



FINANCIAL & GOVERNANCE REPORT 2019

Unique Entity Number 200613504D

Caritas Singapore Community Council Limited

Annual Financial Statements
30 September 2019



	Page
Directors' statement	1
<u>Independent auditor's report</u>	3
Statement of financial activities	6
Balance sheet	8
Statement of <u>changes</u> in funds	9
Cash flow statement	10
Notes to the financial statements	11
Corporate Governance	48

Caritas Singapore Community Council Limited

Directors' statement

The directors are pleased to present their statement to the members together with the audited financial statements of Caritas Singapore Community Council Limited (the "Council") for the financial year ended 30 September 2019.

Opinion of the directors

In the opinion of the directors,

- (i) the accompanying statements of financial activities, balance sheet, statement of changes in funds and cash flow statement together with the notes thereto are drawn up so as to give a true and fair view of the financial position of the Council as at 30 September 2019, and the financial performance, changes in funds and cash flows of the Council for the financial year ended on that date, and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Council will be able to pay its debts as and when they fall due.

Directors

The directors of the Council in office at the date of this statement are:

Tan Cheng Han	(Chairman)
Teo Jin Lee	(Deputy Chairman)
Agnes Liew	(Appointed on 5 January 2019)
Alan Lim	
Fr. Christopher Soh, SJ	
Friar John-Paul Tan, OFM	
Jeremy Khoo	
Joachim Toh	
Lum Hon Fye	
Mark Tang	
Ong Hoon Meng	
Paul Beh	
Peggy Yee	
Pius Lee	
Rev. Monsignor Ambrose Vaz	
Sr. Wendy Ooi, FSP	(Appointed on 5 January 2019)
Tan Tee How	

Arrangements to enable directors to acquire shares and debentures

The Council is a company limited by guarantee and has no share capital. None of the Directors holding office at the end of the financial year had an interest in the share capital of the Council that is required to be reported pursuant to Section 201 (6)(f) of the Singapore Companies Act, Chapter 50.

Directors' interests in shares and debentures

The Council is a company limited by guarantee.

There were no shares or debentures in issue in the Council at the end of the financial year.

Caritas Singapore Community Council Limited

Directors' statement

Options

The Council is a company limited by guarantee. As such, there are no share options or unissued shares under option.

Auditors

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the board of directors



Tan Cheng Han
Director



Teo Jin Lee
Director

22 November 2019

Caritas Singapore Community Council Limited

**Independent auditor's report
For the financial year ended 30 September 2019**

Independent auditor's report to the members of Caritas Singapore Community Council Limited

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of Caritas Singapore Community Council Limited (the "Council"), which comprise the balance sheet as at 30 September 2019, the statement of financial activities, statement of changes in funds and cash flows statement 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 Companies Act, Chapter 50 (the Companies Act), the Charities Act Chapter 37 and other relevant regulations (the Charities Act and Regulations) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Council as at 30 September 2019 and of the financial performance, changes in funds and cash flows of the Council for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the Accounting and Corporate Regulatory Authority (AGRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (AGRA 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 AGRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises Directors' statement set out on pages 1 to 2 but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Caritas Singapore Community Council Limited

Independent auditor's report For the financial year ended 30 September 2019

Independent auditor's report to the members of Caritas Singapore Community Council Limited

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, 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, management is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Council's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council'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 Council to cease to continue as a going concern.

Caritas Singapore Community Council Limited

**Independent auditor's report
For the financial year ended 30 September 2019**

Independent auditor's report to the members of Caritas Singapore Community Council Limited

Auditor's responsibilities for the audit of the financial statements (cont'd)

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

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

Report on other legal and regulatory requirements

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

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

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



Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

22 November 2019

Caritas Singapore Community Council Limited

Statement of financial activities
For the financial year ended 30 September 2019

	Note	General Fund 2019 \$	Agape Fund 2019 \$	Agape Village Building Fund 2019 \$	Total 2019 \$
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	4a	1,093,308	8,227,912	—	9,321,220
Activities for generating funds	4b	100	663,041	—	663,141
Interest income		36,776	156,784	—	193,560
<i>Incoming resources from charitable activities</i>					
Other incoming resources	5	25,214	562,549	—	587,763
Total incoming resources		1,155,398	9,610,286	—	10,765,684
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	6a	55,833	238,024	—	293,857
Costs of activities for generating funds	6b	30,274	129,064	—	159,338
Total costs of generating funds		86,107	367,088	—	453,195
Net incoming resources available for charitable application		1,069,291	9,243,198	—	10,312,489
Cost of charitable activities	7	1,580,196	8,240,730	—	9,820,926
Governance costs	9	—	327,801	—	327,801
		1,580,196	8,568,531	—	10,148,727
Total resources expended		1,666,303	8,935,619	—	10,601,922
Net (resources expended)/ incoming resources, representing total comprehensive income		(510,905)	674,667	—	163,762

