

**CHEN SU LAN METHODIST
CHILDREN'S HOME**

[UEN. S68SS0016K]

[Charity Reg. No. 000063]

[Registered under the Societies Act
(Chapter 311) in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2020**

CONTENTS

Statement by the Management Committee	2
Independent Auditor's Report	3
Statement of Financial Activities	7
Balance Sheet	9
Statement of Changes in Funds	10
Statement of Cash Flows	12
Notes to the Financial Statements	13

Fiducia LLP

(UEN. T10LL0955L)

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

STATEMENT BY THE MANAGEMENT COMMITTEE

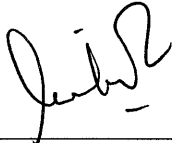
In the opinion of the Management Committee, the financial statements of Chen Su Lan Methodist Children's Home (the "Home") are drawn up so as to present fairly, in all material respects, the state of affairs of the Home as at 31 December 2020 and the results, changes in funds and cash flows of the Home for the financial year then ended.

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

The Management Committee, comprising the following, authorised the issue of these financial statements on **30 APR 2021**

Chairman	Clifton Tan Tiong Jin
Vice Chairman	Eddie Ong Chin Hin
Secretary	Winston James Hodge
Treasurer	Yow Chi Mun
Committee Member	Yap Sze Hon
Committee Member	Toh Hooi Min
Committee Member	Rev Chia Chin Nam (Resigned on 28 April 2021)
Committee Member	Lim Hwee Seh

For and on behalf of the Management Committee,



Clifton Tan Tiong Jin
Chairman



Yow Chi Mun
Treasurer

Singapore, **30 APR 2021**

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

Independent auditor's report to the members of:

CHEN SU LAN METHODIST CHILDREN'S HOME
[UEN. S68SS0016K]
[Charity Reg. No. 000063]
[Registered under the Societies Act (Chapter 311) in the
Republic of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Chen Su Lan Methodist Children's Home (the "Home"), which comprise the balance sheet 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"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard in Singapore ("CAS") so as to present fairly, in all material respects, the state of affairs of the Home as at 31 December 2020 and the results, changes in funds and cash flows of the Home 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 Home 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 (set out on page 2), but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

CHEN SU LAN METHODIST CHILDREN'S HOME
[UEN. S68SS0016K]
[Charity Reg. No. 000063]
[Registered under the Societies Act (Chapter 311) in the
Republic of Singapore]

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and CAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Home'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 Home's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

Independent auditor's report to the members of:

CHEN SU LAN METHODIST CHILDREN'S HOME
[UEN. S68SS0016K]
[Charity Reg. No. 000063]
[Registered under the Societies Act (Chapter 311) in the
Republic of Singapore]

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 Home'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 Home 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:

- (a) the accounting and other records required to be kept by the Home 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 appeal held during the year has 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.

Chen Su Lan Methodist Children's Home
[UEN. S68SS0016K]
[Charity Reg. No.000063]

Audited Financial Statements
Financial Year Ended 31 December 2020

Fiducia LLP

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre, #08-01
Singapore 408571.
T: (65) 6846.8376
F: (65) 6491.5218

(CONT'D)

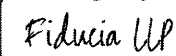
Independent auditor's report to the members of:

CHEN SU LAN METHODIST CHILDREN'S HOME
[UEN. S68SS0016K]
[Charity Reg. No. 000063]
[Registered under the Societies Act (Chapter 311) in the
Republic of Singapore]

Report on other Legal and Regulatory Requirements (Cont'd)

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

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

DocuSigned by:

A863FCC12BAB474...

Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, 30 April 2021

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

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

		2020		2019	
	Note	Total unrestricted funds S\$	Total restricted funds (Note 20) S\$	Total unrestricted and restricted funds S\$	Total unrestricted and restricted funds S\$
INCOME					
Income from generating funds					
<u>Voluntary income</u>					
Donations	4	1,721,724	83,120	1,804,844	1,681,530
Grants from social welfare	5	147,373	4,657,287	4,804,660	4,105,042
		<u>1,869,097</u>	<u>4,740,407</u>	<u>6,609,504</u>	<u>5,786,572</u>
Income from charitable activities					
Childcare enrichment income		0	62,473	62,473	54,205
Childcare income		0	223,938	223,938	276,369
		<u>0</u>	<u>286,411</u>	<u>286,411</u>	<u>330,574</u>
Investment income					
Interest income		82,217	0	82,217	129,522
Other income	6	810,914	383,197	1,194,111	64,736
Total income		<u>2,762,228</u>	<u>5,410,015</u>	<u>8,172,243</u>	<u>6,311,404</u>
EXPENDITURE					
Cost of charitable activities					
Program expenses	7	66,845	176,948	243,793	477,952
Home expenses	8	10,845	325,527	336,372	360,781
Staff costs	9	210,835	4,198,739	4,409,574	4,005,573
		<u>288,525</u>	<u>4,701,214</u>	<u>4,989,739</u>	<u>4,844,306</u>
Governance and other administrative costs					
Administrative expenses	10	22,871	25,323	48,194	44,378
Depreciation	15	231,489	199,645	431,134	390,086
Professional fees	11	30,295	5,372	35,667	15,798
Loss on disposal of financial assets	16	8,750	0	8,750	2,000
		<u>293,405</u>	<u>230,340</u>	<u>523,745</u>	<u>452,262</u>
Total expenditure		<u>581,930</u>	<u>4,931,554</u>	<u>5,513,484</u>	<u>5,296,568</u>
Net income for the financial year		2,180,298	478,461	2,658,759	1,014,836
Transfers between funds		(72,320)	72,320	0	0
Total funds brought forward		<u>11,568,428</u>	<u>9,893,589</u>	<u>21,462,017</u>	<u>20,447,181</u>
Total funds carried forward		<u>13,676,406</u>	<u>10,444,370</u>	<u>24,120,776</u>	<u>21,462,017</u>

