

**THE SALVATION ARMY, SINGAPORE
SOCIAL FUND**

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2020

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THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD

for the financial year ended 31 March 2020

In the opinion of The Singapore Social Fund Board,

- (a) the accompanying financial statements are drawn up in accordance with the provisions of the Salvation Army Ordinance (Chapter 377), Charities Act (Chapter 37) and other relevant regulations and the Charities Accounting Standard so as to give a true and fair view of the financial position of The Salvation Army, Singapore Social Fund (the "Fund") as at 31 March 2020 and the results and cash flows of the Fund for the financial year then ended; and
- (b) at the date of this statement there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they fall due.

The Singapore Social Fund Board approved and authorised the issue of these financial statements.

On behalf of The Singapore Social Fund Board



.....
Lee Chee Yong
Chairman



.....
Koh Guek Eng
Treasurer

Signed on: 16 September 2020

INDEPENDENT AUDITOR'S REPORT TO THE SINGAPORE SOCIAL FUND BOARD OF THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of The Salvation Army, Singapore Social Fund (the "Fund"), which comprise the statement of financial position as at 31 March 2020, the statement of financial activities 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 Salvation Army Ordinance (Chapter 377), Charities Act (Chapter 37) (the "Act") and other relevant regulations (the "Charities Act and Regulations") and the Charities Accounting Standard ("CAS") so as to give a true and fair view of the financial position of the Fund as at 31 March 2020 and of the results and cash flows of the Fund for the year ended on that date.

Basis of 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the The Salvation Army, Singapore 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.

Other Information

The Singapore Social Fund Board is responsible for the other information. The other information comprises the information included in the Statement by The Singapore Social Fund Board and annual report 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.

**INDEPENDENT AUDITOR'S REPORT TO THE SINGAPORE SOCIAL FUND BOARD OF THE SALVATION
ARMY, SINGAPORE SOCIAL FUND**
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Other Information (continued)

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

Responsibilities of The Singapore Social Fund Board for the Financial Statements

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

In preparing the financial statements, the Singapore Social Fund Board is responsible for assessing the Fund'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 The Singapore Social Fund Board intends to cease operations, or has no realistic alternative but to do so.

The Singapore Social Fund Board's responsibilities include overseeing the Fund's financial reporting process.

The Singapore Social Fund Board is also responsible for ensuring that the 30% cap in regulation 15 of the Charities (Institutions of a Public Character) Regulations has not been exceeded.

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.

INDEPENDENT AUDITOR'S REPORT TO THE SINGAPORE SOCIAL FUND BOARD OF THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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

As part of an audit in accordance with SSAs, we exercise professional judgment 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 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 Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Singapore Social Fund Board.
- Conclude on the appropriateness of the Singapore Social Fund Board'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 Fund'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 Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

**INDEPENDENT AUDITOR'S REPORT TO THE SINGAPORE SOCIAL FUND BOARD OF THE SALVATION
ARMY, SINGAPORE SOCIAL FUND**
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Report on Other Legal and Regulatory Requirements

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

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

- (a) The use of the donation monies was not in accordance with the objectives of the Fund as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Fund has not complied with the requirements of regulation 15 of the Charities (Institutions of a Public Character) Regulations.

Ardent Associates LLP

ARDENT ASSOCIATES LLP
Public Accountants and
Chartered Accountants
Singapore

16 September 2020

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2020

	Note	2020				2019
		Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$
Income						
Income from generated funds						
Voluntary income						
- Donations	4	5,459,373	-	-	-	7,389,228
Activities for generating funds						
- Fundraising		183,122	-	-	217,053	186,559
- Rental fees		14,535	-	-	-	16,930
- Sundry revenue		-	-	-	-	40
Investment income	5	175,591	-	22,652	-	86,068
Income from charitable activities						
Programme fees		4,637,769	-	-	-	4,331,735
Funding from government		15,901,284	-	5,001,489	1,623,233	16,472,083
Community Chest Funding		-	-	-	499,183	196,766
Sundry revenue		25,692	-	-	-	162,359
Other income						
Others	6	238,087	-	1,000	-	380,297
Total income		26,635,453	-	5,025,141	2,339,469	29,222,065
Expenditures						
Cost of generating funds						
Costs of generating voluntary income						
- Manpower costs	7	209,919	-	-	-	197,478
- Other administrative costs	8	384,390	-	-	-	367,365
- Property maintenance costs		3,640	-	-	-	3,640
Costs of generating income						
- Other fundraising costs		7,409	-	-	56,857	28,582
Investment management costs	9	3,740	-	170	-	24,636