Caritas Singapore Community Council Limited

**Statement of financial activities
For the financial year ended 30 September 2019**

	Note	General Fund 2018 \$	Agape Fund 2018 \$	Agape Village Building Fund 2018 \$	Total 2018 \$
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	4a	1,081,341	8,083,025	—	9,164,366
Activities for generating funds	4b	6,000	279,270	—	285,270
Interest income		35,677	152,097	—	187,774
<i>Incoming resources from charitable activities</i>					
Other incoming resources	5	36,757	601,778	—	638,535
Total incoming resources		1,159,775	9,116,170	—	10,275,945
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	6a	41,171	174,097	—	215,268
Costs of activities for generating funds	6b	9,128	38,916	—	48,044
Total costs of generating funds		50,299	213,013	—	263,312
Net incoming resources available for charitable application		1,109,476	8,903,157	—	10,012,633
Cost of charitable activities	7	1,352,576	8,093,686	—	9,446,262
Governance costs	9	—	307,348	—	307,348
		1,352,576	8,401,034	—	9,753,610
Total resources expended		1,402,875	8,614,047	—	10,016,922
Net (resources expended)/ incoming resources, representing total comprehensive income		(243,100)	502,123	—	259,023

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

Caritas Singapore Community Council Limited

Balance sheet
As at 30 September 2019

	Note	2019 \$	2018 \$
Non-current assets			
Property, plant and equipment	12	351,604	499,464
Agape Village Building	12	12,515,099	13,085,578
Prepayments	13	2,630,501	2,805,047
		<u>15,497,204</u>	<u>16,390,089</u>
Current assets			
Prepayments	13	189,931	187,105
Other debtors and deposits	14	89,021	92,237
Cash and short-term deposits	15	22,364,787	20,170,792
		<u>22,643,739</u>	<u>20,450,134</u>
Non-current liability			
Provision for reinstatement cost	12	313,000	313,000
		<u>313,000</u>	<u>313,000</u>
Current liability			
Creditors and accruals	16	3,573,640	1,866,203
		<u>3,573,640</u>	<u>1,866,203</u>
Net current assets		<u>19,070,099</u>	<u>18,583,931</u>
Net assets		<u>34,254,303</u>	<u>34,661,020</u>
Funds			
General Fund			
Restricted fund	18	345,836	345,836
Unrestricted fund	19	513,026	1,023,931
		<u>858,862</u>	<u>1,369,767</u>
Agape Fund			
Restricted fund/expendable endowment fund	18	318,340	338,340
Unrestricted fund	19	19,161,248	18,466,581
Agape village building - unrestricted designated fund	19	13,915,853	14,486,332
		<u>33,395,441</u>	<u>33,291,253</u>
Total funds		<u>34,254,303</u>	<u>34,661,020</u>

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

Caritas Singapore Community Council Limited

**Statement of changes in funds
For the financial year ended 30 September 2019**

	General Fund \$	Agape Fund \$	Agape Village Building Fund \$	Total Fund \$
2019				
At 1 October 2018	1,369,767	18,804,921	14,486,332	34,661,020
Net (resources expended)/ incoming resources	(510,905)	674,667	—	163,762
Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities	—	—	(570,479)	(570,479)
At 30 September 2019	858,862	19,479,588	13,915,853	34,254,303
2018				
At 1 October 2017	1,612,867	18,302,798	15,056,083	34,971,748
Net (resources expended)/ incoming resources	(243,100)	502,123	—	259,023
Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities	—	—	(569,751)	(569,751)
At 30 September 2018	1,369,767	18,804,921	14,486,332	34,661,020

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

Caritas Singapore Community Council Limited

Cash flow statement

For the financial year ended 30 September 2019

	2019	2018
	\$	\$
Cash flows from operating activities		
Net incoming resources for the year	163,762	259,023
Adjustments:		
Interest income	(193,560)	(187,774)
Depreciation charge for the year	799,674	822,635
Adjustment to building cost	—	(136,151)
Amortisation of building fund	(570,479)	(569,751)
Operating cash flows before changes in working capital	199,397	187,982
Changes in working capital		
Decrease in prepayments	171,720	182,118
Decrease in other debtors and deposits	3,216	628,709
Increase in creditors and accruals	1,707,437	405,606
Net cash inflows from operating activities	2,081,770	1,404,415
Cash flows from investing activities		
Purchase of property, plant and equipment	(81,335)	(29,277)
Interest received	193,560	187,774
Movement in short-term deposits greater than 3 months	5,309,768	568,880
Net cash flows generated from investing activities	5,421,993	727,377
Net increase in cash and cash equivalents	7,503,763	2,131,792
Cash and cash equivalents at the beginning of the financial year (Note 15)	12,861,024	10,729,232
Cash and cash equivalents at the end of the financial year (Note 15)	20,364,787	12,861,024

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

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2019

1. General information

Caritas Singapore Community Council Limited (the "Council") is a company limited by guarantee and registered charity under the Companies Act, Chapter 50. The Council was initially registered as the Catholic Social and Community Council Limited under the Charities Act, Chapter 37, in Singapore (Registration No: 02022). The registered office is at 55 Waterloo Street, #08-01, Catholic Centre, Singapore 187954.

The Council has established the Caritas Singapore Agape Fund (Agape Fund), a trust fund governed by a board of ten trustees. The fund was also registered under the Charities Act, Chapter 37, in Singapore (Unique Entity No: T06CC2001 K). The objectives of the fund are in line with that of the Council.