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

BALANCE SHEET AS AT 31 DECEMBER 2020

	Note	2020 S\$	2019 S\$
ASSETS			
Current assets			
Cash and cash equivalents	12	12,841,047	10,099,345
Other receivables	13	674,631	170,659
Other current assets	14	34,738	17,213
Investment in financial assets	16	0	258,750
		13,550,416	10,545,967
Non-current assets			
Property, plant and equipment	15	11,392,503	11,692,770
		24,942,919	22,238,737
LIABILITIES			
Current liabilities			
Other payables	17	822,143	776,720
		822,143	776,720
NET ASSETS			
		24,120,776	21,462,017
FUNDS			
Unrestricted funds			
General fund (Home)	18	13,163,663	11,099,078
Designated funds			
- CSL scholarship fund	19	209,195	193,059
- Chen Su Lan trust fund	19	87,760	67,340
- Lions club fund	19	10,399	11,910
- Love fund	19	8,348	0
- Home within home fund	19	197,041	197,041
		512,743	469,350
		13,676,406	11,568,428
Restricted funds			
Program funds			
- Childcare fund	20	318,781	239,801
- Voluntary children's home fund	20	(919,565)	(776,532)
- Children disability fund	20	361,314	407,618
- Pilot small group care fund	20	536,428	348,609
- Safe and strong families reunification fund	20	375,499	195,970
- CST fund	20	111,454	4,256
		783,911	419,722
Capital funds			
- Care & share fund	20	2,416,820	2,452,403
- Building fund	20	6,371,292	6,131,263
- Capital fund	20	100,000	100,000
- CST fund	20	514,772	522,954
- Pilot small group care fund	20	254,583	259,129
- Safe and strong families reunification fund	20	2,992	8,118
		9,660,459	9,473,867
		10,444,370	9,893,589
TOTAL FUNDS			
		24,120,776	21,462,017

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

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

	Balance at the beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	Transfers between funds S\$	Balance at the end of financial year S\$
2020				
Unrestricted funds				
General fund (Home)	11,099,078	2,136,905	(72,320)	13,163,663
Designated funds				
- CSL scholarship fund	193,059	16,136	0	209,195
- Chen Su Lan trust fund	67,340	20,420	0	87,760
- Lions club fund	11,910	(1,511)	0	10,399
- Love fund	0	8,348	0	8,348
- Home within home fund	197,041	0	0	197,041
	<u>469,350</u>	<u>43,393</u>	<u>0</u>	<u>512,743</u>
	<u>11,568,428</u>	<u>2,180,298</u>	<u>(72,320)</u>	<u>13,676,406</u>
Restricted funds				
Program funds				
- Childcare fund	239,801	78,980	0	318,781
- Voluntary children's home fund	(776,532)	(143,033)	0	(919,565)
- Children disability fund	407,618	(118,624)	72,320	361,314
- Pilot small group care fund	348,609	187,819	0	536,428
- Safe and strong families reunification fund	195,970	179,529	0	375,499
- CST fund	4,256	107,198	0	111,454
	<u>419,722</u>	<u>291,869</u>	<u>72,320</u>	<u>783,911</u>
Capital funds				
- Care & share fund	2,452,403	(35,583)	0	2,416,820
- Building fund	6,131,263	240,029	0	6,371,292
- Capital fund	100,000	0	0	100,000
- CST fund	522,954	(8,182)	0	514,772
- Pilot small group care fund	259,129	(4,546)	0	254,583
- Safe and strong families reunification fund	8,118	(5,126)	0	2,992
	<u>9,473,867</u>	<u>186,592</u>	<u>0</u>	<u>9,660,459</u>
	<u>9,893,589</u>	<u>478,461</u>	<u>72,320</u>	<u>10,444,370</u>
Total funds	<u>21,462,017</u>	<u>2,658,759</u>	<u>0</u>	<u>24,120,776</u>

**STATEMENT OF CHANGES IN FUNDS
 FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2020 (CONT'D)**

	Balance at the beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	Transfers between funds S\$	Balance at the end of financial year S\$
2019				
Unrestricted funds				
General fund (Home)	10,077,961	1,305,097	(283,980)	11,099,078
Designated funds				
- CSL scholarship fund	139,982	53,077	0	193,059
- Chen Su Lan trust fund	91,873	(24,533)	0	67,340
- Lions club fund	12,396	(486)	0	11,910
- Home within home fund	197,041	0	0	197,041
	<u>441,292</u>	<u>28,058</u>	<u>0</u>	<u>469,350</u>
	<u>10,519,253</u>	<u>1,333,155</u>	<u>(283,980)</u>	<u>11,568,428</u>
Restricted funds				
Program funds				
- Childcare fund	272,099	(32,298)	0	239,801
- Voluntary children's home fund	0	(776,532)	0	(776,532)
- Children disability fund	37,710	85,928	283,980	407,618
- Pilot small group care fund	174,115	174,494	0	348,609
- Safe and strong families reunification fund	123,018	72,952	0	195,970
- CST fund	111,496	(107,240)	0	4,256
	<u>718,438</u>	<u>(582,696)</u>	<u>283,980</u>	<u>419,722</u>
Capital funds				
- Care & share fund	2,324,375	128,028	0	2,452,403
- Building fund	6,007,212	124,051	0	6,131,263
- Capital fund	100,000	0	0	100,000
- CST fund	531,136	(8,182)	0	522,954
- Pilot small group care fund	233,523	25,606	0	259,129
- Safe and strong families reunification fund	13,244	(5,126)	0	8,118
	<u>9,209,490</u>	<u>264,377</u>	<u>0</u>	<u>9,473,867</u>
	<u>9,927,928</u>	<u>(318,319)</u>	<u>283,980</u>	<u>9,893,589</u>
Total funds	<u>20,447,181</u>	<u>1,014,836</u>	<u>0</u>	<u>21,462,017</u>

