

**THE SALVATION ARMY, SINGAPORE
SOCIAL FUND**

Unique Entity Number: T07CC3012G

AUDITED FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD AND AUDITED FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

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THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT BY THE SINGAPORE SOCIAL FUND BOARD

for the financial year ended 31 March 2019

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 2019 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: **1 1 SEP 2019**

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 2019, 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, 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 2019 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 Fund 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.

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.

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

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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 either intends to liquidate the Fund or 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.

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.

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

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- 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.

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 Organisation as required under regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Organisation 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

11 September 2019

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

STATEMENT OF FINANCIAL ACTIVITIES

for the financial year ended 31 March 2019

	Note	2019				2018	
		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	5,252,177	-	-	2,137,051	7,389,228	10,468,665
Activities for generating funds							
- Fundraising		186,559	-	-	-	186,559	261,047
- Rental fees		16,930	-	-	-	16,930	48,711
- Sundry revenue		40	-	-	-	40	1,494
Investment income	5	78,997	-	7,071	-	86,068	156,589
Income from charitable activities							
Programme fees		4,331,735	-	-	-	4,331,735	4,201,121
Funding from government		14,815,323	-	38,825	1,617,935	16,472,083	18,286,485
Community Chest Funding		-	-	-	196,766	196,766	192,454
Sundry revenue		162,359	-	-	-	162,359	441,667
Other income							
Others	6	359,843	-	366	20,088	380,297	374,574
Total income		25,203,963	-	46,262	3,971,840	29,222,065	34,432,807
Cost of generating funds							
Costs of generating voluntary income							
- Manpower costs	7	592,433	-	-	-	592,433	587,731
- Other administrative costs	8	367,365	-	-	-	367,365	414,750
- Property maintenance costs		3,640	-	-	-	3,640	16,800
Costs of generating income							
- Other fundraising costs	9	7,198	-	-	21,384	28,582	39,677
Investment management costs		22,528	-	2,108	-	24,636	1,717

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 2019

	Note	2019				2018	
		Unrestricted funds	Capital contribution funds	Designated funds	Restricted funds	Total	Total
		S\$	S\$	S\$	S\$	S\$	S\$
Expenditures (continued)							
Costs of charitable activities							
Manpower costs	7						
- Medical programmes		9,388,577	-	46,205	-	9,434,782	
- Children's home		3,072,883	-	-	1,373,157	4,446,040	
- Other social services		1,470,828	-	52,388	196,766	1,719,982	
Other costs							
- Depreciation of property, plant and equipment		-	367,937	-	-	367,937	
- Property maintenance costs		55,744	-	782,418	99,608	937,770	
- Operating costs	10	9,092,628	-	175,863	410,346	9,678,837	
- Other administrative costs	8	39,359	-	21	825	40,205	
Governance costs							
Professional fee		94,841	-	-	5,102	99,943	
Property maintenance costs		7,280	-	-	-	7,280	
Other administrative costs	8	91,595	-	-	-	91,595	
Headquarters oversight fee		1,567,653	-	-	-	1,567,653	
Total expenditures		25,874,552	367,937	1,059,003	2,107,188	29,408,680	
Surplus/(deficit) for the year		(670,589)	(367,937)	(1,012,741)	1,864,652	(186,615)	
Transfers between funds		(301,975)	279,266	(42,430)	65,139	-	
Transfer to General Fund, Singapore		(500,000)	-	-	(2,000,000)	(2,500,000)	
Net movement in funds and reserves		(1,472,564)	(88,671)	(1,055,171)	(70,209)	(2,686,615)	
Reconciliation of funds and reserves							
Total funds and reserves brought forward		13,537,514	1,195,853	7,504,610	557,160	22,795,137	
Total funds and reserves carried forward		12,064,950	1,107,182	6,449,439	486,951	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 2019

	Note	2019 S\$	2018 S\$
<u>Assets</u>			
Non-current assets			
Plant and equipment	11	1,091,833	1,195,853
		<u>1,091,833</u>	<u>1,195,853</u>
Current assets			
Trade and other receivables	12	1,480,465	575,523
Fixed deposits	13	7,112,896	14,286,184
Cash and short-term deposits	14	13,081,112	9,381,310
		<u>21,674,473</u>	<u>24,243,017</u>
Total assets		<u><u>22,766,306</u></u>	<u><u>25,438,870</u></u>
<u>Liabilities</u>			
Current liabilities			
Trade and other payables	15	2,443,159	2,345,605
Provisions	16	214,625	298,128
Total liabilities		<u>2,657,784</u>	<u>2,643,733</u>
Net assets		<u><u>20,108,522</u></u>	<u><u>22,795,137</u></u>
Represented by:			
<u>Funds and reserves</u>			
Capital contribution funds	17	1,107,182	1,195,853
Designated funds	18	6,449,439	7,504,610
Restricted funds	19	486,951	557,160
Unrestricted funds		12,064,950	13,537,514
Total funds and reserves		<u><u>20,108,522</u></u>	<u><u>22,795,137</u></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 2019

