

ONE HOPE CENTRE

[UEN. T04SS0143E]

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

AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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Fiducia LLP

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Public Accountants and
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71 Ubi Crescent
Excalibur Centre, #08-01
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STATEMENT BY THE MANAGEMENT COMMITTEE

In the opinion of the Management Committee, the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of One Hope Centre (the "Society") as at 31 December 2019, and the results, changes in funds and cash flows of the Society for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society 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

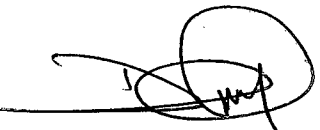
29 JUN 2020

President	Chuah Chee Kian Christopher
Vice President	Lim Choon Liang James
Vice President	Leong Lai Hoong Vivien
Vice President	Lau Wan Keong
Secretary	Lee Geok Chiau Grace
Treasurer	Chung Gay Leong David
Member	Tan Ee Ching
Member	Chua Ying Hwee

For and on behalf of the Management Committee,



Christopher Chuah Chee Kian
President



Chung Gay Leong David
Treasurer

Singapore, **29 JUN 2020**

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Chartered Accountants of Singapore

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Independent auditor's report to the members of:

ONE HOPE CENTRE
[UEN. T04SS0143E]

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in the Republic of Singapore]

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of One Hope Centre (the "Society"), which comprise the statement of financial position of the Society as at 31 December 2019, the statement of financial activities, statement of changes in funds and statement of cash flows of the Society for the financial year 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 Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2019 and the results, changes in funds and cash flows of the Society 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 Society 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 but does not include the financial statements and our auditor's report thereon.

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

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

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(CONT'D)

Independent auditor's report to the members of:

ONE HOPE CENTRE
[UEN. T01SS0059B]

[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 FRSSs, 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society'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 Society'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 Society to cease to continue as a going concern.

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(CONT'D)

Independent auditor's report to the members of:

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

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

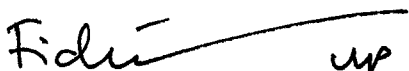
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

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

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

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



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, **29 JUN 2020**

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

**STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Care & Share Fund S\$	President's Challenge S\$	VCF Funding S\$	
2019						
INCOME						
Income from generating funds						
<u>Voluntary income</u>						
Donation from individuals	6	41,460	0	0	0	41,460
Donation from churches	6	22,219	0	0	0	22,219
Donation from organisation	6	315,010	0	0	0	315,010
Subscription fee	6	800	0	0	0	800
NCSS Grants		50,000	0	0	1,271	51,271
President challenge		0	0	111,000	0	111,000
Tote Board		35,000	0	0	0	35,000
		<u>464,489</u>	<u>0</u>	<u>0</u>	<u>1,271</u>	<u>576,760</u>
Other income						
Miscellaneous income		88	0	0	0	88
Special employment credit		3,276	0	0	0	3,276
Wages credit scheme		8,286	0	0	0	8,286
		<u>11,650</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,650</u>
Total income		<u>476,139</u>	<u>0</u>	<u>111,000</u>	<u>1,271</u>	<u>588,410</u>

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

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Care & Share Fund S\$	President's Challenge S\$	VCF Funding S\$	
2019 (CONT'D)						
EXPENDITURE						
Cost of charitable activities						
Amortisation of right-of-use assets	9	47,622	749	0	0	48,371
Capability building expenses		0	38,676	0	0	38,676
Capacity building expenses		0	4,186	0	0	4,186
Fundraising expense		3,770	0	0	0	3,770
Honorarium		0	0	1,300	0	1,300
Love gifts and support		450	0	0	0	450
Monthly 1st Sat. fellowship		0	0	4,628	0	4,628
New initiatives		0	2,916	0	0	2,916
Rent		0	0	10,200	0	10,200
Refreshment and foods		0	0	186	0	186
Staff CPF & SDL		32,127	0	0	0	32,127
Staff insurance		7,100	0	0	0	7,100
Staff medical fee		1,781	0	0	0	1,781
Staff salary and AWS		169,751	0	88,827	0	258,578
Staff welfare		385	0	0	0	385
Staff foreign worker levy		4,370	0	0	0	4,370
Utilities		4,226	0	0	0	4,226
Volunteers activities		0	0	3,199	0	3,199
		<u>271,582</u>	<u>46,527</u>	<u>108,340</u>	<u>0</u>	<u>426,449</u>
Governance and administrative costs						
Accounting fee		6,650	0	0	1,950	8,600
Audit fee		4,494	0	0	0	4,494
Bank charges		82	0	0	0	82
Depreciation	9	691	18,735	0	0	19,426
Entertainment		616	0	0	0	616
General expenses		6,822	0	0	0	6,822
Balance c/f		<u>19,355</u>	<u>18,735</u>	<u>0</u>	<u>1,950</u>	<u>40,040</u>