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2020

	2020				2019	
Note	Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$	Total S\$
Expenditures (continued)						
Costs of charitable activities						
Manpower costs						
- Medical programmes	9,402,106	-	78,589	-	9,480,695	9,434,782
- Children's home	3,370,677	-	-	1,440,693	4,811,370	4,446,040
- Other social services	1,802,630	-	60,222	407,160	2,270,012	1,719,982
Other costs						
- Depreciation of plant and equipment	-	414,653	-	-	414,653	367,937
- Property maintenance costs	1,201,554	-	20,617	126,448	1,348,619	937,770
- Operating costs	9,729,475	-	1,931,813	289,820	11,951,108	9,678,837
- Other administrative costs	57,082	-	-	1,657	58,739	40,205
Governance costs						
Manpower costs	419,839	-	-	-	419,839	394,955
Professional fees - audit	110,178	-	-	7,058	117,236	99,943
Property maintenance costs	7,280	-	-	-	7,280	7,280
Other administrative costs	73,316	-	240	-	73,556	91,595
Headquarters oversight fee	3,874,947	-	-	-	3,874,947	1,567,653
Total expenditures	30,658,182	414,653	2,091,651	2,329,693	35,494,179	29,408,680
Surplus/(deficit) for the year	(4,022,729)	(414,653)	2,933,490	9,776	(1,494,116)	(186,615)
Transfers between funds	(250,872)	604,854	(400,451)	46,469	-	-
Transfer to General Fund, Singapore	-	-	(2,000,000)	-	(2,000,000)	(2,500,000)
Net movement in funds and reserves	(4,273,601)	190,201	533,039	56,245	(3,494,116)	(2,686,615)
Reconciliation of funds and reserves						
Total funds and reserves brought forward	12,064,950	1,107,182	6,449,439	486,951	20,108,522	22,795,137
Total funds and reserves carried forward	7,791,349	1,297,383	6,982,478	543,196	16,614,406	20,108,522

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF FINANCIAL POSITION

as at 31 March 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
<u>Assets</u>			
Non-current asset			
Plant and equipment	11	1,297,383	1,091,833
		<u>1,297,383</u>	<u>1,091,833</u>
Current assets			
Trade and other receivables	12	3,006,387	1,480,465
Fixed deposits	13	9,214,620	7,112,896
Cash	14	7,109,009	13,081,112
		<u>19,330,016</u>	<u>21,674,473</u>
Total assets		<u>20,627,399</u>	<u>22,766,306</u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	15	4,012,993	2,443,159
Provisions	16	-	214,625
Total liabilities		<u>4,012,993</u>	<u>2,657,784</u>
Net assets		<u>16,614,406</u>	<u>20,108,522</u>
Represented by:			
<u>Funds and reserves</u>			
Capital contribution funds	17	1,297,383	1,107,182
Designated funds	18	6,982,478	6,449,439
Restricted funds	19	543,196	486,951
Unrestricted funds		7,791,349	12,064,950
Total funds and reserves		<u>16,614,406</u>	<u>20,108,522</u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2020

	<u>Note</u>	<u>2020</u> S\$	<u>2019</u> S\$
Cash flows from operating activities			
Deficit for the year		(1,494,116)	(186,615)
Adjustments for:			
Bad debts written off		-	23,200
Interest income		(201,322)	(86,068)
Depreciation of plant and equipment		414,653	367,937
Provision for unconsumed leave		(214,625)	(83,503)
Operating cash flows before changes in working capital		<u>(1,495,410)</u>	34,951
Restricted cash		120,463	(410,259)
Trade and other receivables		(1,525,922)	(928,142)
Trade and other payables		<u>1,569,834</u>	<u>97,554</u>
Net cash flows used in operating activities		<u>(1,331,035)</u>	<u>(1,205,896)</u>
Cash flows from investing activities			
Movement in fixed deposits		(2,101,724)	7,173,288
Purchase of property, plant and equipment		(620,203)	(263,917)
Interest income received		<u>201,322</u>	<u>86,068</u>
Net cash flows (used in)/generated from investing activities		<u>(2,520,605)</u>	<u>6,995,439</u>
Cash flows from financing activity			
Transfers to General Fund, Singapore		<u>(2,000,000)</u>	<u>(2,500,000)</u>
Net cash flows used in financing activity		<u>(2,000,000)</u>	<u>(2,500,000)</u>
Net change in cash		(5,851,640)	3,289,543
Cash at beginning of financial year		<u>12,222,874</u>	<u>8,933,331</u>
Cash at end of financial year	14	<u><u>6,371,234</u></u>	<u><u>12,222,874</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

1. General information

The Salvation Army, Singapore (the "Organisation") was constituted as a corporation in Singapore under the Statutes of the Republic of Singapore, Salvation Army Ordinance (Chapter 377). The Organisation is registered as an exempt charity under the Charities Act (Chapter 37) and domiciled in Singapore. The registered address of the Organisation is at 20 Bishan Street 22, Singapore 579768.