	<u>Note</u>	<u>2019</u> S\$	<u>2018</u> S\$
Cash flows from operating activities			
(Deficit)/surplus for the year		(186,615)	6,887,479
Adjustments for:			
Bad debts written off		23,200	-
Interest income		(86,068)	(132,571)
Depreciation of plant and equipment		367,937	363,790
Provision for unconsumed leave		(83,503)	24,883
Operating cash flows before changes in working capital		<u>34,951</u>	<u>7,143,581</u>
Restricted cash		(410,259)	161,399
Trade and other receivables		(928,142)	(103,474)
Trade and other payables		97,554	425,822
Net cash flows (used in)/generated from operating activities		<u>(1,205,896)</u>	<u>7,627,328</u>
Cash flows from investing activities			
Movement in fixed deposits		7,173,288	3,213,816
Purchase of property, plant and equipment		(263,917)	(750,210)
Interest received		86,068	199,492
Net cash flows generated from investing activities		<u>6,995,439</u>	<u>2,663,098</u>
Cash flows from financing activities			
Transfers to General Fund, Singapore		(2,500,000)	(7,199,669)
Net cash flows used in investing activities		<u>(2,500,000)</u>	<u>(7,199,669)</u>
Net increase in cash and cash equivalents		3,289,543	3,090,757
Cash and cash equivalents at beginning of financial year		8,933,331	5,842,574
Cash and cash equivalents at end of financial year	14	<u>12,222,874</u>	<u>8,933,331</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 2019

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 other funds, 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; and
- prison support services

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 2019

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 Finance Council 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, donations-in-kind and operating grants:

- 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 item; and
- Operating grants are funding from charitable foundations and are accounted for on an accrual basis.

b) Activities for generating funds

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

- Fundraising income are from 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

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

Income from charitable activities

a) Programme fees

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

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

b) Funding from government

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

This includes Care and Share matching grant received by the Organisation and is recognised on cash basis. The income is recognised when the Headquarters allocates income from its fundraising activities to the Fund.

c) Community Chest Funding

Community Chest Funding is funding received to support the Organisation for the provision of social service programmes to help children with special needs. The funding is recognised when it is received.

d) Sundry revenue

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

e) Other income

This income mainly comprises government funding under 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.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2.5 Employee benefits

a) 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.

b) Employee leave entitlement

Employee entitlements to annual leave which 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.

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 Organisation'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.

Asset under construction

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

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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 and cash equivalents

Cash and cash equivalents comprises cash on hand and at bank, demand deposits and short-term deposits which are subject to an insignificant risk of changes in value.

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 by the Finance Council to meet operational plans or anticipated needs.

c) Restricted funds

These are donations held for restricted purposes as specified by the donors.

d) Unrestricted funds

This is for the working capital of the Fund.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

2.11 Taxes

Goods and services tax

Income, expenditures and assets are recognised net of the amount of goods and services tax except:

- Where the goods and services tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax 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 goods and services tax included.

The net amount of goods and service tax 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 recognized as an expense in 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.

3. Significant accounting judgments and estimates

The preparation of the Fund's financial statements in conformity with CAS requires the Finance Council 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 Finance Council 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 Fund enjoys concessionary tax treatment whereby qualifying donors are granted tax deductions for the donations made to the Fund. This status is effective for the period from 1 July 2016 to 30 June 2019 under the Institutions of a Public Character Scheme. This status has been renewed for an additional five years to 30 June 2024.

	<u>2019</u>	<u>2018</u>
	S\$	S\$
Total value of tax-deductible receipts issued	<u>7,321,568</u>	<u>9,365,900</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

5. Investment income

	<u>2019</u> S\$	<u>2018</u> S\$
Interest income		
- Bank	-	879
- Fixed and short-term deposits	86,068	131,692
Realised gain on foreign exchange	-	24,018
	<u>86,068</u>	<u>156,589</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 Finance Council.

