

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD

for the financial year ended 31 March 2021

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), the 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 2021 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: 18 1 AUG 2021

Ardent Associates LLP

Chartered Accountants of Singapore

(UEN: T11LL0660B)

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**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 2021, 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.

The Fund is a segment of The Salvation Army, Singapore (the "Organisation"), and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Organisation and reflect only the transactions relating to the Fund.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Salvation Army Ordinance (Chapter 377), the Charities Act (Chapter 37), 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 2021 and of the results and cash flows of the Fund 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 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.

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

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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.

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 Salvation Army Ordinance (Chapter 377), the Charities Act and Regulations 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.

Ardent Associates LLP
Chartered Accountants of Singapore
(UEN: T11LL0660B)

**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 Charities Act and Regulations.

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

Public Accountants and
Chartered Accountants
Singapore

31 August 2021

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF FINANCIAL ACTIVITIES
for the financial year ended 31 March 2021

		2021				2020	
	Note	Unrestricted funds S\$	Capital contribution funds S\$	Designated funds S\$	Restricted funds S\$	Total S\$	Total S\$
Income							
Income from generated funds							
Voluntary income							
- Donations	4	5,793,547	-	-	111,598	5,905,145	5,459,373
Activities for generating funds							
- Fundraising		81,429	-	-	-	81,429	400,175
- Rental fees		11,620	-	-	-	11,620	14,535
- Sundry revenue		37	-	-	-	37	-
Investment income	5	153,846	-	7,597	-	161,443	198,243
Income from charitable activities							
Programme fees		4,497,998	-	-	2,000	4,499,998	4,637,769
Funding from government	6	15,395,874	-	2,253,022	4,421,386	22,070,282	22,526,006
Community Chest Funding		-	-	-	511,731	511,731	499,183
Sundry revenue		14,997	-	-	843	15,840	25,692
Other income							
Funding from government - other	7	3,264,996	-	19,914	281,040	3,565,950	239,087
Total income		29,214,344	-	2,280,533	5,328,598	36,823,475	34,000,063
Expenditures							
Cost of generating funds							
Costs of generating voluntary income							
- Manpower costs	8	614,908	-	-	-	614,908	209,919
- Operating and administrative costs	9	500,707	-	-	-	500,707	388,030
Costs of generating income							
- Other fundraising costs		2,146	-	-	30	2,176	64,266
Investment management costs	10	68	-	22	-	90	3,910

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 (CONTINUED)
for the financial year ended 31 March 2021

	Note	2021				2020	
		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	8						
- Medical programmes		9,917,667	-	-	-	9,917,667	9,480,695
- Children's home		543,800	-	-	3,783,775	4,327,575	4,811,370
- Other social services		1,829,044	-	48,388	502,474	2,379,906	2,270,012
Other costs							
- Depreciation and amortisation expenses		-	432,970	-	-	432,970	414,653
- Operating and administrative costs	9	10,840,040	-	605,913	392,395	11,838,348	13,358,466
Governance costs							
Manpower costs	8	-	-	-	-	-	419,839
Operating and administrative costs	9	113,544	-	-	9,845	123,389	198,072
Share of HQ support service		3,500,000	-	-	-	3,500,000	3,874,947
Total expenditures		27,861,924	432,970	654,323	4,688,519	33,637,736	35,494,179
Surplus/(deficit) for the year		1,352,420	(432,970)	1,626,210	640,079	3,185,739	(1,494,116)
Transfers between funds		(574,952)	737,460	55,360	(217,868)	-	-
Transfer to General Fund, Singapore		-	-	(3,741,280)	-	(3,741,280)	(2,000,000)
Net movement in funds and reserves		777,468	304,490	(2,059,710)	422,211	(555,541)	(3,494,116)
Reconciliation of funds and reserves							
Total funds and reserves brought forward		7,791,349	1,297,383	6,982,478	543,196	16,614,406	20,108,522
Total funds and reserves carried forward		8,568,817	1,601,873	4,922,768	965,407	16,058,865	16,614,406