The Salvation Army, Singapore is organised for administrative purposes into two units, which are described below:

(i) General Fund, Singapore

The General Fund deals mainly with the activities for generating funds, Christian education and activities and all headquarters matters not specifically included in Social Fund, which includes undertaking the functions of an owner of property and deals with all transactions relating to the properties owned by the Organisation.

(ii) Social Fund, Singapore

The Social Fund deals with the social operations of the Organisation which has been conferred the Institution of Public Character status. Accordingly, qualifying donors are granted tax deduction for donations made by them to the Social Fund.

The Social Fund (the "Fund") operates or provides:

- nursing home;
- residential homes for children and young people at risk;
- ministries to troubled young people;
- day care centre for the elderly;
- food for families;
- counselling services;
- prison support services;
- fostering agency services;
- outreach programme for male migrant workers; and
- residential care programme for foreign domestic workers in distress.

There have been no significant changes in the nature of the Fund's activities during the year.

The financial statements of the Fund for the current financial year were approved and authorised for issue by the Singapore Social Fund Board on the date of the Statement by the Singapore Social Fund Board.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Fund have been prepared in accordance with the Singapore Charities Accounting Standard ("CAS"). The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore dollars ("S\$" or "SGD"), and all values in the financial information disclosed therein are presented in units, unless otherwise stated.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Income recognition

Income is recognised in the Statement of Financial Activities when:

- the Fund becomes entitled to the income;
- the Territorial Management Board is virtually certain that the Fund will receive the income; and
- the monetary value can be measured with sufficient reliability.

Income from generated funds

a) Voluntary income

The Fund's voluntary income comprises cash donations, and donations-in-kind:

- Cash donations are recognised when the Fund has an unconditional entitlement to the receipts;
- Donations-in-kind are recognised when such donation can be estimated with sufficient reliability and are based on a reasonable estimate of their value to the Fund, which approximates the open market value for similar items; and

b) Activities for generating funds

This is mainly made up of fundraising income and rental fees:

- Fundraising income relates to proceeds from fundraising events held by the Organisation and Fund and is recognised on cash basis; and
- Rental fees are recognised on a straight-line basis over the period of the lease.

c) Investment income

The Fund's investment income refers to interest income allocated to the Fund by the Organisation. Investment income is recognised by the Organisation when receivable.

Income from charitable activities

a) Programme fees

These are programme fees for the provision of services by the Fund to beneficiaries.

b) Funding from government

Government subventions are recognised where there is reasonable assurance that the subventions will be received and all attaching conditions will be complied with.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

c) Community Chest Funding

Community Chest Funding is funding received to support the Fund for the provision of social service programme (namely, the Prison Support Services – Kids In Play) to help children with special needs. The funding is recognised when it is received and ring-fenced as restricted funds.

d) Sundry revenue

Sundry revenue is mainly made up of other income that the Fund is unable to analyse under the main income categories.

Other income

This income mainly comprises government grants under the Jobs Support Scheme, and the Wage Credit and Special Employment Credit Schemes. Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

2.4 Expenditures

All expenditures are accounted for on an accrual basis and have been classified under headings that aggregate all costs related to that activity.

Costs of generating funds

These are costs associated with generating income from all sources other than from undertaking charitable activities. The cost in this category comprises cost on generating voluntary income, cost of fundraising events and investment management cost.

Costs of charitable activities

Costs of charitable activities comprise all costs incurred by the Fund in providing residential care, healthcare and community services including direct manpower costs, property maintenance costs, operating and administrative costs.

Governance costs

Governance costs comprise all costs attributable to the general running of the Fund in providing the governance infrastructure and in ensuring public accountability.

2.5 Employee benefits

Defined contribution plan

The Organisation makes contributions to the Central Provident Fund Scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

2.6 Plant and equipment

All items of plant and equipment are initially recorded at cost. Cost includes its purchase price and any cost that is directly attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Fund.

The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The Fund's policy is to capitalise assets that cost more than S\$10,000.

Repair, maintenance and renovation costs for properties not owned by the Organisation are charged to the statement of financial activities as incurred.