6. Others

	<u>2019</u> S\$	<u>2018</u> S\$
GST recoverable	109,985	-
Wage credit and special employment schemes	265,788	363,524
Others	4,524	11,050
	<u>380,297</u>	<u>374,574</u>

Manpower costs

	<u>Costs of generating voluntary income</u> S\$	<u>Costs of charitable activities</u> S\$	<u>Total</u> S\$
<u>2019</u>			
Employees' salaries and bonuses	500,111	11,561,283	12,061,394
Central Provident Fund contributions	76,198	1,405,608	1,481,806
Other short-term benefits	16,124	1,764,103	1,780,227
Contract manpower services	-	869,810	869,810
	<u>592,433</u>	<u>15,600,804</u>	<u>16,193,237</u>
<u>2018</u>			
Employees' salaries and bonuses	491,214	11,035,744	11,526,958
Central Provident Fund contributions	76,950	1,339,165	1,416,115
Other short-term benefits	18,467	1,937,010	1,955,477
Contract manpower services	1,100	688,052	689,152
	<u>587,731</u>	<u>14,999,971</u>	<u>15,587,702</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 2019

7. 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>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
Travelling	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>
<u>2018</u>				
Appeals materials	88,365	-	-	88,365
Insurance	-	19,647	-	19,647
Education and recreation	1,039	-	-	1,039
Food and refreshment	25,722	-	-	25,722
Fundraising and related materials	7,645	-	28,744	36,389
Maintenance of equipment and furnishings	7,705	-	-	7,705
Non-property licence and insurance	15,811	3,377	-	19,188
Postage and communications	161,194	-	-	161,194
Printing and stationery	21,118	-	-	21,118
Professional and support fees	2,126	3,307	2,250	7,683
Recruitment expenses	-	90	-	90
Rental of equipment and furnishings	1,682	-	-	1,682
Transaction fees and charges	71,391	1,505	1,394	74,290
Travelling	5,458	-	-	5,458
Utilities	3,389	-	-	3,389
Other expenses	2,105	10,343	11,903	24,351
	<u>414,750</u>	<u>38,269</u>	<u>44,291</u>	<u>497,310</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

9. Investment management costs

	<u>2019</u> S\$	<u>2018</u> S\$
Bank charges	141	87
Foreign exchange loss	24,495	1,630
	<u>24,636</u>	<u>1,717</u>

10. Operating costs

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Costs of charitable activities</u>		
Assistance to clients and families	322,203	347,737
Bad debts written off	23,200	-
Cleaning contractor	701,767	611,742
Education and recreation	50,089	271,919
Food and refreshment	2,276,425	1,756,352
Gardening contractor	38,800	21,675
Housekeeping	214,536	122,942
Maintenance of equipment and furnishings	543,166	657,631
Maintenance of land and building	-	119,804
Maintenance of vehicle	130,724	51,362
Medical services and supplies	1,276,575	1,380,828
Non-property license and insurance	214,616	17,436
Postage and communications	22,558	97,524
Printing and stationery	52,196	79,452
Property maintenance costs	237,636	162,920
Recruitment advertisement cost	1,662	1,900
Rental of building	1,594,154	1,648,088
Rental of equipment and furnishings	29,073	18,972
Rental of vehicle	1,003,815	966,258
Security	127,185	33,044
Staff training	63,101	10,881
Telephone and fax charges	41,351	-
Transaction fees and charges	71,186	-
Travelling	57,592	28,877
Utilities	527,304	563,223
Other expenses	57,923	19,731
	<u>9,678,837</u>	<u>8,990,298</u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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 2017	1,179,739	1,459,405	-	2,639,144
Additions	-	89,232	660,978	750,210
Written off	-	(66,125)	-	(66,125)
At 31 March 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	1,179,739	2,185,793	221,614	3,587,146
Accumulated depreciation:				
At 1 April 2017	833,679	996,032	-	1,829,711
Depreciation for the year	122,898	240,892	-	363,790
Written off	-	(66,125)	-	(66,125)
At 31 March 2018	956,577	1,170,799	-	2,127,376
Depreciation for the year	105,086	262,851	-	367,937
At 31 March 2019	1,061,663	1,433,650	-	2,495,313
Net carrying amount:				
At 31 March 2018	223,162	311,713	660,978	1,195,853
At 31 March 2019	118,076	752,143	221,614	1,091,833

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\$109,000 for the Autonomous Guided Vehicle (AGV) Transport System;
- S\$425,000 for Gym Tonic shared software development and enhancement cost;
- S\$53,000 learning management system (LMS); and
- S\$73,000 relating to cost of IngoT system software.