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

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Care & Share Fund S\$	President's Challenge S\$	VCF Funding S\$	
2019 (CONT'D)						
EXPENDITURE (CONT'D)						
Governance and administrative costs (cont'd)						
Balance b/f		19,355	18,735	0	1,950	40,040
Insurance		928	0	0	0	928
Interest expense on lease liabilities	10	1,612	78	0	0	1,690
IT maintenance		115	0	0	0	115
Printing, postage and stationery		2,141	0	0	0	2,141
Refreshments and foods		302	0	0	0	302
Telecom charges		2,804	0	0	0	2,804
Transport		157	0	0	0	157
		<u>27,414</u>	<u>18,813</u>	<u>0</u>	<u>1,950</u>	<u>48,177</u>
Total expenditure		<u>298,996</u>	<u>65,340</u>	<u>108,340</u>	<u>1,950</u>	<u>474,626</u>
Net income/ (expenditure) for the year		<u>177,143</u>	<u>(65,340)</u>	<u>2,660</u>	<u>(679)</u>	<u>113,784</u>

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

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
2018						
INCOME						
Income from generating funds						
<u>Voluntary income</u>						
Donation from individuals	6	154,983	0	0	0	154,983
Donation from churches	6	49,300	0	0	0	49,300
Donation from organisation	6	205,364	0	0	0	205,364
Subscription fee		800	0	0	0	800
Share as One Grant	6	0	0	0	7,372	7,372
Community Chest		50,000	0	0	0	50,000
		<u>460,447</u>	<u>0</u>	<u>0</u>	<u>7,372</u>	<u>467,819</u>
Other income						
Singtel grant		360	0	0	0	360
Special employment credit		6,250	0	0	0	6,250
Temporary employment credit		702	0	0	0	702
Wages credit scheme		3,390	0	0	0	3,390
		<u>10,702</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,702</u>
Total income		<u>471,149</u>	<u>0</u>	<u>0</u>	<u>7,372</u>	<u>478,521</u>

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

	Note	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
2018 (CONT'D)						
EXPENDITURE						
Cost of charitable activities						
Capability building expenses		0	0	0	346,900	346,900
Capacity building expenses		0	0	0	21,790	21,790
Honorarium		1,400	0	0	0	1,400
Love gifts and support		667	0	0	0	667
Monthly 1st Sat. fellowship		5,817	0	0	0	5,817
Printing and stationery		86	0	0	0	86
Rent		58,228	0	0	0	58,228
Refreshment and foods		73	0	0	0	73
Staff CPF & SDL		28,576	0	0	0	28,576
Staff insurance		2,483	0	0	0	2,483
Staff medical fee		1,650	0	0	0	1,650
Staff salary		214,528	0	0	0	214,528
Staff welfare		544	0	0	0	544
Utilities		3,982	0	0	0	3,982
Volunteers activities		541	0	0	0	541
		<u>318,575</u>	<u>0</u>	<u>0</u>	<u>368,690</u>	<u>687,265</u>
Governance and administrative costs						
Audit fee		4,494	0	0	0	4,494
Bank charges		100	0	0	0	100
Depreciation	9	691	0	0	18,918	18,889
Donation		0	0	0	0	0
Entertainment		408	0	0	0	408
General expenses		4,710	0	0	0	4,710
Insurance		619	0	0	0	619
Balance c/f		<u>11,022</u>	<u>0</u>	<u>0</u>	<u>18,918</u>	<u>29,220</u>