The principal activities of the Council are to provide the overall leadership to the various charitable organisations under the Archdiocese which assist in the relief of poverty and provide support to needy beneficiaries regardless of age, sex, nationality, religion or moral character. The Council is the official social and community arm of the Archdiocese to fulfil the Church's social mission for the benefit of the broader community.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Council have been prepared in accordance with Financial Reporting Standards in Singapore ("FRSs"). They are also subjected to the provisions of the Charities Act, Chapter 37 and of the Companies Act, Chapter 50.

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 (SGD or\$).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Council has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 October 2018. The adoption of these standards did not have any material effect on the financial performance or position of the Council.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers, and introduces a new contract cost guidance. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. There is no material effect on the financial statements of the Council.

FRS 109 Financial instruments

FRS 109 replaces FRS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment and hedge accounting.

2. Summary of significant accounting policies (cont'd)

2.2 Changes in accounting policies

FRS 109 Financial instruments (cont'd)

The Council applied FRS 109 retrospectively, with an initial application date of 1 October 2018. The Council has not restated comparative information which continues to be reported under FRS 39 and the disclosure requirements of *FRS 107 Financial Instruments: Disclosures* relating to the items within the scope of FRS 39.

Classification and measurement

FRS 109 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit and loss (FVPL). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 October 2018, and the applied retrospectively to those financial assets that were not derecognized before 1 October 2018.

The Council's debt instruments have contractual cash flows that are solely payments of principal and interest. There is no significant impact arising from measurement of these instruments under FRS 109.

Impairment

FRS109 requires the Council to record expected credit losses on all of its financial assets measured at amortised cost, either on a 12-month or lifetime basis. The Council previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired. Given the limited exposure of the Council to credit risk, this amendment has no impact on the financial statements.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Council has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 116 Leases	1 January 2019
INT FRS 123 Uncertainty over Income Tax Treatments	1 January 2019
Amendments to FRS 109 Prepayment Features with Negative Compensation	1 January 2019
Amendments to FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019
Annual Improvements to FRSs (March 2018)	1 January 2019
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Except for FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 116 are described below.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees - leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Council is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Council expects the adoption of the new standard will result in increase in total assets and total liabilities and gearing ratio.

2.4 Functional currency

The Council has determined the currency of the primary economic environment in which the Council operates i.e. functional currency, to be SGD. Incoming resources and resources expended are primarily influenced by fluctuations in SGD.

2. Summary of significant accounting policies (cont'd)

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, 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 Council and the cost of the item can be measured reliably. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Council recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Years
Computer equipment and software	- 1
Donated assets	- 1
Office equipment and furniture	- 5
Leasehold improvements	- 10 - 28
Agape Village Building	- 26

Agape Village Building was completed end June 2015 and obtained Temporary Occupation Permit on 24 July 2015 and is depreciated over the life of lease of the land.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, 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.

There are no items of property, plant and equipment acquired in full or in part from the proceeds of a grant.

Where functional items of property, plant and equipment have been donated, they are included in the balance sheet at their fair value at the date of the gift and also included in the statement of financial activities as an incoming resource.

2. Summary of significant accounting policies (cont'd)

2.6 *Impairment of non-financial assets*

The Council assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Council makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in the statement of financial activities.

2.7 *Financial instruments*

These accounting policies are applied on and after the initial application date of FRS 109, 1 October 2018:

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the entity becomes party to the contractual provisions of the instruments.

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

Trade receivables are measured at the amount of consideration to which the Council expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third party, if the trade receivables do not contain a significant financing component at initial recognition.

2. Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Council's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, FVOCI and FVPL. The Council only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. The Council determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at FVPL, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at FVPL are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

These accounting policies are applied before the initial application date of FRS 109, 1 October 2018:

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. The Council determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss is recognised in statement of financial activities.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Council becomes a party to the contractual provisions of the financial instrument. The Council determines the classification of its financial liabilities at initial recognition.

All financial liabilities are initially recognised at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2 Summary of significant accounting policies (cont'd)

2.7 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in the statement of financial activities when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different term, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability, and the difference in the respective carrying amounts is recognised in statement of financial activities.

2.8 Impairment of financial assets

The Council recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Council expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Council applies a simplified approach in calculating ECLs. Therefore, the Council does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Council has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Council considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Council may also consider a financial asset to be in default when internal or external information indicates that the Council is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Council. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2 Summary of significant accounting policies (cont'd)

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.10 Provisions

Provisions are recognised when the Council has a present obligation (legal or constructive) where, as a result of a past *event*, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.11 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants shall be recognised in the statement of financial activities on a systematic basis over the periods in which the Council recognises as expenses the related costs for which the grants are intended to compensate.

2.12 Deferred income

Income received is recognised at fair value where there is reasonable assurance that the income will be received and all attaching conditions will be complied with. Income received in advance or subject to donor-imposed conditions that specify a future time period in which the expenditure of corresponding resources can take place is recorded as deferred income.

2.13 Employee benefits

(a) Defined contribution plans

The Council participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Council 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 are recognised when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2. Summary of significant accounting policies (cont'd)

2.14 Leases

(a) As lessee

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

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

(b) As lessor

Leases in which the Council does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental.