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 2021

	Note	2021 S\$	2020 S\$
<u>Assets</u>			
Non-current assets			
Plant and equipment	11	1,287,320	1,297,383
Intangible assets	12	314,553	-
		<u>1,601,873</u>	<u>1,297,383</u>
Current assets			
Trade and other receivables	13	2,409,993	3,006,387
Fixed deposits	14	8,090,734	9,214,620
Cash	15	8,178,768	7,109,009
		<u>18,679,495</u>	<u>19,330,016</u>
Total assets		<u>20,281,368</u>	<u>20,627,399</u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	16	3,648,321	3,531,953
Provision for unutilised leave		574,182	481,040
Total liabilities		<u>4,222,503</u>	<u>4,012,993</u>
Net assets		<u>16,058,865</u>	<u>16,614,406</u>
Represented by:			
<u>Funds and reserves</u>			
Capital contribution funds	17	1,601,873	1,297,383
Designated funds	18	4,922,768	6,982,478
Restricted funds	19	965,407	543,196
Unrestricted funds		8,568,817	7,791,349
Total funds and reserves		<u>16,058,865</u>	<u>16,614,406</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 2021

	<u>Note</u>	<u>2021</u> S\$	<u>2020</u> S\$
Cash flows from operating activities			
Surplus/(deficit) for the year		3,185,739	(1,494,116)
Adjustments for:			
Interest income		(159,699)	(201,322)
Depreciation of plant and equipment		391,426	414,653
Amortisation of intangible assets		41,544	-
Provision for unconsumed leave		93,142	266,415
Operating cash flows before changes in working capital		3,552,152	(1,014,370)
Restricted cash		(1,012,219)	120,463
Trade and other receivables		596,394	(1,525,922)
Trade and other payables		116,368	1,088,794
Net cash flows generated from/(used in) operating activities		<u>3,252,695</u>	<u>(1,331,035)</u>
Cash flows from investing activities			
Movement in fixed deposits		1,123,886	(2,101,724)
Purchase of property, plant and equipment		(381,363)	(620,203)
Purchase of intangible assets		(356,097)	-
Interest income received		159,699	201,322
Net cash flows generated from/(used in) investing activities		<u>546,125</u>	<u>(2,520,605)</u>
Cash flows from financing activity			
Transfers to General Fund, Singapore		(3,741,280)	(2,000,000)
Net cash flows used in financing activity		<u>(3,741,280)</u>	<u>(2,000,000)</u>
Net increase/(decrease) in cash		57,540	(5,851,640)
Cash at beginning of financial year		6,371,234	12,222,874
Cash at end of financial year	15	<u>6,428,774</u>	<u>6,371,234</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 2021

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 Fund is a segment of the Organisation, and is not a separately incorporated legal entity. The accompanying financial statements have been prepared from the records of the Organisation and reflect only the transactions relating to the Fund.

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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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"), which is the Fund's functional currency. All financial information presented in S\$ are expressed in units, unless otherwise indicated.

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.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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 and other grants are recognised where there is reasonable assurance that the funds will be received and all attaching conditions will be complied with.

c) Community Chest Funding

Community Chest Funding is funding received to support the Fund for the provision of social service programmes (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. Such costs include manpower costs, property maintenance costs, operating costs and other 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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.

2.6 Foreign currency

Transactions in foreign currencies are measured in the functional currency of the Fund and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in the statement of financial activities.

2.7 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 lives, 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

Equipment-in-progress

Equipment-in-progress are reclassified to the appropriate category of plant and equipment when completed and ready for use. An equipment-in-progress is not depreciated as the asset is not yet available for use.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Computer software

Where computer software is not integrally related to associated hardware, they are recognised as an intangible asset provided they are clearly identifiable, can be readily measured and it is probable they will lead to future economic benefits that the Organisation controls. The Organisation carries capitalised computer software assets at cost less amortisation and any impairment losses. These assets are amortised over the estimated useful lives of the computer software (5 years) on a straight-line basis. Computer software maintenance costs are expensed as incurred. Any impairment loss is recognised in the statement of comprehensive income when incurred.

2.9 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.

2.10 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 the statement of cash flows, cash excludes restricted cash.

2.11 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

2.12 Funds and reserves

(a) Capital contribution funds

These represent funds set up to meet costs relating to 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.

2.13 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.

2.14 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.