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

	Unrestricted fund	Restricted funds			Total unrestricted and restricted funds S\$
	Note Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	
2018 (CONT'D)					
EXPENDITURE (CONT'D)					
Governance and administrative costs (cont'd)					
Balance b/f	11,022	0	0	18,918	29,220
IT maintenance	125	0	0	0	125
Printing, postage and stationery	2,742	0	0	0	2,742
Professional fee	0	0	0	0	0
NCSS expenses	0	0	0	7,372	7,372
Refreshments and foods	921	0	0	0	921
Telecom charges	2,777	0	0	0	2,777
Transport	94	0	0	0	94
	<u>17,681</u>	<u>0</u>	<u>0</u>	<u>25,570</u>	<u>43,251</u>
Total expenditure	<u>336,256</u>	<u>0</u>	<u>0</u>	<u>394,260</u>	<u>730,516</u>
Net income/ (expenditure) for the year	<u>134,893</u>	<u>0</u>	<u>0</u>	<u>(386,888)</u>	<u>(251,995)</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	Note	2019					2018		
		Unrestricted fund	Restricted funds				Total unrestricted and restricted funds	Total unrestricted and restricted funds	
		Accumulated general fund S\$	Lifeboat fund S\$	Women's ministry fund S\$	Care & share fund S\$	President's challenge S\$	VCF Funding S\$	S\$	S\$
ASSETS									
Current assets									
Cash and cash equivalents	7	648,968	450	1,200	13,832	2,660	(679)	666,431	527,352
Other receivables	8	9,210	0	0	0	0	0	9,210	16,924
		<u>658,178</u>	<u>450</u>	<u>1,200</u>	<u>13,832</u>	<u>2,660</u>	<u>(679)</u>	<u>675,641</u>	<u>544,276</u>
Non-current assets									
Property, plant and equipment	9	<u>67,633</u>	<u>0</u>	<u>0</u>	<u>117,649</u>	<u>0</u>	<u>0</u>	<u>185,282</u>	<u>123,749</u>
Total assets		<u>725,811</u>	<u>450</u>	<u>1,200</u>	<u>131,481</u>	<u>2,660</u>	<u>(679)</u>	<u>860,923</u>	<u>668,025</u>
LIABILITIES									
Current liabilities									
Other payables	10	18,867	0	0	0	0	0	18,867	16,370
Lease liabilities	11	47,868	0	0	1,439	0	0	49,307	0
		<u>66,735</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>68,174</u>	<u>16,370</u>
Non-current liabilities									
Lease liabilities	11	<u>20,201</u>	<u>0</u>	<u>0</u>	<u>7,109</u>	<u>0</u>	<u>0</u>	<u>27,310</u>	<u>0</u>
Total liabilities		<u>86,936</u>	<u>0</u>	<u>0</u>	<u>8,548</u>	<u>0</u>	<u>0</u>	<u>95,484</u>	<u>16,370</u>
NET ASSETS		<u>638,875</u>	<u>450</u>	<u>1,200</u>	<u>122,933</u>	<u>2,660</u>	<u>(679)</u>	<u>765,439</u>	<u>651,655</u>
FUNDS	12	<u>638,875</u>	<u>450</u>	<u>1,200</u>	<u>122,933</u>	<u>2,660</u>	<u>(679)</u>	<u>765,439</u>	<u>651,655</u>

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

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

	Balance at beginning of year S\$	Net income / (expenditure) for the year S\$	Transfers from/ (to) S\$	Balance at end of year S\$
2019				
Unrestricted fund				
Accumulated general fund	461,732	177,143	0	638,875
Restricted funds				
Lifeboat fund	450	0	0	450
Women's ministry fund	1,200	0	0	1,200
Care & share fund	188,273	(65,340)	0	122,933
President's challenge	0	2,660	0	2,660
VCF Funding	0	(679)	0	(679)
	189,923	(63,359)	0	126,564
Total funds	651,655	113,784	0	765,439
2018				
Unrestricted fund				
Accumulated general fund	326,839	134,893	0	461,732
Restricted funds				
Lifeboat fund	450	0	0	450
Women's ministry fund	1,200	0	0	1,200
Care & share fund	575,161	(386,888)	0	188,273
	576,811	(386,888)	0	189,923
Total funds	903,650	(251,995)	0	651,655