2.15 Incoming resources from generated funds

All incoming resources are recognised to the extent that it is probable that the economic benefits will flow to the Council and the amount can be reliably measured. No amounts are included for services donated by volunteers. Incoming resources from generated funds comprise:

Voluntary income

(a) Donations

Such income is recognised when received. Income received is recognised at fair value where there is reasonable assurance that the income will be received and all attaching conditions will be complied with. All income is demarcated between the Council's General Fund and the Agape Fund. The Agape Fund is registered as an IPC and thus donations requiring tax exemption are credited into the Agape Fund. Non tax-exempt donations are credited to the General Fund.

(b) Membership subscriptions

Such income is recognised on an accrual basis over the life of the subscriptions.

(c) Gifts-in-kind

Gifts-in-kind are recognised based on an estimate of the fair value at the date of the receipt of the donation of the non-monetary asset or the grant of a right to a monetary asset. The donation is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

2. Summary of significant accounting policies (cont'd)

2.15 Incoming resources from generated funds (cont'd)

Activities for generating funds

Proceeds from such activities are recognised in the period in which the event takes place. Any sales of merchandise are accounted for when the transaction occurs.

Interest income

Interest income is accounted for on accrual basis using the effective interest method.

2.16 Incoming resources from charitable activities

This income arises from activities such as talks, seminars and conferences undertaken by the Council in furtherance of its charitable objectives. Proceeds from such activities are recognised in the period in which the event takes place.

2.17 Resources expended

Expenditure is accounted for on accrual basis. Allocations of support costs are based on payroll costs of time spent by staff, or direct expenditure and activity levels, as appropriate. Resources expended comprise:

Costs of generating voluntary income

The costs of generating voluntary income are those costs attributable to generating income for the Council, including salaries and directly attributable overheads such as the costs of producing advertising and direct mail materials.

Costs of activities for generating funds

These costs include the direct cost of hosting such activities and all directly attributable overheads. No value is ascribed to goods donated for re-sale or for auction.

Costs of charitable activities

The charitable activities of the Council flow from its vision and purpose. The primary charitable activities are grants given to member organisations to part finance their operational expenditure and programmes and also to parishes to fund charitable projects which are directed to the poor and those in need in the community.

The Council's charitable activities of awarding grants are distributed through a formal grant making process by the Finance and Grants Committee, which reviews and recommends such grants for the approval by the Board of the Council and thereafter the Board of Trustees for any application of funds from the Agape Fund.

The Council's Finance and Grants Committee also reviews and evaluates all funding requests from parishes and their proposed charitable works. The Board of the Council reviews and approves the Committee's recommendations of the grants before they are disbursed in full to the parishes.

2 Summary of significant accounting policies (cont'd)

2.17 Resources expended (cont'd)

Grants to member organisations which have IPC status are applied from the Agape Fund. All other grants are applied from the General Fund. The grants are disbursed in tranches, at the discretion of the Council, to take into account the cash flow requirements of the member organisations.

Grant expenditure is charged to the statement of financial activities immediately from the point of the award being made, as evidenced by the grant agreement entered into between the Council and the grantee.

Support costs

Support Costs are those costs incurred in support of fundraising activities and the awarding and payment of grants. These are an integral cost of carrying out the direct charitable objectives of the organisation. The details of support costs in the statement of financial activities/comprehensive income are disclosed in Note 10.

Governance costs

Governance costs are those incurred in compliance with constitutional and statutory requirements including related professional fees.

2.18 Funds accounting

The funds held by the Council are:

- General Funds are funds that can be used in accordance with the charitable objectives of the Council. Such funds are either unrestricted or restricted. The restrictions arise when specified by the donor or when funds are raised for a particular restricted purpose. Currently, there are two restricted funds, the Capacity Building Fund and the St. Jude Fund. The Capacity Building Fund is an expendable endowment fund established so that in the long term, the interest income generated from this fund would support the ongoing operating needs of the Council. Non tax-exempt donations for the Capacity Building Fund are credited into the General Fund, and usage of the fund requires the approval of the Board of the Council.
- The Agape Fund is made up of tax-exempt donations that can be used in accordance with the charitable objectives of the Council. The Agape Fund also has both unrestricted and restricted funds, the latter which includes the Capacity Building Fund and the St. Jude Fund. Tax-exempt donations for the Capacity Building Fund are credited into the Agape Fund and usage of the fund requires the approval of the Board of the Council and the Board of Trustees. The St. Jude Fund was created in November 2010 for restricted donations made by donors crossing more than one fiscal year. Tax-exempt donations for the St. Jude Fund are also credited into the Agape Fund and usage of the fund is according to the intent of the donor. The first major donor of the St. Jude Fund, who wishes to remain anonymous, contributed a sum of S\$500,000 for grants to be made to various member organisations over a period of ten years starting in FY2011.

2. Summary of significant accounting policies (cont'd)

2.18 Funds accounting (cont'd)

The funds held by the Council are:

- The Agape Village Building Fund is an unrestricted designated sub-fund set up under both the Agape Fund for donations with tax-exempt receipts and the General Fund for donations without tax-exempt receipts. The usage of the tax-exempt donations under the Agape Fund requires the approval of the Board of the Council and the Board of Trustees. The Agape Village Building Fund is designated primarily to fund the construction and operations of Agape Village at Lorong 8 Toa Payoh on a 3,000 square metre piece of land owned by the Titular Roman Catholic Archdiocese of Singapore.