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

- S\$174,000 for the AGV Transport System; and
- S\$46,000 for an elderly tracking system.

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

12. Trade and other receivables

	<u>2019</u> S\$	<u>2018</u> S\$
Programme fees receivables	1,409,887	529,097
Interest receivable from fixed and short-term deposits	55,228	33,663
Prepayments	15,350	1,340
Other receivables	-	11,423
	<u>1,480,465</u>	<u>575,523</u>

13. Fixed deposits

Fixed deposits are made for varying periods of between 6 and 12 months (2018: 3 and 12 months) depending on the cash requirements of the Fund and earn interest at deposit rates ranging between 0.47% and 1.85% (2018: 0.20% and 1.88%) per annum.

14. Cash and short-term deposits

	<u>2019</u> S\$	<u>2018</u> S\$
Cash at bank and on hand	13,081,112	9,381,310
Less: Monies held on behalf of Medifund account (Note 15)	(858,238)	(447,979)
Cash and cash equivalents as per statement of cash flows	<u>12,222,874</u>	<u>8,933,331</u>

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

15. Trade and other payables

	<u>2019</u> S\$	<u>2018</u> S\$
Trade payables	463,326	1,047,795
Accruals	775,447	986,278
Deposits collected from patients	180,554	212,317
Medifund account (Note 14)	858,238	-
Other payables	165,594	99,215
	<u>2,443,159</u>	<u>2,345,605</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

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for the financial year ended 31 March 2019

16. Provision

	<u>2019</u> S\$	<u>2018</u> S\$
<u>Provision for unconsumed leave:</u>		
At beginning of the year	298,128	273,245
(Reversal)/addition during the year	<u>(83,503)</u>	<u>24,883</u>
At end of the year	<u><u>214,625</u></u>	<u><u>298,128</u></u>

17. Capital contribution funds

	<u>2019</u> S\$	<u>2018</u> S\$
At beginning of the year	1,195,853	809,433
Depreciation of plant and equipment	(367,937)	(363,790)
Transfer between funds:		
Transfer from designated funds (Note 18)	<u>141,911</u>	<u>660,744</u>
Transfer from unrestricted funds	<u>137,355</u>	<u>89,466</u>
	279,266	750,210
At end of the year	<u><u>1,107,182</u></u>	<u><u>1,195,853</u></u>

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

18. Designated funds

	Special ministries	Children Education	Programme reserves	Vehicles reserves	Jade Circle project	Furniture, fixtures and equipment replacement	Special projects	Total
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
At 1 April 2017	250,215	119,992	87,751	963,752	-	73,182	2,647,698	4,142,590
Surplus for the year	(29,490)	-	69,529	10,773	-	500,000	3,679,112	4,229,924
Transfer between funds:								
Transfers to capital contribution funds (Note 17)	-	-	-	-	-	(425,200)	(235,544)	(660,744)
Transfers between designated funds	-	-	-	-	3,219,987	-	(3,219,987)	-
Transfers (to)/from unrestricted funds	-	-	(131,961)	124,801	-	-	-	(7,160)
Transfer to General Fund, Singapore	-	-	(131,961)	124,801	3,219,987	(425,200)	(3,455,531)	(667,904)
At 31 March 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
At 31 March 2019	207,116	115,611	(25,319)	109,450	3,212,323	143,624	1,556,681	6,449,439

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS
for the financial year ended 31 March 2019

17. Designated funds (continued)

Special projects

Funds under special projects refer to those funds:

- (i) set aside for purchase of programme equipment and improvements for the elderly day care centre; or
- (ii) amounts received under the Community Silver Trust ("CST") scheme for the renovation, purchase of equipment, staff costs and other costs for 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.