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

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

	Note	2019 S\$	2018 S\$
Cash flows from operating activities			
Net (expenditure)/income for the year		113,784	(251,995)
Adjustments for:			
- Amortisation of right-of-use assets	9	48,371	0
- Depreciation of property, plant and equipment	9	19,426	18,889
- Interest expense		1,690	0
Operating cash flow before working capital changes		183,271	(233,106)
Changes in working capital			
- Other receivables		7,714	(4,799)
- Accruals and other payables		2,497	6,255
- Right-of-use assets	9	124,223	0
Net cash (used in)/generated from operating activities		317,705	(231,650)
Cash flow from investing activities			
Purchases of property, plant and equipment		(5,107)	0
Net cash used in investing activities		(5,107)	0
Cash flow from financing activities			
Repayment of principal portion of lease liabilities		(47,606)	0
Proceed from lease liabilities	9	(124,223)	0
Interest paid	10	(1,690)	0
Net cash used in financing activities		(173,519)	0
Net (decrease)/increase in cash and cash equivalents		139,079	(231,650)
Cash and cash equivalents at beginning of financial year		527,352	759,002
Cash and cash equivalents at end of financial year	7	666,431	527,352

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

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

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

1. General information

One Hope Centre (the "Society") is registered and domiciled in Singapore. The Society's registered office and principal place of business is at 8 New Industrial Road, #04-04B, LHK 3 Building, Singapore 536200.

The Society was registered on 07 August 2004 under the Societies Act (Chapter 311) and was registered as charity under the Charities Act, Chapter 37 on 12 November 2010. The Society has been accorded as Institutions of a Public Character ("IPC") status until 31 July 2019. The Society has renewed its IPC status from 1 August 2019 to 31 January 2022.

One Hope Centre is a voluntary welfare organisation, which seeks to assist members of the public who as a result of gambling are:

- Facing difficulties managing their finances due to their inability to pay creditors;
- Harassed by unlicensed moneylenders due to their inability to meet regular payments; or
- Finding difficulties making ends meet due to loss of employment and having to settle for a lesser paying job.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs") 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.

The financial statements are presented in Singapore Dollar (S\$), which is the Society's functional currency.

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.

2.1.1 Interpretations and amendments published standards effective in 2019

In the current financial year, the Society has adopted all the new and revised FRS and interpretations of FRS ("INT FRS") that are relevant to its operations and effective on 1 January 2019. The adoption of the standard did not have any material effect on the financial statements.

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

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

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

Adoption of FRS 116 Leases

The Society has adopted the new standard using the modified retrospective method with the date of initial application of 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application as an adjustment to the opening balance of retained earnings. The Society has recognised the right-of-use assets for the leases based on an amount equal to the lease liability, as a result of this, no adjustment to the opening balance of retained earnings was provided at the date of initial adoption as of 1 January 2019. The Society elected to use the transition practical expedient to not assess whether a contract is, or contains a lease at 1 January 2019. Instead, the Society applied the standard only to contracts that were previously identified as leases applying FRS 17 and INT FRS 104 at the date of initial application.

Lease previously accounted for as operating leases

Prior to the adoption of FRS 116, non-cancellable operating lease payments were not recognised as liabilities in the statement of financial position. These payments were recognised as rental expenses over the lease term on a straight-line basis. The Society's accounting policy on leases after the adoption of FRS 116 is as disclosed in Note 2.14.

The Society recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for the leases were recognised based on an amount equal to the lease liability, adjusted for previously recognised prepaid or accrued lease payments. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Society also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- right-of-use assets of S\$124,223 were recognised and presented within property, plant and equipment; and
- lease liabilities of S\$124,223 were recognised.