Plant and equipment are subsequently measured at cost less accumulated depreciation and are depreciated using straight-line method to write-off the cost of the assets over their estimated useful lives as follows:

Motor vehicles	- 5 years
Equipment and software	- 5 years

The estimated useful life, depreciation method and residual values are reviewed periodically, at least annually, and adjusted prospectively, if there is a change in estimate.

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

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in the statement of financial activities in the year the asset is derecognised.

Assets under construction

Assets under construction are reclassified to the appropriate category of plant and equipment when completed and ready for use. An asset under construction is not depreciated as the asset is not yet available for use.

2.7 Trade and other receivables

Trade and other receivables excluding prepayments are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditures 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.

After initial recognition, trade and other receivables excluding prepayments are measured at cost less any accumulated impairment losses. Prepayments are measured at the amount paid less the economic resources received or consumed during the financial year.

2.8 Cash

Cash comprises cash on hand and at bank, demand deposits and short-term deposits which are subject to an insignificant risk of changes in value. For the purpose of statement of cash flows, cash excludes restricted cash.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

2.9 Trade and other payables

Trade and 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 are recognised as expenditures in the statement of financial activities as incurred. Accruals are recognised at the best estimate of amount payable.

2.10 Funds and reserves

a) Capital contribution funds

These represent funds set up to meet costs relating to property, plant and equipment.

b) Designated funds

These are funds specifically set aside to meet operational plans or anticipated needs of the Fund.

c) Restricted funds

These are donations and grants held for restricted purposes as specified by the donors or grantors.

d) Unrestricted funds

This is for the working capital of the Fund.

2.11 Taxes

Goods and services tax ("GST")

Income, expenditures and assets are recognised net of the amount of GST except:

- Where the GST incurred on a purchase of goods or services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the financial position.

2.12 Leases

As lessee

Operating lease payments are recognised as an expense in the statement of financial activities on a straight-line basis over the lease term. The aggregate benefit of incentive provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

2.13 Provisions

Provisions are recognised only when a present obligation (legal or constructive) exists as a result of a past event, it is probable that a transfer of economic benefits in settlement will be required, and the amount of the obligation can be estimated reliably.

The provision in the Fund's statement of financial position refers to estimated liability for unconsumed leave. Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Singapore Social Fund Board to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of income, expenditures, assets and liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods. The Singapore Social Fund Board is of the opinion that there are no significant accounting judgments made in applying accounting policies and no estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Tax-deductible donation receipts

The Organisation enjoys concessionary tax treatment whereby qualifying donors are granted tax deductions for the donations made to the Organisation. This status is effective for the period from 1 July 2016 to 30 June 2019 under the Institutions of a Public Character Scheme ("IPC"). This status has been renewed for an additional three years to 30 June 2022.

There were no fund-raising appeals held by the Organisation for the Fund with gross receipts exceeding S\$1 million in the current and previous financial years.

Included in the donation income recognised in the statement of financial activities is the following amount of tax-deductible donation receipts:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Total value of tax-deductible donation receipts issued	<u>4,964,837</u>	<u>7,321,568</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

5. Investment income

	<u>2020</u> S\$	<u>2019</u> S\$
Interest income		
- Fixed and short-term deposits	201,322	86,068
Realised loss on foreign exchange	<u>(3,079)</u>	<u>-</u>
	<u>198,243</u>	<u>86,068</u>

The Organisation allocates interest earned through its investment activities to the Fund. This is based on an internal allocation method applied on a consistent basis to the units of the Organisation as approved by the Territorial Management Board.

6. Others

	<u>2020</u> S\$	<u>2019</u> S\$
GST recovered	-	109,985
Wage Credit and Special Employment Credit schemes	218,860	265,788
Others	<u>20,227</u>	<u>4,524</u>
	<u>239,087</u>	<u>380,297</u>

7. Manpower costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
<u>2020</u>				
Employees' salaries and bonuses	176,098	12,567,680	352,197	13,095,975
Central Provident Fund contributions	26,976	1,582,491	53,953	1,663,420
Other short-term benefits	6,445	1,531,273	12,889	1,550,607
Contract manpower services	400	880,633	800	881,833
	<u>209,919</u>	<u>16,562,077</u>	<u>419,839</u>	<u>17,191,835</u>
<u>2019</u>				
Employees' salaries and bonuses	166,704	11,561,283	333,407	12,061,394
Central Provident Fund contributions	25,399	1,405,608	50,799	1,481,806
Other short-term benefits	5,375	1,764,103	10,749	1,780,227
Contract manpower services	-	869,810	-	869,810
	<u>197,478</u>	<u>15,600,804</u>	<u>394,955</u>	<u>16,193,237</u>