18. Restricted funds

	<u>Jade Circle Construction Project</u> S\$	<u>IngoT System</u> S\$	<u>Charity Bike 'n' Blade</u> S\$	<u>True Hearts Connection</u> S\$	<u>Interim Placement and Assessment Centre</u> S\$	<u>Gracehaven Fostering</u> S\$	<u>Total</u> S\$
At 1 April 2017	3,999,669	240,000	-	-	142,500	-	4,382,169
Surplus for the year	3,000,000	-	129,941	-	(23,063)	67,782	3,174,660
Transfer to General Fund, Singapore	(6,999,669)	-	-	-	-	-	(6,999,669)
At 31 March 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 between funds:							
Transfer from unrestricted funds	-	-	-	-	65,139	-	65,139
Transfer to General Fund, Singapore	(2,000,000)	-	-	-	-	-	(2,000,000)
	(2,000,000)	-	-	-	65,139	-	(1,934,861)
At 31 March 2019	-	240,000	125,000	21,000	-	100,951	486,951

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NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

18. Restricted funds (continued)

- a) In the previous financial year, the special projects fund included donations received amounting to S\$6,999,669 which were set aside for the Jade Circle Construction Project in accordance with the intention of the donors. These funds were transferred to General Fund, Singapore (which manages the construction project) and ring-fenced under restricted funds. The nursing home will be managed and operated by the Home upon completion of construction.

Additional donations of S\$2,000,000 were received in respect of the Jade Circle Construction Project during the year. This amount has been transferred to and restricted under General Fund, Singapore as at the year end.

- b) Certain accumulated funds brought forward from previous financial year which amounted to S\$240,000 relates to a proposed upgrade of the information technology system, IngoT system. As at year end, the funds have not been utilised.
- c) During the financial year, the Home received donations of S\$116,051 (2018: S\$116,500) from the fund raising event, Charity Bike 'n' Blade 2018 (2018: Charity Bike 'n' Blade 2017), of which the surplus funds are restricted for the purpose of the event objective.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

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>2019</u>	<u>2018</u>
	S\$	S\$
Activities for generating funds:		
<u>General Fund, Singapore</u>		
- Sundry revenue	1,778	1,494
Costs of generating voluntary income:		
<u>General Fund, Singapore</u>		
- Postage and communications	(4,345)	(4,214)
- Printing and stationery	(421)	(429)
- Rental of building	(12,264)	(16,800)
- Staff training	(2,760)	(2,400)
Costs of charitable activities:		
<u>General Fund, Singapore</u>		
- Education and recreation	(14,328)	(5,225)
- Laptop levy	(2,880)	(2,160)
- Retreat levy	(1,400)	(1,400)
- Staff health benefit	(5,760)	(4,320)
- Staff training	(105,312)	(118,810)
- Printing and stationery	(3,110)	(3,303)
- Property maintenance levy	(60,800)	(60,800)
- Rental of building	(1,549,935)	(1,532,370)
- Rental of quarters	(69,858)	(73,605)
- Travelling	-	(3,400)
- Other expenses	(544)	(2,375)
Governance costs:		
<u>General Fund, Singapore</u>		
- Headquarters oversight fee	<u>(1,567,653)</u>	<u>(1,901,181)</u>

b) Compensation of key management personnel

Key management personnel comprise members of The Singapore Social Fund Board, Finance Council and the Central Council. 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 key management personnel received remuneration or other benefits and such amounts are recorded in The Salvation Army, General Fund, Singapore.

THE SALVATION ARMY, SINGAPORE SOCIAL FUND

NOTES TO THE FINANCIAL STATEMENTS

for the financial year ended 31 March 2019

21. Taxation

The Fund is part of the operations of The Salvation Army, Singapore, which is registered as an exempt Organisation 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 Finance Council reviews the Social Fund's unrestricted reserves annually to ensure that the Social 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 2018 have been reclassified to conform to the current year's presentation:

	<u>As reclassified</u>		<u>As previously stated</u>	
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Unrestricted</u>	<u>Restricted</u>
	<u>funds</u>	<u>funds</u>	<u>funds</u>	<u>funds</u>
	S\$	S\$	S\$	S\$
<u>Statement of financial activities</u>				
Income				
Income from charitable activities				
- Funding from government	15,058,315	169,438	15,218,105	9,648
Expenditure				
Cost of charitable activities				
Manpower costs				
- Children's home	3,500,169	82,085	3,582,254	-
Other costs				
- Operating costs	8,620,589	76,573	8,628,764	68,398
Transfer between funds	<u>(82,306)</u>	<u>-</u>	<u>(84,053)</u>	<u>1,747</u>
<u>Statement of financial position</u>				
Funds and reserves				
Restricted funds	-	557,160	-	489,378
Unrestricted funds	<u>13,537,514</u>	<u>-</u>	<u>13,605,296</u>	<u>-</u>

The above reclassification relates to the Gracehaven Fostering programme, which is now presented under the restricted funds.