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

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

Adoption of FRS 116 Leases (Cont'd)

The following is the reconciliation of the impact arising from initial application of the new FRS 116 on 1 January 2019 to the financial statements of the Company:

	1 January 2019 S\$ (As previously reported)	FRS 116 adjustments S\$	1 January 2019 S\$ (As restated)
<u>Statement of financial position</u>			
<u>Non-current assets</u>			
Property, plant and equipment	123,749	115,086	238,834
<u>Current liabilities</u>			
Lease liabilities	0	47,016	47,016
<u>Non-current liabilities</u>			
Lease liabilities	0	68,070	68,069

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

	2018 S\$
Operating lease commitments as at 31 December 2018	23,665
Add: Account for option to extend the lease	97,255
	<u>120,920</u>
Less:	
- Commitments relating to pre-termination copier leasing	(3,403)
- Adjustments on fraction on commitment period	0
	<u>117,517</u>
Incremental borrowing rate as at 1 January 2019	1.80%
Lease liabilities as at 1 January 2019	<u>115,086</u>

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

2.1.2 Standards issued but not yet effective

The Society has not adopted the following relevant new/revised FRS, INT FRS and amendments to FRSs that were issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	1 January 2020
Amendments to FRS 103: Definition of a Business	1 January 2020
Amendments to FRS 1 and FRS 8 Definition of Material	1 January 2020
Amendments to FRS 109, FRS 39 and FRS 107: Interest Rate Benchmark Reform	1 January 2020
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

The Management Committee expect that the adoption of the revised standards above will have no material impact on the financial statements in the period of initial adoption.

2.2 Income recognition

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

Income is recognised when the Society satisfies a performance obligation by transferring a promised good and service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of income recognised is the amount allocated to the satisfied performance obligation.

2.2.1 Donations

Unrestricted donations are reported as income. The timing of income recognition is governed by the donor's intent. If the donor is silent, the donation is recognised as income in the financial year made. The timing of income recognition for restricted donations is the same as for unrestricted donations.

2.2.1 Other income

Other income is recognised when received.

2. Significant accounting policies (Cont'd)

2.3 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to the statement of financial activities over the expected useful life of the relevant asset by equal annual instalments.

Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.4 Expenditure recognition

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

2.4.1 Cost of charitable activities

Cost of charitable activities comprises all directly attributable costs incurred in the pursuit of the charitable objects of the Society and an apportionment of overhead and shared costs.

2.3.2 Governance and administrative costs

Governance costs include the cost of governance arrangement, which related to the general running of the Society, 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.

2.5 Property, plant and equipment

Measurement

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

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

Depreciation

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

	Useful lives
Office equipment	5 years
Furniture and fittings	10 years
Renovation	10 years
Right-of-use assets	Over the remaining lease term

2. Significant accounting policies (Cont'd)

2.5 Property, plant and equipment (Cont'd)

Depreciation (cont'd)

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

The residual values and useful lives of property, plant and equipment 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.

Subsequent expenditure

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

Disposal

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

2.6 Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the statement of financial activities.

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

2. Significant accounting policies (Cont'd)

2.7 Financial assets

(a) Classification and measurement

The Society classified its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

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

At initial recognition

At initial recognition, the Society measures a financial assets at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

At subsequent measurement

Debt instrument

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

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

A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

(b) Impairment

The Society assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For cash and cash equivalents, fixed deposits and other receivables, the general 3 stage approach is applied. Credit loss allowance is based on 12-month expected credit loss if there is no significant increase in credit risk since initial recognition of the assets. If there is a significant increase in credit risk since initial recognition, lifetime expected credit loss will be calculated and recognised.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

(c) Recognition and derecognition

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

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

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

2.8 Cash and cash equivalents

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

2.9 Financial liabilities

Financial liabilities are recognised when the Society 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 "Accruals", "Other payables" and "Lease liabilities".

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

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.

2.10 Other payables

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

2.11 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society 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. Significant accounting policies (Cont'd)

2.12 Borrowing costs

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

2.13 Employee compensation

2.13.1 Defined contribution plans

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

2.13.2 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.

2.14 Leases

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

(a) As lessee

Finance leases which transfer to the Society substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Society will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2. Significant accounting policies (Cont'd)

2.14 Leases (Cont'd)

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

The Society 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.

(a) As lessee

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

Right-of-use assets

The Society 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 Society 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 2.6. The Society's right-of-use assets are presented within property, plant and equipment as disclosed in Note 9.