2.15 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.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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 2019 to 30 June 2022 under the Institutions of a Public Character ("IPC") Scheme. 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>2021</u> S\$	<u>2020</u> S\$
Total value of tax-deductible donation receipts issued	<u>5,234,644</u>	<u>4,964,837</u>

5. Investment income

	<u>2021</u> S\$	<u>2020</u> S\$
Interest income		
- Fixed and short-term deposits	159,699	201,322
Realised gain/(loss) on foreign exchange	<u>1,744</u>	<u>(3,079)</u>
	<u>161,443</u>	<u>198,243</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.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

6. Funding from government

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Government subventions	18,602,810	17,504,342
Community Silver Trust grant	2,253,022	5,001,489
Bicentennial Community Fund	400,000	-
The Invictus Fund	249,591	-
Others ^(a)	564,859	20,175
	<u>22,070,282</u>	<u>22,526,006</u>

(a) For the financial year ended 31 March 2021, this includes income received from the National Trade Union Congress amounting to S\$534,280 as for the purpose of funding the costs of running the Carehaven residential care programme for foreign domestic workers in distress.

7. Funding from government – others

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Jobs Support Scheme grant income	3,095,002	-
Wage Credit and Special Employment Credit schemes	237,923	218,860
Foreign workers levy	216,000	-
Others	17,025	20,227
	<u>3,565,950</u>	<u>239,087</u>

The Jobs Support Scheme provides wage support to employers to help them retain their local employees during the period of economic uncertainty. Employers who have made CPF contributions for their local employees will qualify for the payouts under the scheme.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

8. 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>2021</u>				
Employees' salaries and bonuses	513,574	12,739,090	-	13,252,664
Central Provident Fund contributions	78,574	2,113,356	-	2,191,930
Other short-term benefits	21,660	1,085,916	-	1,107,576
Contract manpower services	1,100	686,786	-	687,886
	<u>614,908</u>	<u>16,625,148</u>	<u>-</u>	<u>17,240,056</u>
<u>2020</u>				
Employees' salaries and bonuses	176,098	12,567,680	352,197	13,095,975
Central Provident Fund contributions	26,976	2,106,933	53,953	2,187,862
Other short-term benefits	6,445	1,006,831	12,889	1,026,165
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>

Manpower costs under costs of charitable activities represent the aggregate manpower costs relating to medical programmes, 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 2021

9. Other operating and 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>2021</u>				
Appeals materials	327,090	-	-	327,090
Assistance to clients and families	-	293,677	-	293,677
Education and recreation	-	46,199	-	46,199
Food and refreshment	-	3,453,398	-	3,453,398
Housekeeping	-	159,463	-	159,463
Insurance	633	40,188	-	40,821
Maintenance of equipment and furnishings	2,068	1,178,190	-	1,180,258
Maintenance of vehicle	-	101,949	-	101,949
Medical services and supplies	-	1,293,402	-	1,293,402
Non-property licence and insurance	16,395	430,067	-	446,462
Postage and communication	60,738	1,289	-	62,027
Printing and stationery	18,458	82,896	-	101,354
Professional and support fees	-	3,531	-	3,531
Professional fee - audit	-	-	108,696	108,696
Property maintenance costs	-	1,070,288	-	1,070,288
Recruitment advertisement cost	-	-	-	-
Rental of building	10,920	1,821,438	-	1,832,358
Rental of equipment and furnishings	2,750	21,027	-	23,777
Staff training	-	7,231	-	7,231
Telephone and fax charges	-	137,065	-	137,065
Transaction fees and charges	50,575	2,223	-	52,798
Transportation costs	1,012	57,101	-	58,113
Transportation service fees	-	1,001,714	-	1,001,714
Utilities	2,705	612,412	-	615,117
Other expenses	7,363	23,600	14,693	45,656
	<u>500,707</u>	<u>11,838,348</u>	<u>123,389</u>	<u>12,462,444</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

