,492	49,000	-	-	963,040
Grants received during the year	617,735	11,747	-	50,000	240,000	919,482
Unutilised grants returned during the year	(472)	-	-	-	-	(472)
Transferred to deferred capital grants (Note 17)	(197,888)	-	(28,549)	-	(57,291)	(283,728)
Recognised in statement of financial activities	(412,228)	(3,270)	(20,451)	(1,753)	-	(437,702)
Balance as at 31.12.2020	846,695	82,969	-	48,247	182,709	1,160,620

20 RELATED PARTY TRANSACTIONS

There are no related party transactions during the financial year (2019: Nil)

21 LOANS

During the financial year, there was no loan made to any employees, member of the Management Committee, related parties or outside parties. (2019: Nil)

22 SPONSORSHIP TO OTHER CHARITIES

The Charity did not receive/provide any sponsorship from/to other charities during the financial year. (2019: Nil)

23 COMMITMENTS

There were no commitments as at reporting date (2019: Nil).

24 CONTINGENT LIABILITIES

There were no contingent liabilities as at reporting date (2019: Nil).

25 SUBSEQUENT EVENTS

There have been no significant events subsequent to the reporting date (2019: Nil).

26 FINANCIAL RISK MANAGEMENT

26.1 Overview

The Charity does not have written risk management policies and guidelines.

The main tasks faced by the Charity are credit risks that arise in the normal course of business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

26 FINANCIAL RISK MANAGEMENT (CONT'D)

26.2 Credit Risk

Credit risk refers to the risk that the counterparties will default on its contractual obligations resulting in a loss to the Charity. The Charity's exposure to credit risk arises primarily from trade and other receivables. For other financial assets including cash and cash equivalents, the Charity minimises credit risk by dealing exclusively with high credit rating counterparties.

There is no other significant concentration of credit risk.

The age of trade receivables at the reporting date is as follows:

	2020 S\$	2019 S\$
Past due 1 to 30 days	-	100
Past due 31 to 60 days	-	-
Past due 61 to 90 days	-	-
Past due more than 90 days	-	-
	<u>-</u>	<u>100</u>

Trade receivables

For trade receivables, the Charity has applied the simplified approach in FRS 109 to measure the loss allowance at lifetime ECL. The Charity determines the ECL by using a provision matrix, estimated based on historical credit loss experience based on the past due status of the debtors, adjusted as appropriate to reflect the current conditions and estimates of future economic conditions. As at 31 December 2019, there is immaterial credit risk loss noted.

Other receivables

Other receivables are regarded as of low credit risk if they a low risk of default and when the debtor has a strong capacity to meet its obligations in the near term. Accordingly, the Charity measured the impairment loss allowance using 12-month ECL and determined that the ECL is insignificant.

26.3 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of the Charity's financial instruments will fluctuate because of changes in interest rates. The Charity's exposure to interest rate risk arises primarily from cash deposits placed with financial institutions.

27 FAIR VALUE OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Financial assets and liabilities not measured at fair value

Cash and cash equivalents, other receivables and other payables

The carrying amounts of these balances measured at amortised cost approximate their fair values due to the short-term nature of these balances.

Trade receivables

The carrying amounts of these receivables measured at amortised cost approximate their fair values as they are subject to normal trade credit terms.

Lease liabilities

The carrying amounts of these balances measured at amortised cost approximate their fair values as they are subject to interest rates close to market rate of interests for similar arrangements with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

28 CLASSIFICATION OF FINANCIAL INSTRUMENTS

The financial assets and financial liabilities can be classified as follows: -

	Financial assets at amortised cost S\$	Financial liabilities at amortised cost S\$	Total S\$
2020			
Assets			
Trade and other receivables	116,268	-	116,268
Cash and cash equivalents	6,320,209	-	6,320,209
Total financial assets	6,436,477	-	6,436,477
Liabilities			
Other payables	-	1,209,603	1,209,603
Lease liabilities	-	167,607	167,607
Total financial liabilities	-	1,377,210	1,377,210
2019			
Assets			
Trade and other receivables	109,854	-	109,854
Cash and cash equivalents	5,361,326	-	5,361,326
Total financial assets	5,471,180	-	5,471,180
Liabilities			
Other payables	-	1,013,305	1,013,305
Lease liabilities	-	201,454	201,454
Total financial liabilities	-	1,214,759	1,214,759

29 RESERVES POLICY

The primary objective of the Charity's reserves management policy is to ensure that it maintains a strong and healthy capital ratio in order to support its activities. The funds of the Charity comprise restricted funds and unrestricted funds. The Charity is not subject to any externally imposed capital requirements.