Manpower costs under costs of charitable activities are the aggregate of the manpower costs for medical programme, children's home and other social services.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

8. Other administrative costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Governance costs</u> S\$	<u>Total</u> S\$
<u>2020</u>				
Appeals materials	286,373	-	-	286,373
Insurance	717	44,845	1,434	46,996
Fundraising and related materials	174	-	-	174
Maintenance of equipment and furnishings	168	-	335	503
Non-property licence and insurance	6,418	3,769	12,835	23,022
Postage and communications	11,835	-	23,669	35,504
Printing and stationery	10,536	-	22,303	32,839
Professional and support fees	-	2,000	1,753	3,753
Rental of equipment and furnishings	916	-	1,831	2,747
Transaction fees and charges	64,110	1,596	2,499	68,205
Transportation costs	1,738	-	3,477	5,215
Utilities	1,187	-	2,375	3,562
Other expenses	218	6,529	1,045	7,792
	<u>384,390</u>	<u>58,739</u>	<u>73,556</u>	<u>516,685</u>
<u>2019</u>				
Appeals materials	98,233	-	-	98,233
Insurance	958	32,163	1,916	35,037
Fundraising and related materials	3,727	-	6,479	10,206
Maintenance of equipment and furnishings	5,900	-	4,597	10,497
Non-property licence and insurance	5,562	1,110	11,124	17,796
Postage and communications	158,261	-	22	158,283
Printing and stationery	21,767	-	44,549	66,316
Professional and support fees	-	867	9,235	10,102
Rental of equipment and furnishings	911	-	1,821	2,732
Transaction fees and charges	67,373	4,345	2,419	74,137
Transportation costs	2,485	-	4,969	7,454
Utilities	1,144	-	2,289	3,433
Other expenses	1,044	1,720	2,175	4,939
	<u>367,365</u>	<u>40,205</u>	<u>91,595</u>	<u>499,165</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2020

9. Investment management costs

	<u>2020</u> S\$	<u>2019</u> S\$
Bank charges	3,910	141
Foreign exchange loss	-	24,495
	<u>3,910</u>	<u>24,636</u>

10. Operating costs

	<u>2020</u> S\$	<u>2019</u> S\$
<u>Costs of charitable activities</u>		
Assistance to clients and families	349,306	322,203
Bad debts written off	-	23,200
Cleaning contractor	-	701,767
Education and recreation	95,178	50,089
Food and refreshment	2,848,982	2,276,425
Gardening contractor	-	38,800
Housekeeping	170,339	214,536
Maintenance of equipment and furnishings	2,644,971	543,166
Maintenance of vehicle	97,152	130,724
Medical services and supplies	1,112,936	1,276,575
Non-property license and insurance	309,787	214,616
Postage and communications	13,101	22,558
Printing and stationery	82,289	52,196
Professional and support fees	165,222	-
Property maintenance costs	172,692	237,636
Recruitment advertisement cost	3,150	1,662
Rental of building	1,652,225	1,594,154
Rental of equipment and furnishings	14,654	29,073
Security	-	127,185
Staff training	49,751	63,101
Telephone and fax charges	123,083	41,351
Transaction fees and charges	27,600	71,186
Transportation service fees	1,128,475	1,003,815
Transportation costs	108,442	57,592
Utilities	631,787	527,304
Other expenses	149,986	57,923
	<u>11,951,108</u>	<u>9,678,837</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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for the financial year ended 31 March 2020

11. Plant and equipment

	<u>Motor vehicles</u>	<u>Equipment and software</u>	<u>Assets under construction</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
Cost:				
At 1 April 2018	1,179,739	1,482,512	660,978	3,323,229
Additions	-	151,499	112,418	263,917
Transfer	-	551,782	(551,782)	-
At 31 March 2019	<u>1,179,739</u>	<u>2,185,793</u>	<u>221,614</u>	<u>3,587,146</u>
Additions	177,578	138,798	287,085	603,461
Transfer from General Fund	-	16,742	-	16,742
Written off	(52,366)	-	-	(52,366)
Transfer	-	221,615	(221,615)	-
At 31 March 2020	<u>1,304,951</u>	<u>2,562,948</u>	<u>287,084</u>	<u>4,154,983</u>
Accumulated depreciation:				
At 1 April 2018	956,577	1,170,799	-	2,127,376
Depreciation for the year	105,086	262,851	-	367,937
At 31 March 2019	<u>1,061,663</u>	<u>1,433,650</u>	<u>-</u>	<u>2,495,313</u>
Depreciation for the year	103,183	311,470	-	414,653
Written-off	(52,366)	-	-	(52,366)
At 31 March 2020	<u>1,112,480</u>	<u>1,745,120</u>	<u>-</u>	<u>2,857,600</u>
Net carrying amount:				
At 31 March 2019	<u>118,076</u>	<u>752,143</u>	<u>221,614</u>	<u>1,091,833</u>
At 31 March 2020	<u>192,471</u>	<u>817,828</u>	<u>287,084</u>	<u>1,297,383</u>