Lease liabilities

At the commencement date of the lease, the Society 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 Society and payments of penalties for terminating the lease, if the lease term reflects the Society exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

2. Significant accounting policies (Cont'd)

2.14 Leases (Cont'd)

2.14.2 These accounting policies are applied before the initial application date of FRS 116, 1 January 2019: (Cont'd)

(a) As lessee (Cont'd)

Lease liabilities (Cont'd)

In calculating the present value of lease payments, the Society 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 Society's lease liabilities are disclosed in Note 10.

Short-term leases and leases of low-value assets

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

2.15 Funds

Restricted fund balances are restricted by outside sources and may only be utilised in accordance with the purposes for which they are established. Designated funds are earmarked for specific purposes and are largely made up of funds allocated at the discretion of the Management Committee. These designated funds are treated as restricted funds as they contain funds restricted by outside sources.

The Management Committee retains full control over the use of unrestricted funds for any of the Society's purposes.

2.16 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.17 Events after the reporting date

Post year-end events that provide additional information about the Society'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. Significant accounting judgements and estimates

The preparation of the Society's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Society based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Society. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

The useful life of an item of property, plant and equipment are estimated at the time the asset is acquired and is based on historical experience with similar assets and takes into account anticipated technological or other changes. If changes occur more rapidly than anticipated or the asset experiences unexpected level of wear and tear, the useful life will be adjusted accordingly. The carrying amount of the Society's property, plant and equipment as at 31 December 2019 and 31 December 2018 were disclosed in Note 9.

4. Income tax

The Society is a charity registered under the Charities Act since 12 November 2010. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

5. Revenue from contracts with customers

Disaggregation of revenue from contracts with customers

Note	2019 S\$	2018 S\$
Revenue from:		
Donations	378,689	409,647
Subscription fee	800	800
Other income	11,650	10,702
	<u>391,139</u>	<u>467,819</u>
Timing of transfer of services		
- At a point in time	390,339	467,019
- Over time	800	800
	<u>391,139</u>	<u>467,819</u>

There are no contract liabilities balances.

6. Donations

	2019 S\$	2018 S\$
Tax deductible donations	355,804	356,660
Non-tax deductible donations	<u>22,885</u>	<u>60,359</u>
	<u>378,689</u>	<u>417,019</u>
The donations were allocated as follows:		
• Donation from individuals	41,460	154,983
• Donation from churches	22,219	49,300
• Donation from organisation	315,010	205,364
• Fundraising and anniversary dinner	<u>0</u>	<u>7,372</u>
	<u>378,689</u>	<u>417,019</u>

7. Cash and cash equivalents

	2019 S\$	2018 S\$
Cash on hand	0	18
Cash at banks	<u>666,431</u>	<u>527,334</u>
	<u>666,431</u>	<u>527,352</u>

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

8. Other receivables

	2019 S\$	2018 S\$
Deposits	7,157	7,467
Prepayments	1,631	2,085
Other receivables	<u>423</u>	<u>7,372</u>
	<u>9,211</u>	<u>16,924</u>

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

9. Property, plant and equipment

	Office equipment S\$	Furniture and fittings S\$	Renovation S\$	Right-of-use assets S\$	Total S\$
Cost					
At 1 January 2018	4,955	46,639	135,262	0	186,856
Additions	0	0	0	0	0
At 31 December 2018	4,955	46,639	135,262	0	186,856
Effects of adopting FRS 116	0	0	0	115,086	115,086
At 1 January 2019 (restated)	4,955	46,639	135,262	115,086	301,942
Additions	5,107	0	0	9,137	14,244
At 31 December 2019	10,062	46,639	135,262	124,223	316,186
Accumulated depreciation					
At 1 January 2018	3,860	11,505	28,852	0	44,217
Depreciation charge	669	4,663	13,527	0	18,889
At 31 December 2018	4,559	16,169	42,379	0	63,107
Depreciation charge	1,236	4,664	13,526	48,371	67,797
At 31 December 2019	5,795	20,833	55,905	48,371	130,904
Carrying amount					
31 December 2018	396	30,470	92,833	0	123,749
31 December 2019	4,267	25,806	79,357	75,852	185,282