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

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

	Note	2020 S\$	2019 S\$
Cash flows from operating activities			
Net income for the financial year		2,658,759	1,014,836
Adjustments for:			
Depreciation	15	431,134	390,086
Loss on disposal of financial asset	16	8,750	2,000
Interest income		(82,217)	(129,522)
Operating cash flow before changes in working capital		3,016,426	1,277,400
Changes in working capital:			
Other receivables		(473,217)	176,344
Other current assets		(17,525)	8,947
Other payables		45,423	74,199
Net cash generated from operating activities		<u>2,571,107</u>	<u>1,536,890</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	15	(130,867)	(899,961)
Interest received		51,462	104,723
Proceeds from sale of financial assets		0	252,500
Proceeds from matured financial assets		250,000	0
Net cash generated from/(used in) investing activities		<u>170,595</u>	<u>(542,738)</u>
Net increase in cash and cash equivalents		2,741,702	994,152
Cash and cash equivalents at beginning of financial year		<u>10,099,345</u>	<u>9,105,193</u>
Cash and cash equivalents at end of financial year	12	<u>12,841,047</u>	<u>10,099,345</u>

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

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

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

1. General information

Chen Su Lan Methodist Children's Home (the "Home") was registered under the Societies Act (Chapter 311) on 12 March 1968. The Home is a charity registered under the Charities Act on 28 June 1984. The Home's registered address and principal place of operating activity is located at 202 Serangoon Garden Way, Chen Su Lan Methodist Children's Home, Singapore 556057.

The Home has been accorded an Institution of a Public Character ("IPC") status for the period from 1 July 2016 to 30 June 2019. The Home has renewed its IPC status from 1 July 2019 to 30 June 2022.

The principal objectives of the Home are:

- To develop the spiritual, educational, social, physical and emotional well-being of the children;
- To provide an inclusive Home environment to enhance the integration of children with special needs and mainstream children;
- To assist parents in problem solving and coping with their difficulties; and
- To strengthen family relationships and enhance the quality of family life.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Charities Accounting Standard ("CAS") and the disclosure requirements of the Societies Act (Chapter 311) and Charities Act (Chapter 37). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

These financial statements are presented in Singapore Dollar ("S\$"), which is the Home's functional currency. Functional currency is the currency of the primary economic environment in which the Home operates. All financial information presented are denominated in Singapore Dollar unless otherwise stated.

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

2. Significant accounting policies (Cont'd)

2.2 Income recognition

Income comprises the fair value of the consideration received or receivable in the ordinary course of the Home's activities. Income is recognised as follows:

2.2.1 Donations

Donation income is recognised as income upon receipt of such monies.

2.2.2 Rendering of childcare services

Childcare income is recognised when the services have been performed and rendered.

2.2.3 Interest income

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

2.2.4 Other income

Other income is recognised when incurred.

2.3 Government grants

The recognition of a promised grant or donation is evidence of entitlement which normally exists when the grant is formally expressed in writing. Where the entitlement is demonstrable, and no conditions are attached, such promises are recognised as income once the criteria or certainty and measurability are met.

When conditions are attached, they must be fulfilled before the Home has unconditional entitlement to the income. Income is deferred as a liability where uncertainty exists as to whether the Home can meet the conditions and is recognised as income when there is sufficient evidence that the conditions imposed can be met.

2.4 Expenditure recognition

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

2.4.1 Cost of charitable activities comprises all costs incurred in the pursuit of the charitable objects of the Home. The total costs of charitable activities are apportionment of overhead and shared costs.

2.4.2 Governance and other administrative costs include the costs of governance arrangement, which relate to the general running of the Home, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2. Significant accounting policies (Cont'd)

2.5 Operating leases

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 Employee benefits

2.6.1 Defined contribution plans

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

2.6.2 Employee leaves 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.

2.7 Income taxes

As the Home is an approved charity, no provision for taxation has been made in the financial statements as the Home is exempted from income tax under Section 13(1)(zm) of the Income Tax Act.

2.8 Financial assets

2.8.1 Recognition and measurement

Other receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs will be recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Investments in financial assets are investments in debt instruments, which are recognised when it becomes a party to the contractual provisions of the instrument. These are initially measured at the transaction price excluding transaction costs, if any, which will be recognised as expenditure immediately in the statement of financial activities. They are included in non-current assets unless management intends to dispose of the assets within twelve months after the reporting date.

Other receivables and investments in financial assets are subsequently measured at cost less accumulated impairment losses.

2. Significant accounting policies (Cont'd)

2.8 Financial assets (Cont'd)

2.8.2 Derecognition

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

2.8.3 Impairment

The Home assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of financial assets is recognised when there is objective evidence that the Home will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments is considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the undiscounted future cash flows that the Home expects to receive. The amount of the allowance for impairment is recognised in the statement of financial activities within "Governance and other administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the Home will reverse the previously recognised impairment loss. The reversal will not result in any carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The amount of reversal is recognised in the statement of financial activities.

2.9 Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits with financial institutions and short-term highly liquid investments that are readily convertible to a known amount of cash, which are subject to an insignificant risk of change in value.

2.10 Property, plant and equipment

2.10.1 Measurement

Property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation.

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

2. Significant accounting policies (Cont'd)

2.10 Property, plant and equipment (Cont'd)

2.10.2 Depreciation

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

	Useful lives
Leasehold land	99 years
Leasehold buildings	66 - 99 years
Furniture and fittings	5 years
Office equipment	5 years
Motor vehicles	5 years

Assets under work-in-progress are not depreciated as these assets are not yet available for use.

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

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

2.10.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that have 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 Home and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repairs and maintenance expenses in statement of financial activities during the financial year in which it is incurred.

2.10.4 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.

2.11 Financial liabilities

2.11.1 Recognition and measurement

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

2. Significant accounting policies (Cont'd)

2.11 Financial liabilities (Cont'd)

2.11.1 Recognition and measurement (Cont'd)

Other payables, excluding accruals, are recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs will be recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.11.2 Derecognition

Financial liabilities are derecognised when the obligations under the liability are discharged, cancelled or expired. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or 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 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Home 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.