Depreciation of plant and equipment is included in the Statement of Financial Activities under costs of charitable activities.

As at the previous financial year end, assets under construction comprised the following approximate amounts:

- S\$174,000 for an Autonomous Guided Vehicle Transport System; and
- S\$46,000 for an elderly tracking system.

As at the current financial year end, assets under construction comprised the following:

- S\$143,000 for the Gym Tonic Programme equipment located at Peacehaven Jade Circle Building; and
- S\$143,000 for the Gym Tonic Programme Equipment at Peacehaven Day Centre.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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for the financial year ended 31 March 2020

12. Trade and other receivables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Programme fee receivables	892,506	548,926
Other receivables	2,059,248	860,961
Interest receivable from fixed and short-term deposits	49,633	55,228
Prepayments	5,000	15,350
	<u>3,006,387</u>	<u>1,480,465</u>

Other receivables mainly relate to government grant receivables.

13. Fixed deposits

Fixed deposits are made for varying periods of between 3 and 12 months (2019: 6 and 12 months) depending on the cash requirements of the Fund and earn interest at deposit rates ranging between 0.35% and 1.85% (2019: 0.47% and 1.85%) per annum.

14. Cash

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Cash at bank and on hand	7,109,009	13,081,112
Less: Monies held on behalf of Medifund account (Note 15)	<u>(737,775)</u>	<u>(858,238)</u>
Cash and cash equivalents as per statement of cash flows	<u>6,371,234</u>	<u>12,222,874</u>

Cash at bank earns interest on floating rates based on daily bank deposit rates.

15. Trade and other payables

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Trade payables	639,235	463,326
Accruals	952,638	775,447
Deposits collected from patients	160,753	180,554
Medifund account (Note 14)	737,775	858,238
Deferred Jobs Support Scheme grants	1,027,337	-
Unearned revenue	10,000	-
Other payables	485,255	165,594
	<u>4,012,993</u>	<u>2,443,159</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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The Medifund account refers to funds received from Medifund, an endowment fund set up by the Singapore government to assist needy Singaporeans to pay for medical care. The amount will be set off against the programme fees receivable from specific patients upon review and approval by the Organisation's Medifund committee.

The Jobs Support Scheme ("JSS") was announced in the Budget 2020 (the "Unity Budget") on 18 February 2020 and further enhanced in the Resilience Budget on 26 March 2020 to provide wage support to employers to help them retain their local employees. Subsequent to the year end, the Fund has received a JSS payout of S\$1,027,337.

16. Provision

	<u>2020</u> S\$	<u>2019</u> S\$
<u>Provision for unconsumed leave:</u>		
At beginning of the year	214,625	298,128
Addition/(Reversal) during the year	<u>(214,625)</u>	<u>(83,503)</u>
At end of the year	<u>-</u>	<u>214,625</u>

17. Capital contribution funds

	<u>2020</u> S\$	<u>2019</u> S\$
At beginning of the year	1,107,182	1,195,853
Depreciation of plant and equipment	(414,653)	(367,937)
Transfer between funds:		
Transfer from designated funds (Note 18)	<u>525,251</u>	<u>141,911</u>
Transfer from unrestricted funds	<u>79,603</u>	<u>137,355</u>
	604,854	279,266
At end of the year	<u>1,297,383</u>	<u>1,107,182</u>

The capital contribution funds represent monies already expended on the acquisition of plant and equipment and set aside to meet future depreciation expenses.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2020