The Charity's reserves position for the financial year ended 31 December 2020 is as follows:

		2020 S\$	2019 S\$
Unrestricted fund	(A)	3,138,767	2,849,861
Restricted or designated funds		2,231,852	1,806,435
Total funds		5,370,619	4,656,296
Annual operating expenditure	(B)	2,548,147	2,983,849
Ratio of reserves to annual operating expenditures	(A) / (B)	1.23	0.96

The Charity intends to set its reserves at a level equivalent to two years of operating expenditure. It excludes Restricted Funds. There were no changes to the Charity's approach to reserves management during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
31 DECEMBER 2020

30 AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2020 were authorised for issue in accordance with a resolution of the Management Committee on

23 JUN 2021

APPENDIX A1

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

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

	Headquarters				Tampines				Toa Payoh			
	Unrestricted funds		Restricted funds		Restricted funds		Restricted funds		Restricted funds		Restricted funds	
	General fund	Designated funds	Building fund	Renovation fund	Designated funds	General fund	Designated funds	General fund	Designated funds	General fund	Designated funds	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Income												
Income from generated funds												
- Voluntary income	73,276	19,800	-	-	-	231,547	-	230,189	-	-	-	554,812
- Fundraising activities	-	-	-	-	-	142,816	-	143,341	-	-	-	286,157
Government subvention	389,100	-	-	-	-	549,982	-	593,598	-	-	-	1,532,680
Income from charitable activities	-	-	-	-	-	64,895	-	98,036	-	-	-	162,931
Tote Board Social Service Fund	-	-	-	-	-	123,700	-	101,980	-	-	-	225,680
Community Silver Trust Fund	-	-	-	-	-	-	-	-	-	-	-	412,228
Silver Volunteer Fund	-	-	-	-	-	3,270	-	-	-	-	-	3,270
President's Challenge Fund	-	-	-	-	-	20,451	-	-	-	-	-	20,451
Invictus Fund	-	-	-	-	-	1,753	-	-	-	-	-	1,753
Other income	62,508	-	-	-	-	-	-	-	-	-	-	62,508
Total income	524,884	19,800	-	-	437,702	1,112,940	-	1,167,144	-	-	-	3,262,470
Expenditure												
Cost of fund generating activities	-	-	-	-	-	6,695	-	4,803	-	-	-	11,498
Cost of charitable activities	62,382	21,295	-	-	175,376	990,365	-	1,056,644	-	-	-	2,306,062
Governance and administrative costs	192,222	-	-	-	-	20,673	-	17,692	-	-	-	230,587
Total expenditure	254,604	21,295	-	-	175,376	1,017,733	-	1,079,139	-	-	-	2,548,147
Net surplus/(deficit) for the year	270,280	(1,495)	-	-	262,326	95,207	-	88,005	-	-	-	714,323
Transfer between funds	20,121	-	-	-	(262,326)	114,201	-	128,004	-	-	-	-
Net movement in funds	290,401	(1,495)	-	-	-	209,408	-	216,009	-	-	-	714,323
Total funds brought forward	2,438,568	411,293	857,944	-	-	795,632	-	137,047	-	15,812	15,812	4,656,296
Total funds carried forward	2,728,969	409,798	857,944	-	-	1,005,040	-	353,056	-	15,812	15,812	5,370,619

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

	Headquarters			Tampines			Toa Payoh
	Unrestricted funds		Restricted funds		Restricted funds		Restricted funds
	General fund	Designated funds	Building fund	Renovation fund	Designated funds	General fund	Designated funds
Total	S\$	S\$	S\$	S\$	S\$	S\$	S\$

Income						
Income from generated funds						
- Voluntary income:						
Donations	73,276	19,800	-	-	222,596	-
Pledges	-	-	-	-	8,951	-
	73,276	19,800	-	-	231,547	-
Fundraising activities	-	-	-	-	142,816	-
Government subvention:	-	-	-	-	143,341	-
Amortisation of deferred capital grant	13,994	-	-	-	22,862	-
Foreign workers levy rebate	-	-	-	-	-	-
Rental relief	967	-	-	-	2,919	-
Jobs support scheme	370,959	-	-	-	-	-
Recurrent operating subvention	3,000	-	-	-	436,996	-
Special employment credit	-	-	-	-	11,773	-
Training grant	180	-	-	-	-	-
VWO transport	-	-	-	-	43,822	-
Wage credit scheme	-	-	-	-	31,610	-
	389,100	-	-	-	549,982	-
Income from charitable activities	-	-	-	-	64,895	-
Tote Board Social Service Fund	-	-	-	-	123,700	-
Community Silver Trust Fund	-	-	-	-	412,228	-
Silver Volunteer Fund	-	-	-	-	3,270	-
Balance carried forward	462,376	19,800	-	-	415,498	-
					1,112,940	-
					1,167,144	-
					3,177,758	-