9. Other operating and administrative costs (continued)

	Costs of general	Costs of charitable activities	Governance costs	Total
	S\$	S\$	S\$	S\$
<u>2020</u>				
Appeals materials	286,373	-	-	286,373
Assistance to clients and families	-	349,306	-	349,306
Education and recreation	-	102,246	-	102,246
Food and refreshment	-	2,848,982	-	2,848,982
Housekeeping	-	170,339	-	170,339
Insurance	717	44,845	1,434	46,996
Maintenance of equipment and furnishings	168	2,435,863	335	2,436,366
Maintenance of vehicle	-	97,152	-	97,152
Medical services and supplies	-	1,112,936	-	1,112,936
Non-property licence and insurance	6,418	313,556	12,835	332,809
Postage and communication	11,835	13,101	23,669	48,605
Printing and stationery	10,536	82,289	22,304	115,129
Professional and support fees	-	443,896	1,753	445,649
Professional fee - audit	-	-	117,236	117,236
Property maintenance costs	-	1,348,619	-	1,348,619
Recruitment advertisement cost	-	3,150	-	3,150
Rental of building	3,640	1,652,225	7,280	1,663,145
Rental of equipment and furnishings	916	14,654	1,831	17,401
Staff training	-	49,752	-	49,752
Telephone and fax charges	-	123,083	-	123,083
Transaction fees and charges	64,110	127,254	2,499	193,863
Transportation costs	1,738	106,797	3,477	112,012
Transportation service fees	-	1,130,120	-	1,130,120
Utilities	1,187	631,787	2,375	635,349
Other expenses	392	156,514	1,044	157,950
	<u>388,030</u>	<u>13,358,466</u>	<u>198,072</u>	<u>13,944,568</u>

10. Investment management costs

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Bank charges	<u>90</u>	<u>3,910</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

11. Plant and equipment

	<u>Motor vehicles</u>	<u>Equipment and software</u>	<u>Equipment-in- progress</u>	<u>Total</u>
	S\$	S\$	S\$	S\$
Cost:				
At 1 April 2019	1,179,739	2,185,793	221,614	3,587,146
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	1,304,951	2,562,948	287,084	4,154,983
Additions	-	357,358	24,005	381,363
Transfer	-	287,085	(287,085)	-
At 31 March 2021	1,304,951	3,207,391	24,004	4,536,346
Accumulated depreciation:				
At 1 April 2019	1,061,663	1,433,650	-	2,495,313
Depreciation for the year	103,183	311,470	-	414,653
Written-off	(52,366)	-	-	(52,366)
At 31 March 2020	1,112,480	1,745,120	-	2,857,600
Depreciation for the year	71,270	320,156	-	391,426
At 31 March 2021	1,183,750	2,065,276	-	3,249,026
Net carrying amount:				
At 31 March 2020	192,471	817,828	287,084	1,297,383
At 31 March 2021	121,201	1,142,115	24,004	1,287,320

As at the previous financial year end, equipment-in-progress related to equipment located at Peacehaven Jade Circle and Peacehaven Day Centre. As at the current financial year end, the equipment-in-progress relates to equipment located at the Peacehaven residential nursing home.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

12. Intangible assets

	Computer software
	S\$
Cost:	
At 1 April 2019 and 31 March 2020	-
Additions	356,097
At 31 March 2021	<u>356,097</u>
Accumulated depreciation:	
At 1 April 2019 and 31 March 2020	-
Amortisation for the year	41,544
At 31 March 2021	<u>41,544</u>
Net carrying amount:	
At 31 March 2020	<u>-</u>
At 31 March 2021	<u>314,553</u>

13. Trade and other receivables

	<u>2021</u>	<u>2020</u>
	S\$	S\$
Programme fees receivable	513,785	818,582
Other receivables	1,885,552	2,133,172
Interest receivable - fixed and short-term deposits	10,656	49,633
Prepayment	-	5,000
	<u>2,409,993</u>	<u>3,006,387</u>

Other receivables mainly relate to government funding receivable.

14. Fixed deposits

Fixed deposits are made for varying periods of between 3 and 12 months (2020: 3 and 12 months) depending on the cash requirements of the Fund. Fixed deposits earn interest at deposit rates ranging between 0.04% and 1.73% (2020: 0.35% and 1.85%) per annum.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

15. Cash

	<u>2021</u> S\$	<u>2020</u> S\$
Cash at bank and on hand	8,178,768	7,109,009
Less: Monies held on behalf of Medifund account (Note 16)	<u>(1,749,994)</u>	<u>(737,775)</u>
Cash and cash equivalents as per statement of cash flows	<u>6,428,774</u>	<u>6,371,234</u>