2.13 Fund

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purpose, if any, by action of the Management Committee. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. Management Board retains full control over the use of unrestricted funds for any of the Home's purposes.

2.14 Events after the reporting date

Post year-end events that provide additional information about the Home'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. Critical accounting estimates, assumptions and judgements (Cont'd)

3.1 Critical accounting estimates and assumptions

The Home makes estimates and assumption concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3.1.1 Estimated useful lives of property, plant and equipment

The Home reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

3.2 Critical judgements in applying the entity's accounting policies

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

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 Home 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 Home if the conditions are not met.

4. Donations

	2020 S\$	2019 S\$
Tax deductible donations	1,459,957	1,422,980
Non-tax deductible donations	230,449	136,168
Donations-in-kind	114,438	122,382
	<u>1,804,844</u>	<u>1,681,530</u>

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S\$1,459,957 (2019: S\$1,422,980) pursuant to its Institutions of a Public Character ("IPC") Status.

5. Grants from social welfare

	2020 S\$	2019 S\$
Early Childhood Development Agency	391,285	307,581
Ministry of Social and Family Development (MSF)	3,846,203	3,456,192
Ministry of Health (MOH) - CST	283,980	0
National Council of Social Service (NCSS)	136,946	262,824
Tote Board Social Service Fund (TBSSF) - NCSS	130,449	0
Others	15,797	78,445
	<u>4,804,660</u>	<u>4,105,042</u>

6. Other income

	2020 S\$	2019 S\$
Bicentennial Community Fund grant	400,000	0
Foreign worker levy rebates	34,500	0
Jobs support scheme	661,628	0
Parents' contribution	270	1,170
Wage credit scheme	92,188	54,268
Miscellaneous income	5,525	9,298
	<u>1,194,111</u>	<u>64,736</u>

7. Program expenses

	2020 S\$	2019 S\$
Fund raising expenses	4,471	78,842
School expenses	43,802	81,581
Travelling expenses	22,411	54,183
Tuition expenses	58,087	64,770
Enrichment classes	28,803	40,158
Scholarship expenses	19,818	41,592
Childcare expenses	38,849	64,595
School pocket money expenses	13,778	23,334
Spiritual development expenses	782	2,190
Others	12,992	26,707
	<u>243,793</u>	<u>477,952</u>

8. Home expenses

	2020 S\$	2019 S\$
Food expenses	37,653	44,204
Donations-in-kind expenses	79,892	122,800
Household expenses	17,483	3,276
Repairs and maintenance	72,911	54,170
Vehicles upkeep	13,430	22,072
Water, gas and electricity	115,003	114,259
	<u>336,372</u>	<u>360,781</u>

9. Staff costs

	2020 S\$	2019 S\$
CPF and SDF contributions	446,646	433,916
Foreign workers levy	97,596	115,582
Insurance	27,266	31,702
Medical and dental expenses	14,074	18,129
Salaries, wages and bonuses	3,713,341	3,315,603
Staff recruitment	4,374	3,768
Staff training	51,874	32,239
Staff travel	425	2,528
Staff welfare	53,978	52,106
	<u>4,409,574</u>	<u>4,005,573</u>

The remuneration band of the 3 highest paid staffs is as follows:

	2020	2019
S\$100,001 to S\$200,000	0	1
S\$50,001 to S\$100,000	<u>3</u>	<u>2</u>

10. Administrative expenses

	2020 S\$	2019 S\$
Bank charges	190	798
IT expenses	22,089	11,118
Low value items	0	2,332
Others	1,007	2,689
Postages	167	369
Printing and stationeries	11,604	14,021
Rental of equipment	4,622	4,622
Telephone	8,515	8,429
	<u>48,194</u>	<u>44,378</u>

11. Professional fees

	2020 S\$	2019 S\$
Audit fees - External	16,492	15,448
- Internal	18,725	0
Professional fees	450	350
	<u>35,667</u>	<u>15,798</u>

12. Cash and cash equivalents

	2020 S\$	2019 S\$
Cash on hand	9,000	9,000
Cash at banks	6,132,047	5,090,345
Fixed deposits	<u>6,700,000</u>	<u>5,000,000</u>
	<u>12,841,047</u>	<u>10,099,345</u>

Fixed deposits have maturity terms of 3 to 12 months (2019: 9 to 12 months) and interest rates of 0.31% to 0.85% (2019: 1.90% to 2.04%) per annum.

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

13. Other receivables

	2020 S\$	2019 S\$
Deposits	1,180	1,180
Grant receivable – MSF	57,667	83,955
Grant receivable – NCSS-TBSSF	55,652	0
Grant receivable – Bicentennial Community Fund (BCF)	400,000	0
Grant receivable – Jobs support scheme	82,829	0
Interest receivables	30,755	68,920
Other receivables	35,001	1,889
Prepayments	<u>11,547</u>	<u>14,715</u>
	<u>674,631</u>	<u>170,659</u>

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

14. Other current assets

	2020 S\$	2019 S\$
Consumable goods and vouchers	<u>34,738</u>	<u>17,213</u>

15. Property, plant and equipment

2020	Balance at beginning of financial year S\$	Additions S\$	Transfer S\$	Balance at end of financial year S\$
Cost				
Leasehold land and building	13,228,087	47,657	533,477	13,809,221
Furniture and fittings	1,086,159	5,321	0	1,091,480
Office equipment	662,234	77,889	0	740,123
Motor vehicles	102,867	0	0	102,867
Renovation under construction	533,477	0	(533,477)	0
	<u>15,612,824</u>	<u>130,867</u>	<u>0</u>	<u>15,743,691</u>
	Balance at beginning of financial year S\$	Depreciation charge S\$	Transfer S\$	Balance at end of financial year S\$
Accumulated depreciation				
Leasehold land and building	2,506,466	264,535	0	2,771,001
Furniture and fittings	809,395	100,574	0	909,969
Office equipment	529,092	55,928	0	585,020
Motor vehicles	75,101	10,097	0	85,198
Renovation under construction	0	0	0	0
	<u>3,920,054</u>	<u>431,134</u>	<u>0</u>	<u>4,351,188</u>
	Balance at beginning of financial year S\$			Balance at end of financial year S\$
Carrying amount				
Leasehold land and building	10,721,621			11,038,220
Furniture and fittings	276,764			181,511
Office equipment	133,142			155,103
Motor vehicles	27,766			17,669
Renovation under construction	533,477			0
	<u>11,692,770</u>			<u>11,392,503</u>