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT OF INCOME BY SERVICE CENTRES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Headquarters				Tampines				Toa Payoh		Total
	Unrestricted funds		Restricted funds		Restricted funds		Restricted funds				
	General fund	Designated funds	Building fund	Renovation fund	Designated funds	General fund	Designated funds	General fund	Designated funds		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$		
Balance brought forward	462,376	19,800	-	-	-	415,498	1,112,940	-	1,167,144	-	3,177,758
President's Challenge Fund	-	-	-	-	-	20,451	-	-	-	-	20,451
Invictus Fund	-	-	-	-	-	1,753	-	-	-	-	1,753
Other income:											
Interest income from fixed deposits	20,084	-	-	-	-	-	-	-	-	-	20,084
Others	42,424	-	-	-	-	-	-	-	-	-	42,424
	62,508	-	-	-	-	-	-	-	-	-	62,508
Total income	524,884	19,800	-	-	-	437,702	1,112,940	-	1,167,144	-	3,262,470

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

	Headquarters			Tampines			Toa Payoh	
	Unrestricted funds		Restricted funds		Restricted funds		Restricted funds	
	General fund	Designated funds	Building fund	Renovation fund	General fund	Designated funds	General fund	Designated funds
Total	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
-	-	-	-	-	6,695	-	4,803	-
11,498	-	-	-	-	-	-	-	-

Cost of charitable activities
 Activities of daily living
 Centre activities
 Community living skills activities
 Depreciation of property, plant and equipment
 Equipment expended
 Employee benefits expense:

[illegible]

CHRISTIAN OUTREACH TO THE HANDICAPPED
(UEN No. S87SS0014H)
(Registered in Singapore)

STATEMENT OF EXPENDITURE BY SERVICE CENTRES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Headquarters				Tampines				Toa Payoh		Total
	Unrestricted funds		Restricted funds		Restricted funds		Restricted funds				
	General fund	Designated funds	Building fund	Renovation fund	Designated funds	General fund	Designated funds	General fund	Designated funds		
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	
Cost of charitable activities (cont'd)											
Balance brought forward	38,875	-	-	-	172,107	829,771	-	766,561	-	1,807,314	
Miscellaneous	5,199	-	-	-	-	1,104	-	2,322	-	8,625	
Postage	3,097	-	-	-	-	119	-	15	-	3,231	
Rental of premises	2,902	-	-	-	-	8,757	-	30,085	-	41,744	
Repairs and maintenance	702	-	-	-	-	12,750	-	15,804	-	29,256	
Printing and stationery	2,057	-	-	-	-	3,105	-	849	-	6,011	
Social assistance	-	21,295	-	-	-	-	-	-	-	21,295	
Subscription fee	801	-	-	-	-	186	-	53	-	1,040	
Telecommunication	22	-	-	-	-	1,996	-	3,991	-	6,009	
Transport	2,907	-	-	-	-	81,243	-	167,304	-	251,454	
Utilities	5,382	-	-	-	-	15,358	-	23,355	-	44,095	
Vehicle expenses	432	-	-	-	-	12,071	-	7,913	-	20,416	
Volunteers expenses	-	-	-	-	3,269	2,500	-	1,800	-	7,569	
Wet market purchase	6	-	-	-	-	21,405	-	36,592	-	58,003	
	62,382	21,295	-	-	175,376	990,365	-	1,056,644	-	2,306,062	

CHRISTIAN OUTREACH TO THE HANDICAPPED

(UEN No. S87SS0014H)

(Registered in Singapore)

STATEMENT OF EXPENDITURE BY SERVICE CENTRES (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

	Headquarters			Tampines			Toa Payoh		
	Unrestricted funds	Designated funds	Building fund	Restricted funds	Renovation fund	Designated funds	General fund	Designated funds	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Accounting fee	16,400	-	-	-	-	-	-	-	16,400
Audit fee	4,750	-	-	-	-	-	-	-	4,750
Bad debts written off	2,664	-	-	-	-	-	-	-	2,664
Employee benefits expense:									
Salaries and bonus	108,948	-	-	-	-	-	-	-	108,948
CPF contribution and skills development levy	18,779	-	-	-	-	-	-	-	18,779
Staff welfare	24,242	-	-	-	-	-	-	-	24,242
Staff training	334	-	-	-	-	-	-	-	334
	152,303	-	-	-	-	-	-	-	152,303
Insurance	-	-	-	-	-	-	14,922	-	31,056
Other expenses	16,105	-	-	-	-	-	2,770	-	23,414
	192,222	-	-	-	-	-	17,692	-	230,587
Total expenditure	254,604	21,295	-	-	-	175,376	1,017,733	-	2,548,147