18. Designated funds

	Special ministries S\$	Children Education S\$	Programme reserves S\$	Vehicles reserves S\$	Jade Circle project S\$	Furniture, fixtures and equipment replacement S\$	Special projects S\$	Total S\$
At 1 April 2018	220,725	119,992	25,319	1,099,326	3,219,987	147,982	2,671,279	7,504,610
Deficit for the year	(13,609)	(4,381)	-	5,308	(7,664)	(4,358)	(988,037)	(1,012,741)
Transfer between funds:								
Transfer to capital contribution funds (Note 17)	-	-	-	(15,350)	-	-	(126,561)	(141,911)
Transfers (to)/from unrestricted funds	-	-	(25,319)	124,800	-	-	-	99,481
	-	-	(25,319)	109,450	-	-	(126,561)	(42,430)
At 31 March 2019	207,116	115,611	-	1,214,084	3,212,323	143,624	1,556,681	6,449,439
(Deficit)/Surplus for the year	(60,531)	(214)	-	23,481	(1,388,580)	(77,250)	4,436,584	2,933,490
Transfer between funds:								
Transfer between designated funds	-	-	-	-	3,000,000	-	(3,000,000)	-
Transfer to capital contribution funds (Note 17)	-	-	-	(162,229)	-	-	(363,022)	(525,251)
Transfer from unrestricted funds	-	-	-	124,800	-	-	-	124,800
Transfer to General Fund, Singapore	-	-	-	-	-	-	(2,000,000)	(2,000,000)
	-	-	-	(37,429)	3,000,000	-	(5,363,022)	(2,400,451)
At 31 March 2020	146,585	115,397	-	1,200,136	4,823,743	66,374	630,243	6,982,478

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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18. Designated funds (continued)

Jade Circle project

Funds for Jade Circle Project consist of funds set aside for the costs of programmes and equipment for:

- (i) Jade Circle Day Centre;
- (ii) Peacehaven Residential Care; and
- (iii) Peacehaven Training Centre.

Special projects

Funds for special projects consist of:

- (i) Legacy bequest; and
- (ii) Community Silver Trust ("CST") grants.

The amounts received under the CST scheme are designated for renovation, purchase of equipment, staff costs and other costs for the nursing home. CST is a funding programme by the Singapore government to provide dollar-for-dollar matching grants to encourage donations into the intermediate and long-term care sector in Singapore.

During the year, the Fund received S\$5,001,489 in CST grants. Subsequently, the Home transferred a sum of S\$3,000,000 to be utilised for the development of the Jade Circle Day Centre and Jade Circle Residential Care facilities to be housed within the Jade Circle building. The amount is recorded under Jade Circle Project – Designated funds.

As of the financial year end, the aggregate amount of unutilised CST grants included in designated funds (under Jade Circle Project and Special Projects) are S\$4,792,324 (2019: S\$4,286,726).

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

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for the financial year ended 31 March 2020

19. Restricted funds

	<u>(a)</u> <u>Jade Circle</u> <u>Construction</u> <u>Project</u> S\$	<u>(b)</u> <u>IngoT</u> <u>System</u> S\$	<u>(c)</u> <u>Charity Bike</u> <u>'n' Blade</u> S\$	<u>(d)</u> <u>True Hearts</u> <u>Connection</u> S\$	<u>Interim</u> <u>Placement</u> <u>and</u> <u>Assessment</u> <u>Centre</u> S\$	<u>Gracehaven</u> <u>Fostering</u> S\$	<u>(e)</u> <u>Outcomes -</u> <u>Based</u> <u>Funding</u> S\$	<u>Total</u> S\$
At 1 April 2018	-	240,000	129,941	-	119,437	67,782	-	557,160
Surplus for the year	2,000,000	-	(4,941)	21,000	(184,576)	33,169	-	1,864,652
Transfer from unrestricted funds	-	-	-	-	65,139	-	-	65,139
Transfer to General Fund, Singapore	(2,000,000)	-	-	-	-	-	-	(2,000,000)
At 31 March 2019	-	240,000	125,000	21,000	-	100,951	-	486,951
Surplus for the year	-	-	160,196	-	8,717	(147,756)	(11,381)	9,776
Transfer between funds:								
- Headquarters oversight costs	-	-	-	-	(45,450)	(143,239)	(944)	(189,633)
- Other transfers	-	-	-	(3,000)	36,733	190,044	12,325	236,102
Transfer to General Fund, Singapore	-	-	-	-	-	-	-	-
At 31 March 2020	-	240,000	285,196	(3,000)	(8,717)	46,805	11,381	46,469
	-	240,000	285,196	18,000	-	-	-	543,196