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

2019	Balance at beginning of financial year S\$	Additions S\$	Balance at end of financial year S\$
Cost			
Leasehold land and building	13,041,030	187,057	13,228,087
Furniture and fittings	945,536	140,623	1,086,159
Office equipment	623,430	38,804	662,234
Motor vehicles	102,867	0	102,867
Renovation under construction	0	533,477	533,477
	<u>14,712,863</u>	<u>899,961</u>	<u>15,612,824</u>
	Balance at beginning of financial year S\$	Depreciation charge S\$	Balance at end of financial year S\$
Accumulated depreciation			
Leasehold land and building	2,338,574	167,892	2,506,466
Furniture and fittings	677,554	131,841	809,395
Office equipment	448,836	80,256	529,092
Motor vehicles	65,004	10,097	75,101
Renovation under construction	0	0	0
	<u>3,529,968</u>	<u>390,086</u>	<u>3,920,054</u>
	Balance at beginning of financial year S\$		Balance at end of financial year S\$
Carrying amount			
Leasehold land and building	10,702,456		10,721,621
Furniture and fittings	267,982		276,764
Office equipment	174,594		133,142
Motor vehicles	37,863		27,766
Renovation under construction	0		533,477
	<u>11,182,895</u>		<u>11,692,770</u>

Assets held in trust

The leasehold land and building with a carrying amount of S\$11,038,220 (2019: S\$10,721,621) is registered in the name of three (3) Trustees who holds in trust for the Home.

16. Investment in financial assets

	2020 S\$	2019 S\$
Current		
Listed debt securities in Singapore		
- Singapore Airline with fixed interest of 3.22% and maturity date as at 9 July 2020	<u>0</u>	<u>513,250</u>

The movement of the investment in financial assets are as follows:

	2020 S\$	2019 S\$
Listed debt securities in Singapore		
Balance at beginning of financial year	258,750	513,250
Redemption or disposal during the year	<u>(258,750)</u>	<u>(254,500)</u>
Balance at end of financial year	<u>0</u>	<u>258,750</u>

At the reporting date, the fair value of the above investment in financial assets are S\$Nil (2019: S\$250,665).

During the financial year, the Home has redeemed and disposed the debt securities with total proceeds amounting to S\$250,000 (2019: S\$252,500). As a result, a loss on disposal of investment in financial assets of S\$8,750 (2019: S\$2,000) was recognised in the statement of financial activities.

17. Other payables

	2020 S\$	2019 S\$
Accruals	210,828	219,474
Deferred grant income – Jobs support scheme	105,803	0
Deposits	35,347	33,740
Other payables	48,773	149,928
Children's monies held in trust	10,762	12,743
Provision for bonuses	<u>410,630</u>	<u>360,835</u>
	<u>822,143</u>	<u>776,720</u>

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

18. General fund (Home)

The General fund is for the purpose of meeting operating expenses incurred by the Home.

On 28 January 2021, the Management Committee approved the transfer from General fund to Children disability fund amounting to S\$72,320 for purposes of matching by Community Silver Trust (CST). And on 29 October 2019, the Management Committee approved the transfer from General fund to Children disability fund amounting to S\$283,980 for same purpose of matching by CST.

	2020 S\$	2019 S\$
INCOME		
Income from generating funds		
<u>Voluntary income</u>		
Donations	1,615,671	1,424,793
Grants from social welfare	147,373	176,011
Investment income		
Interest income	82,217	129,522
Other income	<u>810,914</u>	<u>55,719</u>
Total income	<u>2,656,175</u>	<u>1,786,045</u>
EXPENDITURE		
Cost of charitable activities		
Program expenses	14,280	78,842
Home expenses	10,845	0
Staff costs	<u>210,835</u>	<u>184,399</u>
	<u>235,960</u>	<u>263,241</u>
Governance and other administrative costs		
Administrative expenses	22,871	31,847
Depreciation	221,394	169,988
Professional fees	30,295	13,872
Loss on disposal of financial assets	<u>8,750</u>	<u>2,000</u>
	<u>283,310</u>	<u>217,707</u>
Total expenditure	<u>519,270</u>	<u>480,948</u>
Net income for the financial year	2,136,905	1,305,097
Transfers between funds	(72,320)	(283,980)
Total funds brought forward	<u>11,099,078</u>	<u>10,077,961</u>
Total funds carried forward	<u>13,163,663</u>	<u>11,099,078</u>

19. Designated funds

This fund is comprised of the following:

19.1 CSL scholarship fund

This fund is used for the purpose of the residents and ex-residents to pursue tertiary educations.

19.2 Chen Su Lan trust fund

The donor has directed this fund to be used for approved programs.

19.3 Education fund

This fund is used for children's educational needs.

19.4 Lions club fund

The donors from Lions Club have specified the use of their funds to be used for the children's personal needs.

19.5 Love fund

This fund is used to provide financial assistance to the needs of the residents and ex-residents' families.

19.6 Home within home fund

This fund is used for process upgrading and renovating all the eight dormitories for the residents.