The one-stop Catholic Services hub is where people in need can connect to the 27 charities and services under its umbrella to help those in need, regardless of race, language or religion. It will also bring together the common services of our Catholic charities under one roof - integrated case management, counselling, legal aid, medical aid, care-giver support, skills training and job matching for displaced workers and professionals, mentoring and life skills, coaching for the poor and marginalised in our society.

The Agape Village Building Fund will be reduced over the useful life of the asset in line with its depreciation.

2.19 Related parties

A related party includes the trustees/office bearers (that is, directors) and key management of the Council. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons. It also includes members of the key management personnel of close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

2.20 Current tax

Under Section 13U (1) of the Income Tax Act, all registered charities will enjoy automatic income tax exemption without having the need to meet the 80% spending rule. In other words, they do not need to file income tax returns.

3. Significant accounting estimates, assumptions and judgements

The preparation of the Council financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of the income, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of reporting period. 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 the future periods.

Management is of the opinion that there is no significant judgement 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 year.

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

4. Incoming resources from generating funds

(a) *Voluntary income*

	General Fund			Agapee Fund			Agape Village Building Fund	
	Unrestricted \$	Restricted/ Endowment \$	Total \$	Unrestricted \$	Restricted/ Endowment \$	Total \$	Unrestricted but Designated \$	Total \$
At 30 September 2019								
Donations	1,093,308	—	1,093,308	8,227,912	—	8,227,912	—	9,321,220
	1,093,308	—	1,093,308	8,227,912	—	8,227,912	—	9,321,220
At 30 September 2018								
Donations	1,081,341	—	1,081,341	8,083,025	—	8,083,025	—	9,164,366
	1,081,341	—	1,081,341	8,083,025	—	8,083,025	—	9,164,366

Included in donations is an amount of \$8,227,912 (2018: \$8,083,025) for Agapee Fund for which tax-exempt receipts have been issued. There are no tax-exempt receipts issued for Agape Village Building Fund for both financial years 2019 and 2018.

Caritas Singapore Community Council Limited

**Notes to the financial statements
For the financial year ended 30 September 2019**

4. Incoming resources from generating funds (cont'd)

(b) Activities for generating funds

	General Fund			Agape Fund			Agape Village Building Fund	
	Unrestricted	Restricted/ Endowment	Total	Unrestricted	Restricted/ Endowment	Total	Unrestricted but Designated	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 30 September 2019								
Caritas Charity Golf	100	-	100	310,951	-	310,951	-	311,051
Down Memory Lane	-	-	-	352,090	-	352,090	-	352,090
	100	-	100	663,041	-	663,041	-	663,141
At 30 September 2018								
Caritas Charity Golf	6,000	-	6,000	279,270	-	279,270	-	285,270
	6,000	-	6,000	279,270	-	279,270	-	285,270

Included in the receipts is an amount of \$663,041 for Agape Fund (2018: \$279,270) for which tax-exempt receipts have been issued. There are no tax-exempt receipts issued for Agape Village Building Fund for both financial years 2019 and 2018.

5. Incoming resources from charitable activities

	General Fund Unrestricted \$	Agape Fund Unrestricted \$	Total Unrestricted \$
At 30 September 2019			
Agape village rental	—	548,805	548,805
Personal moral compass	21,990	—	21,990
Others	3,224	13,744	16,968
	<u>25,214</u>	<u>562,549</u>	<u>587,763</u>
At 30 September 201 B			
Agape village rental	—	551,768	551,768
Personal moral compass	10,280	—	10,280
Others	26,477	50,010	76,487
	<u>36,757</u>	<u>601,778</u>	<u>638,535</u>

6. Costs of generating funds

(a) *Costs of generating voluntary income*

	General Fund Unrestricted \$	Agape Fund Unrestricted \$	Total Unrestricted \$
At 30 September 2019			
Direct costs	23,470	100,054	123,524
Support costs (Note 10)	32,363	137,970	170,333
	<u>55,833</u>	<u>238,024</u>	<u>293,857</u>
At 30 September 201 B			
Direct costs	12,363	52,703	65,066
Support costs (Note 10)	28,808	121,394	150,202
	<u>41,171</u>	<u>174,097</u>	<u>215,268</u>

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

6. Costs of generating funds

(b) *Costs of activities for generating funds*

	General Fund Unrestricted	Agape Fund Unrestricted	Total Unrestricted
	\$	\$	\$
At 30 September 2019			
Direct costs	30,274	129,064	159,338
At 30 September 2018			
Direct costs	9,128	38,916	48,044