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

19. Restricted funds (continued)

- a) In the previous financial year, the Fund received donations of S\$2,000,000 which were be used for the purpose of the Jade Circle Construction Project. This amount was transferred to and restricted under General Fund, Singapore during the previous financial year. The Organisation received a Temporary Occupation Permit in respect of the new building during the financial year. The Jade Circle facilities are managed and operated by Peacehaven Nursing Home.
- b) Accumulated funds brought forward from previous financial year amounting to S\$240,000 relates to a proposed upgrade of the information technology system, IngoT. As at year end, the funds have not been utilised.
- c) During the financial year, the Fund received donations of S\$217,053 (2019: S\$116,051) from the fund raising event, Charity Bike 'n' Blade 2019 (2019: Charity Bike 'n' Blade 2018), of which the surplus funds are restricted for the purpose of the event objective.
- d) The restricted funds relate to donations from True Hearts Connection to support the cost of running the True Hearts Mentoring Programme at The Haven over a period of 7 years.
- e) On 1 February 2020, the Ministry of Social and Family Development entered into an agreement with the Organisation to provide funding for the provision of fostering services and residential care services to clients selected for the Outcomes-Based Funding ("OBF") programme. The OBF programme is operated by Gracehaven Children's Home.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

20. Related party transactions

a) Transactions with other units of the Organisation

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Fund and other units of the Organisation took place at terms agreed between the parties during the financial year:

	<u>2020</u>	<u>2019</u>
	S\$	S\$
Activities for generating funds:		
<u>General Fund, Singapore</u>		
- Sundry revenue	-	1,778
- Rental fees	500	-
Costs of generating voluntary income:		
<u>General Fund, Singapore</u>		
- Postage and communications	-	(4,345)
- Printing and stationery	-	(421)
- Rental of building	-	(12,264)
- Staff training	(2,160)	(2,760)
Costs of charitable activities:		
<u>General Fund, Singapore</u>		
- Education and recreation	-	(14,328)
- Laptop levy	(3,600)	(2,880)
- Retreat levy	(1,750)	(1,400)
- Staff health benefit	(7,200)	(5,760)
- Staff training	(116,232)	(105,312)
- Printing and stationery	(132)	(3,110)
- Property maintenance levy	(66,400)	(60,800)
- Rental of building	(1,542,717)	(1,549,935)
- Rental of quarters	(54,626)	(69,858)
- Other expenses	(16,399)	(544)
Governance costs:		
<u>General Fund, Singapore</u>		
- Headquarters oversight fee	<u>(3,874,947)</u>	<u>(1,567,653)</u>

b) Compensation of key management personnel

Key management personnel comprise members of The Singapore Social Fund Board, Territorial Management Board and the Central Council. The key management personnel received remuneration or other benefits and such amounts are recorded in General Fund, Singapore. There were no claims by the key management personnel for services provided to the Fund, either by reimbursements or providing the key management with an allowance or by direct payment to a third party during the financial year.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2020

21. Taxation

The Fund is part of the operations of The Salvation Army, Singapore, which is registered as an exempt charity under the Charities Act (Chapter 37). By virtue of Section 13(1)(zm) of the Income Tax Act (Chapter 134), the Organisation's income is exempted from income tax.

22. Fund management

The Singapore Social Fund Board reviews the Social Fund's unrestricted reserves annually to ensure that the Fund will be able to continue as a going concern. The target reserve is established at a level equivalent to two times the amount of the Fund's annual operating expenditure.

23. Comparatives

Reclassification of certain comparative amounts

Certain amounts in the financial statements for the year ended 31 March 2019 have been reclassified to conform to the current year's presentation:

	<u>As reclassified</u> <u>Unrestricted funds</u> S\$	<u>As previously stated</u> <u>Unrestricted funds</u> S\$
<u>Statement of financial activities</u>		
Expenditure		
Costs of generating voluntary income		
- Manpower costs	197,478	592,433
Governance costs		
- Manpower costs	394,955	-
	<u>394,955</u>	<u>-</u>

24. Subsequent events

Subsequent to the reporting date, in response to the outbreak of the infectious disease 2019 Novel Coronavirus ("Covid-19"), the Singapore government imposed a partial lockdown known as the Circuit Breaker from 7 April 2020 to 1 June 2020. The Circuit Breaker involved the suspension of operations for all non-essential businesses at their physical premises, and prohibited non-essential movements. For the Fund, its residential homes continued to operate as they are deemed to provide essential services.

The spread of Covid-19 has created a high level of uncertainty to the near-term global economic prospects and caused disruptions to various businesses. The Fund is taking precautionary measures to deal with the Covid-19 outbreak in accordance with guidelines provided by the authorities. The Covid-19 outbreak is expected to have a negative impact on the Fund's operating results, the extent of which will depend on how long the outbreak lasts. The Singapore Social Fund Board is proactively managing the Fund's operations, maintaining vigilance and will take necessary actions to ensure its long-term sustainability.