19. Designated funds (Cont'd)

	Designated funds							Total designated funds S\$
	CSL scholarship fund S\$	Chen Su Lan trust fund S\$	Education fund S\$	Lions club fund S\$	Love fund S\$	Home within home fund S\$		
2020								
INCOME								
Voluntary income								
Donations	35,873	36,000	24,680	0	9,500	0		106,053
Total income	<u>35,873</u>	<u>36,000</u>	<u>24,680</u>	<u>0</u>	<u>9,500</u>	<u>0</u>		<u>106,053</u>
LESS: EXPENDITURE								
Cost of charitable activities								
Program expenses	19,737	5,485	24,680	1,511	1,152	0		52,565
Governance and other administrative costs								
Depreciation	0	10,095	0	0	0	0		10,095
Total expenditure	<u>19,737</u>	<u>15,580</u>	<u>24,680</u>	<u>1,511</u>	<u>1,152</u>	<u>0</u>		<u>62,660</u>
Net income / (expenditure) for the financial year	16,136	20,420	0	(1,511)	8,348	0		43,393
Total funds brought forward	193,059	67,340	0	11,910	0	197,041		469,350
Total funds carried forward	<u>209,195</u>	<u>87,760</u>	<u>0</u>	<u>10,399</u>	<u>8,348</u>	<u>197,041</u>		<u>512,743</u>

19. Designated funds (Cont'd)

	Designated funds				Total designated funds S\$
	CSL scholarship fund S\$	Chen Su Lan trust fund S\$	Lions club fund S\$	Home within home fund S\$	
2019 INCOME					
Voluntary income					
Donations	53,077	4,980	0	0	58,057
Total income	53,077	4,980	0	0	58,057
LESS: EXPENDITURE					
Cost of charitable activities					
Program expenses	0	19,416	486	0	19,902
Governance and other administrative costs					
Depreciation	0	10,097	0	0	10,097
Total expenditure	0	29,513	486	0	29,999
Net income / (expenditure) for the financial year	53,077	(24,533)	(486)	0	28,058
Total funds brought forward	139,982	91,873	12,396	197,041	441,292
Total funds carried forward	193,059	67,340	11,910	197,041	469,350

20. Restricted funds

Restricted funds comprise of the following:

Programme funds**20.1 Childcare fund**

This fund is used to pay various expenses, which are related to services offered by the childcare division.

20.2 Voluntary children's home fund

Voluntary children's home funding is used for the purpose of operation of a children residential home.

20.3 Children disability fund

This fund is used for the purpose of meeting operating expenses incurred by the Children Disability Home.

20.4 Safe & Strong Families-Reunification (SSF-R) fund

This fund is used for the purpose of program initiative for children and young persons who transit from Out-of Home Care back to their families.

Capital expenditures incurred are segregated under capital funds.

20. Restricted funds (Cont'd)

Programme funds (Cont'd)

20.5 Pilot Small Group Care (PSGC) fund

This fund is used for the purpose to provide appropriate levels of care for children and young persons with higher needs and who therefore require small group care for a limited period of time (within 12 to 18 months).

Capital expenditures incurred are segregated under capital funds.

20.6 CST fund

The Community Silver Trust (CST) is a dollar-for-dollar donation-matching grant by the government to enhance the services of voluntary welfare organisations (VWOs) in the intermediate and long-term care (ILTC) sector.

Key objective of the CST is to encourage public donations from philanthropists, other organisations and also the man in the street. VWOs need donations from the public for their day-to-day operations.

Capital expenditures incurred are segregated under capital funds.

Capital funds

20.7 Care & share fund

This fund is used for programmes or activities submitted to Care & Share for capability and capacity building, or to fund new programmes to meet emerging or unmet needs as well as enhancements to existing services. The fund may also be used to cover the cost of meeting critical needs up to 20% of the Grant.

Capital expenditures incurred are segregated under capital funds.

20.8 Building fund

This fund was established for the purpose of the expansion and cyclical expenses incurred of the Home.

20.9 Capital fund

This fund pertains to the initial fund started for the Home.

20. Restricted funds (Cont'd)

	2020		2019	
	Program funds (Note 20(a)) S\$	Capital funds (Note 20(b)) S\$	Program funds (Note 20(a)) S\$	Capital funds (Note 20(b)) S\$
		Total restricted funds S\$		Total restricted funds S\$
LESS: EXPENDITURE				
Cost of charitable activities				
Program expenses	176,948	176,948	379,208	379,208
Home expenses	325,527	325,527	360,781	360,781
Staff costs	4,198,739	4,198,739	3,821,174	3,821,174
	4,701,214	4,701,214	4,561,163	4,561,163
Governance and other administrative costs				
Administrative expenses	25,323	25,323	12,531	12,531
Depreciation	51,944	199,645	62,945	210,001
Professional fees	5,372	5,372	1,926	1,926
	82,639	230,340	77,402	224,458
	4,783,853	4,931,554	4,638,565	4,785,621
Total expenditure				
Net income / expenditure for the financial year	291,869	186,592	(582,696)	264,377
Transfers between funds	72,320	0	283,980	0
Total funds brought forward	419,722	9,473,867	718,438	9,209,490
Total funds carried forward	783,911	9,660,459	419,722	9,473,867

20. Restricted funds (Cont'd)

20(a) Program funds

	Restricted funds							Total program funds S\$
	Childcare fund S\$	Voluntary Children's Home fund S\$	Children disability fund S\$	PSGC fund S\$	SSF-R fund S\$	CST fund S\$		
2020								
INCOME								
Voluntary income								
Donations	0	0	72,320	10,800	0	0	83,120	
Grants from social welfare	337,825	1,595,035	618,321	922,472	565,361	283,980	4,322,994	
	<u>337,825</u>	<u>1,595,035</u>	<u>690,641</u>	<u>933,272</u>	<u>565,361</u>	<u>283,980</u>	<u>4,406,114</u>	
Income from charitable activities								
Childcare enrichment income	62,473	0	0	0	0	0	62,473	
Childcare income	223,938	0	0	0	0	0	223,938	
	<u>286,411</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>286,411</u>	
Other income	76,072	88,384	64,758	72,688	81,295	0	383,197	
Total income	<u>700,308</u>	<u>1,683,419</u>	<u>755,399</u>	<u>1,005,960</u>	<u>646,656</u>	<u>283,980</u>	<u>5,075,722</u>	