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

7. Costs of charitable activities

	General Fund			Agapee Fund			Agape Village Building Fund	
	Unrestricted	Restricted/ Endowment	Total	Unrestricted	Restricted/ Endowment	Total	Unrestricted but Designated	Total
	\$		\$	\$	\$	\$	\$	\$
At 30 September 2019								
Formation expenditure								
- Direct costs	27,107	-	27,107	-	-	-	-	27,107
- Support costs (Note 10)	221,433	-	221,433	-	-	-	-	221,433
Grant and other charitable activities expenditure								
- Direct costs	33,433	-	33,433	787,736	-	787,736	-	821,169
- Support costs (Note 10)	194,179	-	194,179	827,817	-	827,817	-	1,021,996
- Staff costs	8,743	-	8,743	657,289	-	657,289	-	666,032
- Grant expenditure (Note 8)	1,095,301	-	1,095,301	5,947,888	20,000	5,967,888	-	7,063,189
	1,580,196	-	1,580,196	8,220,730	20,000	8,240,730	-	9,820,926

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

7. Costs of charitable activities (cont'd)

	General Fund			Agapee Fund			Agape Village Building Fund	
	Unrestricted	Restricted/ Endowment	Total	Unrestricted	Restricted/ Endowment	Total	Unrestricted but Designated	Total
	\$		\$	\$	\$	\$	\$	\$
At 30 September 2018								
Formation expenditure								
- Direct costs	10,722	-	10,722	-	-	-	-	10,722
- Support costs (Note 10)	195,262	-	195,262	-	-	-	-	195,262
Grant and other charitable activities expenditure								
- Direct costs	181,485	-	181,485	773,700	-	773,700	-	955,185
- Support costs (Note 10)	171,230	-	171,230	729,980	-	729,980	-	901,210
- Staff costs	135,535	-	135,535	577,806	-	577,806	-	713,341
- Grant expenditure (Note 8)	658,342	-	658,342	5,992,200	20,000	6,012,200	-	6,670,542
	1,352,576	-	1,352,576	8,073,686	20,000	8,093,686	-	9,446,262

Caritas Singapore Community Council Limited

Notes to the financial statements **For the financial year ended 30 September 2019**

8. Grant expenditure in furtherance of the Council's objects

The amounts incurred during the period relating to this expenditure are set out below:

	2019	2018
	\$	\$
Abilities Beyond Limitations and Expectations (ABLE) ¹	597,388	680,000
Archdiocesan Commission for the Pastoral Care of Migrants and Itinerant People (ACMI) ^{1,2,3}	500,000	478,000
Assisi Hospice ^{1,5}	10,000	10,000
Boys' Town Singapore ¹	950,000	800,000
Canossaville Children & Community Services ¹	320,000	310,000
Canossaville Children's Home (CCH) ^{1,5}	10,000	10,000
Caritas Humanitarian Aid & Relief Initiatives, Singapore (CHARIS) ²	303,000	297,000
Catholic AIDS Response Effort (CARE) ¹	300,000	270,000
Catholic Lawyers Guild ²	25,680	25,200
Catholic Welfare Services ¹	300,000	300,000
CLARITY Singapore Ltd (CLARITY) ¹	250,000	365,000
Family Life Society (FLS) ¹	565,000	530,000
Infant Jesus Homes & Children's Centres (IJHCC) ¹	461,000	461,000
Jesuit Refugee Service ²	—	47,500
Mamre Oaks ¹	262,500	284,000
Montfort Care ¹	875,000	734,700
Morning Star Community Services (MSCS) ¹	867,000	742,000
Parishes ^{2,4}	281,621	226,142
Roman Catholic Prison Ministry (RCPM) ²	185,000	100,000
	7,063,189	6,670,542

¹ These are IPC affiliate member organisations of the Council.

² These are non-IPC affiliate member organisations of the Council.

³ ACMI obtained IPC status on 26 September 2019. Subsequently, ACMI is an IPC affiliate member organisation of the Council effective 26 September 2019.

⁴ The Council provided grants to 25 (2018:19) parishes to fund the parishes' projects for the poor and those in need in the community. The following is a summary of the specific causes, as requested by the parishes, for which these grants have been given:

	2019	2018
	\$	\$
Aid programme to migrant workers	35,024	22,414
Education grant	22,000	15,500
Financial assistance to individuals/families in crisis	132,636	130,214
Food vouchers/rations to the poor	9,575	6,135
General assistance programme for poor and elderly	9,800	6,800
Golden Circle programme	5,000	6,000
Medical clinic programme	3,000	6,597
Soup Kitchen/St Anthony's Bread programme	29,142	17,524
Others	35,444	14,958
	281,621	226,142

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

8. Grant expenditure in furtherance of the Council's objects (cont'd)

⁵ These grants include partial or whole donations credited to the St. Jude Fund as follows:

	2019	2018
	\$	\$
Agape Fund		
Assisi Hospice	10,000	10,000
Canossaville Children's Home	10,000	10,000
	<u>20,000</u>	<u>20,000</u>

9. Governance costs

	Agape Fund	
	Unrestricted	
	2019	2018
	\$	\$
Direct costs	38,235	52,005
Support costs (Note 10)	289,566	255,343
	<u>327,801</u>	<u>307,348</u>

Included in the direct costs are costs of preparing of financial reports, audit fees, board and committee costs.