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

16. Trade and other payables

	<u>2021</u> S\$	<u>2020</u> S\$
Trade payables	642,501	639,235
Accruals	754,445	952,638
Deposits collected from patients	213,870	160,753
Medifund account (Note 15)	1,749,994	737,775
Deferred grant income	249,413	-
Unearned income	31,004	1,037,337
Other payables	<u>7,094</u>	<u>4,215</u>
	<u>3,648,321</u>	<u>3,531,953</u>

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 SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

17. Capital contribution funds

	<u>2021</u>	<u>2020</u>
	S\$	S\$
At beginning of the year	1,297,383	1,107,182
Depreciation and amortisation expense	(432,970)	(414,653)
Transfer between funds:		
Transfer from designated funds (Note 18)	481,907	525,251
Transfer from restricted funds (Note 19)	255,553	-
Transfer from unrestricted funds	-	79,603
	737,460	604,854
At end of the year	<u>1,601,873</u>	<u>1,297,383</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 2021

18. Designated funds

	(a)				(b)	
	Development fund	Property reserve	Vehicle reserve	Programme reserve	Furniture, fixtures and equipment reserve	Centre reserve
	S\$	S\$	S\$	S\$	S\$	S\$
At 1 April 2019	207,116	172,287	1,214,084	4,712,328	143,624	-
(Deficit)/Surplus for the year	(60,531)	(20,617)	23,481	3,068,407	(77,250)	-
Transfer between funds:						
Transfer to capital contribution funds (Note 17)	-	-	(162,229)	(363,022)	-	-
Transfer from unrestricted funds	-	-	124,800	-	-	-
Transfer to General Fund, Singapore	-	-	-	(2,000,000)	-	-
	-	-	(37,429)	(2,363,022)	-	-
At 31 March 2020	146,585	151,670	1,200,136	5,417,713	66,374	-
(Deficit)/Surplus for the year	(29,062)	-	7,579	1,711,976	(64,283)	-
Transfer between funds:						
Transfer to capital contribution funds (Note 17)	-	-	-	(481,907)	-	-
Transfer from unrestricted funds	-	-	124,800	-	-	412,467
Transfer to General Fund, Singapore	-	-	-	(3,741,280)	-	-
	-	-	124,800	(4,223,187)	-	-
At 31 March 2021	117,523	151,670	1,332,515	2,906,502	2,091	412,467
						4,922,768

NOTES TO THE FINANCIAL STATEMENTS

*for the financial year ended 31 March 2021***18. Designated funds (continued)**

- (a) Programme reserve consists of funds set aside for the cost of programmes and capital expenditure for the Peacehaven Jade Circle building and other special projects. Such special projects are funded by government grants under the Community Silver Trust ("CST") scheme and/or legacy bequests. During the financial year, an amount of S\$3,741,280 (2020: US\$2,000,000) relating to planned capital expenditure for Peacehaven was transferred to the General Fund's Property Reserve.

The CST scheme 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. As of the financial year end, the unutilised CST grants included in the Fund's Programme reserve amounted to S\$2,613,113 (2020: S\$4,792,324). The unutilised grants are subject to the following expiry dates:

<u>Expiry date</u>	<u>S\$</u>
31 March 2022	1,146,934
31 March 2023	96,966
31 March 2024	1,369,213
	<u>2,613,113</u>

- (b) Centre reserve consists of surplus funds generated by the Peacehaven Nursing Home and Carehaven programme during the financial year ended 31 March 2021, and ringfenced to meet the future operating expenses of the nursing home and programme respectively.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

19. Restricted funds

	(a) IT reserve S\$	(b) Property reserve		(c) Programme reserve S\$	(d) Centre reserve S\$	Total S\$
		Charity Bike 'n' Blade S\$	Equipment reserve S\$			
At 1 April 2019	240,000	125,000	-	21,000	100,951	486,951
Surplus/(deficit) for the year	-	160,196	-	-	(150,420)	9,776
Transfer between funds:						
- HQ support service	-	-	-	-	(189,633)	(189,633)
- Other transfers	-	-	-	(3,000)	239,102	236,102
At 31 March 2020	240,000	285,196	-	(3,000)	49,469	46,469
(Deficit)/surplus for the year	(8,452)	10,598	24,005	18,000	-	543,196
Transfer between funds:						
- HQ support service	-	-	-	-	(102,458)	(102,458)
- Other transfers	(231,548)	-	(24,005)	(3,000)	143,143	140,143
- Transfer to capital contribution funds (Note 17)	(231,548)	-	(24,005)	-	-	(255,553)
At 31 March 2021	-	295,794	-	(3,000)	40,685	(217,868)
				15,000	654,613	965,407