	Restricted funds							Total program funds S\$
	Childcare fund S\$	Voluntary Children's Home fund S\$	Children disability fund S\$	PSGC fund S\$	SSF-R fund S\$	CST fund S\$		
20. Restricted funds (Cont'd)								
20(a) Program funds (Cont'd)								
2020 (Cont'd)								
LESS: EXPENDITURE								
Cost of charitable activities								
Program expenses	38,849	84,067	34,006	5,202	13,413	1,411	176,948	
Home expenses	37,125	180,888	68,945	38,569	0	0	325,527	
Staff costs	496,315	1,551,880	769,417	765,306	442,804	173,017	4,198,739	
	572,289	1,816,835	872,368	809,077	456,217	174,428	4,701,214	
Governance and other administrative costs								
Administrative expenses	3,531	8,525	1,013	2,781	9,473	0	25,323	
Depreciation	44,866	0	0	5,641	1,437	0	51,944	
Professional fees	642	1,092	642	642	0	2,354	5,372	
	49,039	9,617	1,655	9,064	10,910	2,354	82,639	
Total expenditure	621,328	1,826,452	874,023	818,141	467,127	176,782	4,783,853	
Net income / (expenditure) for the financial year	78,980	(143,033)	(118,624)	187,819	179,529	107,198	291,869	
Transfers between funds	0	0	72,320	0	0	0	72,320	
Total funds brought forward	239,801	(776,532)	407,618	348,609	195,970	4,256	419,722	
Total funds carried forward	318,781	(919,565)	361,314	536,428	375,499	111,454	783,911	

20. Restricted funds (Cont'd)

20(a) Program funds (Cont'd)

	Restricted funds						Total program funds S\$
	Childcare fund S\$	Voluntary Children's Home fund S\$	Children disability fund S\$	PSGC fund S\$	SSF-R fund S\$	CST fund S\$	
2019							
INCOME							
Voluntary income							
Donations	0	0	198,680	0	0	0	198,680
Grants from social welfare	309,212	1,357,236	451,445	846,663	553,042	0	3,517,598
	<u>309,212</u>	<u>1,357,236</u>	<u>650,125</u>	<u>846,663</u>	<u>553,042</u>	<u>0</u>	<u>3,716,278</u>
Income from charitable activities							
Childcare enrichment income	54,205	0	0	0	0	0	54,205
Childcare income	276,369	0	0	0	0	0	276,369
Parents' contributions	0	1,170	0	0	0	0	1,170
	<u>330,574</u>	<u>1,170</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>331,744</u>
Other income							
Miscellaneous income	7,847	0	0	0	0	0	7,847
Total income	<u>647,633</u>	<u>1,358,406</u>	<u>650,125</u>	<u>846,663</u>	<u>553,042</u>	<u>0</u>	<u>4,055,869</u>

20. Restricted funds (Cont'd)

20(a) Program funds (Cont'd)

	Restricted funds							Total program funds
	Childcare fund	Voluntary Children's Home fund	Children disability fund	PSGC fund	SSF-R fund	CST fund		S\$
	S\$	S\$	S\$	S\$	S\$	S\$		S\$
2019 (Cont'd)								
LESS: EXPENDITURE								
Cost of charitable activities								
Program expenses	64,595	208,095	73,116	10,045	23,357	0	0	379,208
Home expenses	41,336	206,958	72,715	39,772	0	0	0	360,781
Staff costs	511,805	1,719,885	418,366	613,139	450,739	107,240	0	3,821,174
	617,736	2,134,938	564,197	662,956	474,096	107,240	0	4,561,163
Governance and other administrative costs								
Administrative expenses	4,146	0	0	3,594	4,791	0	0	12,531
Depreciation	56,765	0	0	4,977	1,203	0	0	62,945
Professional fees	1,284	0	0	642	0	0	0	1,926
	62,195	0	0	9,213	5,994	0	0	77,402
Total expenditure	679,931	2,134,938	564,197	672,169	480,090	107,240	0	4,638,565
Net income / (expenditure) for the financial year	(32,298)	(776,532)	85,928	174,494	72,952	(107,240)	0	(582,696)
Transfers between funds	0	0	283,980	0	0	0	0	283,980
Total funds brought forward	272,099	0	37,710	174,115	123,018	111,496	0	718,438
Total funds carried forward	239,801	(776,532)	407,618	348,609	195,970	4,256	0	419,722

20. Restricted funds (Cont'd)

20(b) Capital funds

2020	Restricted funds						Total capital funds S\$
	Care and Share fund S\$	Building fund S\$	Capital fund S\$	CST fund S\$	PSGC fund S\$	SSF-R fund S\$	
INCOME							
Voluntary income							
Grants from social welfare	0	334,293	0	0	0	0	334,293
LESS: EXPENDITURE							
Governance and other administrative costs							
Depreciation	35,583	94,264	0	8,182	4,546	5,126	147,701
Net income / (expenditure) for the financial year	(35,583)	240,029	0	(8,182)	(4,546)	(5,126)	186,592
Total funds brought forward	2,452,403	6,131,263	100,000	522,954	259,129	8,118	9,473,867
Total funds carried forward	2,416,820	6,371,292	100,000	514,772	254,583	2,992	9,660,459

20. Restricted funds (Cont'd)

20(b) Capital funds (Cont'd)

2019	Restricted funds						Total capital funds S\$
	Care and Share fund S\$	Building fund S\$	Capital fund S\$	CST fund S\$	PSGC fund S\$	SSF-R fund S\$	
INCOME							
Voluntary income							
Grants from social welfare	163,118	218,315	0	0	30,000	0	411,433
LESS: EXPENDITURE							
Governance and other administrative costs							
Depreciation	35,090	94,264	0	8,182	4,394	5,126	147,056
Net income / (expenditure) for the financial year	128,028	124,051	0	(8,182)	25,606	(5,126)	264,377
Total funds brought forward	2,324,375	6,007,212	100,000	531,136	233,523	13,244	9,209,490
Total funds carried forward	2,452,403	6,131,263	100,000	522,954	259,129	8,118	9,473,867

21. Related party transactions

The Home is governed by the Management Committee, which is the final authority and has overall responsibility for policy making and determination of all activities.