2019			2018		
Unrestricted funds	Restricted funds	Total	Unrestricted funds	Restricted funds	Total
Accumulated general fund	Care & Share fund		Accumulated general fund	Care & Share fund	
S\$	S\$	S\$	S\$	S\$	S\$

The breakdown of the depreciation charge as follows:

Cost of charitable activities	47,622	749	48,371	0	0	0
Governance and administrative costs	691	18,735	19,426	691	18,198	18,889
	48,313	19,484	67,797	214,770	485,838	700,608

10. Other payables

	2019 S\$	2018 S\$
Accrual	17,510	16,370
Other payable	<u>1,357</u>	<u>0</u>
	<u>18,867</u>	<u>16,370</u>

Other payables are non-trade in nature, unsecured, interest-free and repayable on demand.

At the reporting date, the carrying amounts of other payables approximate their fair values.

11. Lease liabilities

	2019 S\$	2018 S\$
Current	49,307	0
Non-current	<u>27,310</u>	<u>0</u>
	<u>76,617</u>	<u>0</u>

	2019 S\$
Amount recognised in profit or loss:	
Depreciation of right-of-use assets	48,371
Interest expense on lease liabilities	<u>1,690</u>
Total amount recognised in profit or loss	<u>50,061</u>

Total cash outflow:

The Company had total cash outflows for leases of S\$49,296 in 2019.

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

	1 January 2019 S\$	Additions S\$	Cash flows S\$	Non-cash changes		31 December 2019 S\$
				Accretion of interests S\$	Other S\$	
Liabilities						
Lease liabilities						
- current	47,016	590	(49,296)	1,690	49,307	49,307
- non-current	<u>68,070</u>	<u>8,547</u>	<u>0</u>	<u>0</u>	<u>(49,307)</u>	<u>27,310</u>

12. Funds

12.1 Unrestricted fund

Accumulated general fund are expendable at the discretion of the Management in furtherance of the Society's objects and purposes.

12.2 Restricted funds

Lifeboat fund

The Lifeboat fund was established to help the families of gambling clients to tide over financial hardship faced by the households.

Women's ministry fund

The Women's ministry fund was established to help abused women with financial difficulties in the early years of OHC's work of reaching out to the street women.

Care & share fund

The Care & Share Fund is a matching grant of one dollar for every donation raised by the Society provided by the Government in celebration of SGD50 to build capabilities and capabilities of the social service sector.

There was no grant received during the year and prior year.

President's Challenge

President's Challenge represents grant received/ receivable from National Council of Social Service (NCSS) for defray operating and impending fundraising costs.

Movement of this fund is as follows:

	2019 S\$	2018 S\$
Balance at beginning and end of year	0	0
Grants received	111,000	0
Less: Disbursement	<u>(108,340)</u>	<u>0</u>
Balance at end of year	<u>2,660</u>	<u>0</u>

VCF Funding

VCF Funding for "Finance & Accounting services" received/ receivable from National Council of Social Service (NCSS) on behalf of the MCCY VCF total amount of S\$4,237 or up to 25% of the actual shared service charges, whichever lower, based on the terms and condition stated in the agreement. The Grant is over a period of 24 months. The NCSS shall pay the Society the Grant as per the disbursement milestone set out in the agreement.

13. Operating lease commitments

The Society leases office premise and office equipment from non-related parties under non-cancellable operating lease agreements. These leases have renewal rights.

The future minimum rental payables under non-cancellable operating lease contracted for at the end of the reporting period, but not recognised as liabilities, are as follows:

	2019 S\$	2018 S\$
Not later than one year	1,664	23,665
Later than one year but not later than five years	0	0
	<u>1,664</u>	<u>23,665</u>

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

14. Related party transactions and balances

There was no transaction between the Society and related party for the financial years ended 31 December 2019 and 31 December 2018.

During the current and previous year, none of the Management Committee members and key management personnel received any remuneration from the Society.

15. Employees' remuneration

None of the Society's employees were remunerated more than or equal to S\$100,000 during the financial years ended 31 December 2019 and 31 December 2018.