10. Support costs

	Costs of	Costs of	Costs of	Governance	Total support
	generating	formation	charitable	costs	costs
	\$	\$	\$	\$	\$
At 30 September 2019					
Finance	(24)	(30)	(144)	(41)	(239)
Information technology	8,089	10,515	48,531	13,751	80,886
Human resources	123,359	160,367	740,157	209,711	1,233,594
Corporate resources	38,909	50,581	233,452	66,145	389,087
	<u>170,333</u>	<u>221,433</u>	<u>1,021,996</u>	<u>289,566</u>	<u>1,703,328</u>

Caritas Singapore Community Council Limited

**Notes to the financial statements
For the financial year ended 30 September 2019**

10. Support costs (cont'd)

	Costs of generating funds \$	Costs of formation activities \$	Costs of charitable activities \$	Governance costs \$	Total support costs \$
At 30 September 2018					
Finance	152	198	913	259	1,522
Information technology	7,634	9,924	45,805	12,978	76,341
Human resources	106,513	138,467	639,079	181,072	1,065,131
Corporate resources	35,903	46,673	215,413	61,034	359,023
	150,202	195,262	901,210	255,343	1,502,017

11. Net incoming resources

Net incoming resources are stated after charging:

	2019 \$	2018 \$
Net depreciation of property, plant and equipment (Note 12)	229,195	252,884
Rental expense	246,180	237,080

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

12. Property, plant and equipment

	Computer equipment and software \$	Donated assets \$	Office equipment and furniture \$	Leasehold improvements \$	Total \$	Agape Village Building \$	Grand Total \$
Cost:							
At 1 October 2017	427,430	6,898	757,915	370,545	1,562,788	15,006,648	16,569,436
Additions	28,589	-	687	-	29,276	-	29,276
Adjustment [*]	-	-	-	-	-	(136,151)	(136,151)
At 30 September 2018 and 1 October 2018	456,019	6,898	758,602	370,545	1,592,064	14,870,497	16,462,561
Additions	49,904	-	31,431	-	81,335	-	81,335
Disposals	-	-	(12,424)	-	(12,424)	-	(12,424)
At 30 September 2019	505,923	6,898	777,609	370,545	1,660,975	14,870,497	16,531,472
Accumulated depreciation:							
At 1 October 2017	346,364	6,898	359,404	127,050	839,716	1,215,168	2,054,884
Charge for the year	70,655	-	145,174	37,055	252,884	569,751	822,635
At 30 September 2018 and 1 October 2018	417,019	6,898	504,578	164,105	1,092,600	1,784,919	2,877,519
Charge for the year	51,247	-	140,896	37,052	229,195	570,479	799,674
Disposals	-	-	(12,424)	-	(12,424)	-	(12,424)
At 30 September 2019	468,266	6,898	633,050	201,157	1,309,371	2,355,398	3,664,769
Net carrying amount:							
At 30 September 2019	37,657	-	144,559	169,388	351,604	12,515,099	12,866,703
At 30 September 2018	39,000	-	254,024	206,440	499,464	13,085,578	13,585,042

* Adjustment to cost upon finalisation of construction cost with vendor.

12. Property, plant and equipment (cont'd)

In financial year 2015, the Council completed the construction of Agape Village building at Lorong 8 Toa Payoh at an estimated total cost of \$14,000,000 and received the Temporary Occupation Permit on 24 July 2015. Accordingly, the Council transferred the building cost from "Agape Building Asset under construction" to the "Agape Village Building" category. All expenses incurred in relation to the construction are capitalised to the building cost in accordance with the Council's capitalisation policy.

Included in the leasehold improvements and Agape Village Building is an amount of \$63,000 (2018: \$63,000) and \$250,000 (2018: \$250,000) for the provision for reinstatement cost for Waterloo office and Agape Village Building, respectively.

Net depreciation charged to the statement of financial activities as cost of generating voluntary income are:

	2019 \$	2018 \$
Depreciation for the year	799,674	822,635
Amortisation of Agape Village building fund (Note 19)	(570,479)	(569,751)
Net depreciation of property, plant and equipment	229,195	252,884

13. Prepayments

	2019 \$	2018 \$
Prepayments (current):		
Lease rental	174,180	173,814
Lanworks software - maintenance and assurance	1,560	6,243
Insurance	3,594	3,669
Others	10,597	3,379
	189,931	187,105
Prepayments (non-current):		
Lease rental	2,630,501	2,805,047

Lease rental

The Council has entered into two term leases from 19 June 2013 with The Titular Catholic Archbishop of Singapore (TRCAS) at 55 Waterloo Street as follows:

- (1) Unit #07-01 and Unit #08-01 ending 18 February 2042. The Monthly Rent for the term was paid in advance by way of three (3) payments totalling \$3,351,960.
- (2) Unit #06-01 ending 18 June 2023. The Monthly Rent for the term was paid in advance by way of three (3) payments totalling \$576,671.

Caritas Singapore Community Council Limited**Notes to the financial statements
For the financial year ended 30 September 2019****14. Other debtors and deposits**

	2019	2018
	\$	\$
Interest receivable	39,588	52,616
Deposits	49,433	39,621
Total other debtors and deposits	89,021	92,237
Add: Cash and cash equivalents (Note 15)	22,364,787	20,170,792
Total financial assets at amortised cost	22,453,808	20,263,029

15. Cash and short-term deposits

	2019	2018
	\$	\$
Cash at banks and on hands	6,516,295	2,950,514
Short-term deposits	15,848,492	17,220,278
	22,364,787	20,170,792

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and twelve months, depending on the immediate cash requirements of the Council, and earn interest at the respective short-term deposit rates. The weighted average effective interest rate as at 30 September 2019 for the Council was 1.12% (2018: 1.24%).