During the financial year, none of the Management Committee members received any remuneration from the Home.

The remuneration of key management personnel during the financial year was as follows:

	2020 S\$	2019 S\$
Short-term employee benefits – Salaries and bonuses	128,843	110,324
Post-employment benefits – contribution to CPF	<u>10,998</u>	<u>14,074</u>
	<u>139,841</u>	<u>124,398</u>
No. of key management personnel of the Home in remuneration bands:		
- Above S\$100,000	<u>0</u>	<u>1</u>

22. Operating lease commitments

The Home leases a copier machine. Future minimum of the lease rental payables under the non-cancellable operating leases as at financial year end but not recognised as payables, are as follows:

	2020 S\$	2019 S\$
Within one year	4,320	4,320
More than one year and less than five years	<u>2,520</u>	<u>6,840</u>
	<u>6,840</u>	<u>11,160</u>

23. Fund management policy

The primary objective of the Home is to ensure it maintains sufficient cash in order to support its activities. Its approach to fund management is to balance the allocation of cash and the incurrence of debt. Available cash is deployed primarily to cover operational requirements.

24. Reserve position and policy

The Home's reserve position for the financial year ended 31 December 2020 and 31 December 2019 is as follows:

		2020	2019	Increase/ (Decrease)
		S\$'000	S\$'000	%
A	Unrestricted funds			
	General fund	13,164	11,100	18.6
	Designated funds			
	- CSL scholarship fund	209	193	8.3
	- Chen Su Lan trust fund	88	67	31.3
	- Huttons scholarship fund	0	0	0
	- Lions club fund	10	12	(16.7)
	- Love fund	8	0	100
	- Home within home fund	197	197	0
B	Restricted funds			
	Program funds			
	- Childcare fund	319	240	32.9
	- Voluntary children's home fund	(920)	(777)	N/A
	- Children disability fund	361	408	(11.5)
	- Pilot small group care fund	536	349	53.6
	- Safe and strong families reunification fund	375	196	91.3
	- CST fund	111	4	2,675.0
	Capital funds			
	- Care & share fund	2,417	2,453	(1.5)
	- Building fund	6,371	6,131	3.9
	- Capital fund	100	100	0
	- CST fund	515	522	(1.3)
	- Pilot small group care fund	255	259	(1.5)
	- Safe and strong families reunification fund	3	8	(62.5)
C	Endowment funds	N/A	N/A	N/A
D	Total funds	24,120	21,462	12.4
E	Total annual operating expenditure	5,513	5,297	4.1
F	Ratio of funds to annual operating expenditure (A/E)	2.5	2.2	

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
D. Total Funds include unrestricted, restricted/ designated and endowment funds.
E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Administrative costs.

The Home's reserve policy is as follows:

The primary objective in the management of the Home's reserves is to ensure that it maintains a strong and healthy level of reserves and working capital ratio in order to support its operations and future growth.

The Home targets to maintain an optimal level of Accumulated General Fund, which is equivalent to three years of its budgeted expenditures relating to its operations. The Home regularly reviews and manages its reserves to ensure that it has optimal working capital, taking into consideration the future funding requirements of the Home and projected operating cash flows and projected capital expenditures.

There were no changes to the Home's approach to reserve management during the financial year.

25. Conflict of interest policy

The Home has in place a conflict of interest policy in its code of conduct. All members of the Management Committee and senior management are required to declare their interest yearly.

Whenever a member of the Management committee is in any way, directly or indirectly, has an interest in a transaction or project or other matter to be discussed at a meeting, the member shall disclose the nature of his interests before the discussion on the matters begins.

The member concerned should not participate in the discussion or vote on the matter, and should also offer to withdraw from the meeting and the Board shall decide if this should be accepted.

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

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Home's significant operations are in Singapore which have been affected by the spread of COVID-19 in 2020. The nature of the Home's operations are those of activities relating to the development of spiritual, social, physical and emotional well-being of the children, provision of an inclusive Home environment to enhance the integration of children with special needs and mainstream children, assistance to parents in problem solving and coping with their difficulties and strengthening family relationships and enhancing the quality of family life.

The effects of COVID-19 have brought about lower overall operating costs such as reduced home expenses and travel expenses, as social distancing measures are implemented and less events are organised. Conversely, there have been increases in staff costs which have been attributed to increased welfare expenses and morale booster initiatives by Management to support staff during these unforeseen times. These staff costs increased during the year as additional staff were added to better split the working arrangements. Due to social distancing measures, the Childcare department has seen reduced revenue especially between April and May 2020 where rebates were given to parents. However, the effect of the drop of revenue has been buffered by the provision of job support initiatives by the Government which reduced the financial impact of the staff costs, which constitute a major percentage of operating costs of the Home.

The Home has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Management Committee is continuously monitoring the Covid-19 pandemic situation and will take further action as necessary in response to the economic disruption.

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

27. Comparative figures

Certain reclassifications have been made to the prior year comparative figures to conform with the current year's presentation.

The following reclassifications were made.

2019	As previously reported S\$	Reclassifications S\$	As reclassified S\$
Voluntary income			
Grants from social welfare	4,159,310	(54,268)	4,105,042
Income from charitable activities			
Parents' contributions	1,170	(1,170)	0
Other income			
Wage credit scheme	0	54,268	54,268
Parents' contribution	0	1,170	1,170
	<u>4,160,480</u>	<u>0</u>	<u>4,160,480</u>

28. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **30 APR 2021**