16. Financial instruments

The financial assets and liabilities of the Society as at end of the financial year are as follows:

	2019 S\$	2018 S\$
Financial assets		
Cash and cash equivalent	666,431	527,352
Other receivables	7,580	14,839
	<u>674,011</u>	<u>542,191</u>
Financial liabilities		
Other payables	18,867	16,370
Lease liabilities	76,617	0
	<u>95,484</u>	<u>16,370</u>

17. Financial risk management

The Society is mainly exposed to credit risk, interest rate risk, and liquidity risk.

Risk management is carried out under policies approved by the Management Committee. The Management Committee reviews and agrees on policies and procedures for management of these risks.

17.1 Credit risk

Credit risk is the potential financial loss resulting from the customer defaulting on its contractual obligations to the Society.

The Society has minimal exposure to credit risks due to the nature of its activities.

17.2 Interest rate risk

The Society's income and operating cash flows are not substantially affected by changes in market interest rates, as they do not have significant interest-bearing assets or liabilities as at the reporting date.

17.3 Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting its financial obligations due to shortage of funds. The Society exposure to liquidity risk arises primarily from mis-matches of the maturities of financial assets or liabilities.

Management monitors and ensures that the Society maintains a level of cash and cash equivalents deemed adequate to finance the Society's operations.

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

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2019			
Financial assets			
Cash and cash equivalents	666,431	0	666,431
Other receivables (excluding prepayments)	7,580	0	7,580
	<u>674,011</u>	<u>0</u>	<u>674,011</u>
Financial liabilities			
Other payables	(18,867)	0	(18,867)
Lease liabilities	(50,232)	(27,725)	(77,957)
	<u>(69,099)</u>	<u>(27,725)</u>	<u>(96,824)</u>
Net financial assets	<u>604,912</u>	<u>(27,725)</u>	<u>577,187</u>

17. Financial risk management (Cont'd)

17.3 Liquidity risk (Cont'd)

	Within one year S\$	Later than one year but not later than five years S\$	Total S\$
2018			
Financial assets			
Cash and cash equivalents	527,352	0	527,352
Other receivables (excluding prepayments)	14,839	0	14,839
	<u>542,191</u>	<u>0</u>	<u>542,191</u>
Financial liabilities			
Other payable	<u>(16,370)</u>	<u>0</u>	<u>(16,370)</u>
Net financial assets	<u>513,067</u>	<u>0</u>	<u>513,067</u>

18. Fair values

As at 31 December 2019, the carrying amounts of the financial assets and liabilities recorded in the financial statements of the Society approximate their fair values due to their short-term nature.

19. Reserve position and policy

The Society's reserve position for financial year ended 31 December 2019 is as follows:

		2019	2018	Increase/ (decrease)
		S\$	S\$	%
A	Unrestricted Fund			
	Accumulated General Fund	638,875	461,732	38.36
B	Restricted Funds			
	Lifeboat Fund	450	450	0
	Women's Ministry Fund	1,200	1,200	0
	Care & Share Fund	122,933	188,273	(34.70)
	President's Challenge	2,660	0	100
	VCF Funding	(679)	0	100
C	Endowment Fund	N/A	N/A	N/A
D	Total Unrestricted and Restricted Funds	765,439	651,655	17.46
E	Total Annual Operating Expenditure	474,626	730,516	(35.03)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	1.35	0.63	

Reference:

C. An endowment fund consists of assets, funds or properties that 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 Cost of Charitable Activities and Governance and Administration Costs.

The Society's reserve policy is as follows:

The reserve of the Society provide financial stability and the means for the development of the Society's activities. The Management Committee intends to maintain the reserves at a level sufficient for its operating needs. The Society reviews the level of reserves regularly for the Society's continuing obligations.

20. Management of conflict of interest

During the current and previous financial year, none of the Management Committee members received any remuneration from the Society.

The Society's Management Committee members are required to disclose any interest that they may have, whether directly or indirectly, that the Society may enter into or in any organisations that the Society has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Society's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected Society's Management Committee may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

21. Authorisation of financial statements

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the Management Committee on

29 JUN 2020