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

19. Restricted funds (continued)

- (a) During the financial year, the Fund acquired a new Ingot Patient-Centered-Care software module, the costs of which were partially funded by the above IT Reserve. Accordingly, the Fund transferred an amount of S\$231,548 to capital contribution funds to meet future depreciation expenses associated with the capitalised asset.
- (b) Peacehaven Nursing Home is a beneficiary of the annual Charity Bike 'n' Blade fundraising event. During the financial year, the Home received donations of S\$110,598 (2020: S\$217,053) from the funds raised from the event.
- (c) Programme reserve relates 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.
- (d) Centre reserves consist of surplus government funding provided to Gracehaven Children Home for the purpose of operating the Interim Placement and Assessment Centre, Gracehaven Fostering Agency and Outcomes-Based Funding programmes.

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2021

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>2021</u> S\$	<u>2020</u> S\$
Activities for generating funds:		
<u>General Fund, Singapore</u>		
- Rental fees	-	500
Costs of generating voluntary income:		
<u>General Fund, Singapore</u>		
- Staff training	-	(2,160)
Costs of charitable activities:		
<u>General Fund, Singapore</u>		
- Laptop levy	(3,030)	(3,600)
- Retreat levy	-	(1,750)
- Staff health benefit	(6,060)	(7,200)
- Staff training	-	(116,232)
- Printing and stationery	-	(132)
- Property maintenance levy	(64,404)	(66,400)
- Rental of building	(1,764,442)	(1,542,717)
- Rental of quarters	(22,064)	(54,626)
- Other expenses	(9,112)	(16,399)
Governance costs:		
<u>General Fund, Singapore</u>		
- Share of HQ support service	<u>(3,500,000)</u>	<u>(3,874,947)</u>

b) Compensation of key management personnel

Key management personnel comprise members of The Singapore Social Fund Board, Territorial Management Board and the Central Management 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 current and previous financial year.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

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. Impact of COVID-19

The global outbreak of Coronavirus Disease 2019 (COVID-19) has caused severe disruption to global economic activities, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Organisation has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. As the global COVID-19 situation remains very fluid as at the date these financial statements were authorised for issuance, the Organisation cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruption on its future operating and financial performance. The Organisation will continue to assess the impact of COVID-19 on the Fund's operations and financial position.

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2021

24. Comparatives

Reclassification of certain comparative amounts

The Fund has modified the presentation of certain items in order to streamline the presentation of the statement of financial activities and financial position. Accordingly, certain comparative amounts have been reclassified in order to conform to the current year's presentation. As these reclassifications are within the statement of financial activities and statement of financial position only, there is no impact on accumulated funds brought forward and cash flows.

The details of the reclassifications are summarised below.

	<u>As previously reported</u> S\$	<u>Reclassification</u> S\$	<u>As reclassified</u> S\$
Statement of financial activities			
<u>Income</u>			
Income from charitable activities:			
Other income			
- Others	239,087	(239,087)	-
- Funding from government - other	-	239,087	239,087
<u>Expenditure</u>			
Costs of generating voluntary income			
- Other administrative costs	384,390	(384,390)	-
- Property maintenance costs	3,640	(3,640)	-
- Operating and administrative costs	-	388,030	388,030
Costs of charitable activities:			
Other costs			
- Property maintenance costs	1,348,619	(1,348,619)	-
- Operating costs	11,951,108	(11,951,108)	-
- Other administrative costs	58,739	(58,739)	-
- Operating and administrative costs	-	13,358,466	13,358,466
Governance costs:			
Property maintenance costs	7,280	(7,280)	-
Other administrative costs	73,556	(73,556)	-
Professional fees - audit	117,236	(117,236)	-
Operating and administrative costs	-	198,072	198,072
Statement of financial position			
Current liabilities			
- Trade and other payables	4,012,993	(481,040)	3,531,953
- Provision for unutilised leave	-	481,040	481,040