For the purpose of the cash flow statement, cash and cash equivalents comprises the following at the end of the reporting period:

	2019	2018
	\$	\$
Cash at banks and on hands	6,516,295	2,950,514
Short-term deposits	15,848,492	17,220,278
	22,364,787	20,170,792
Less: short-term deposits greater than 3 months	(2,000,000)	(7,309,768)
Cash and cash equivalents	20,364,787	12,861,024

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

16. Creditors and accruals

	2019	2018
	\$	\$
Accruals	3,498,877	1,789,931
Deposits received	74,763	76,272
Total financial liabilities carried at amortised cost	<u>3,573,640</u>	<u>1,866,203</u>

Included in the accruals is the grants expenditure amounting to \$2,659,000 (2018: \$869,700) and staff related cost amounting to \$345,623 (2018: \$302,128)

17. Commitments

The Council leases land and office equipment under non-cancellable lease agreements. These leases, which do not have purchase options, have an average tenure of between 5 and 27 years.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	2019	2018
	\$	\$
Not later than one year	249,199	250,469
Later than one year but not later than five years	971,397	977,747
Later than five years	3,173,329	3,397,648
	<u>4,393,925</u>	<u>4,625,864</u>
Rental expense incurred for Agape building for the reporting year	<u>72,000</u>	<u>74,069</u>

Included in the operating lease payment is the rental payable by the Council for the Agape Village at Lorong 8 Toa Payoh on a 3,000 square metre piece of land. The lease is with Titular Roman Catholic Archdiocese of Singapore over a period of 27 years, which expires on 5 September 2041 and is not subject to an escalation clause.

18. Restricted and expendable endowment funds

	Balance at beginning of the year \$	Incoming resources \$	Resources expended \$	Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities \$	Balance at end of the year \$
2019					
General Fund					
Capacity Building Fund ²	345,836	—	—	—	345,836
	345,836	—	—	—	345,836
Agape Fund					
St. Jude Fund ¹	115,000	—	20,000	—	95,000
Capacity Building Fund ¹	223,340	—	—	—	223,340
	338,340	—	20,000	—	318,340
Total restricted and expendable endowment funds	684,176	—	20,000	—	664,176
Total unrestricted funds (Note 19)	33,976,844	10,765,684	10,581,922	570,479	33,590,127
Total funds	34,661,020	10,765,684	10,601,923	570,479	34,254,303
2018					
General Fund					
Capacity Building Fund ²	345,836	—	—	—	345,836
	345,836	—	—	—	345,836
Agape Fund					
St. Jude Fund ¹	135,000	—	20,000	—	115,000
Capacity Building Fund ¹	223,340	—	—	—	223,340
	358,340	—	20,000	—	338,340
Total restricted and expendable endowment funds	704,176	—	20,000	—	684,176
Total unrestricted funds (Note 19)	34,267,572	10,275,945	9,996,922	569,751	33,976,844
Total funds	34,971,748	10,275,945	10,016,922	569,751	34,661,020

¹ The Funds were raised for the needs of the member organisations or as specified by the donors.

² The Capacity Building Fund is an expendable endowment fund established by the Council that seeks to fund, in the long term, the operating needs of the Council.

Notes to the financial statements
For the financial year ended 30 September 2019

19. Unrestricted funds

	Balance at beginning of the year \$	Incoming resources \$	Resources expended \$	Amortisation expenses credited to charitable activities \$	Balance at end of the year \$
2019					
General Fund	1,023,931	1,155,398	1,666,303	—	513,026
Agape Fund	18,466,581	9,610,286	8,915,619	—	19,161,248
Agape Village Building Fund (Note 20)	14,486,332	—	—	570,479	13,915,853
Total	33,976,844	10,765,684	10,581,922	570,479	33,590,127
2018					
General Fund	1,267,031	1,159,775	1,402,875	—	1,023,931
Agape Fund	17,944,458	9,116,170	8,594,047	—	18,466,581
Agape Village Building Fund (Note 20)	15,056,083	—	—	569,751	14,486,332
Total	34,267,572	10,275,945	9,996,922	569,751	33,976,844

In financial year 2015, the Council completed the construction of Agape Village building at Lorong 8 Toa Payoh where donations raised are placed in the designated Agape Building Fund. Accordingly, the Agape Village Building Fund is amortised and net off against the corresponding depreciation of the building in the statement of financial activities (Note 12).

Movements of the Agape Village Building fund are disclosed as follows:

	2019 \$	2018 \$
Agape Village Building fund:		
Balance at beginning of the year and at the end of the year	16,300,904	16,300,904
Amount amortised:		
Balance at the beginning of the year	(1,814,572)	(1,244,821)
Amortisation for the year (Note 12)	(570,479)	(569,751)
Balance at the end of the year	(2,385,051)	(1,814,572)
Net balance at the end of the year	13,915,853	14,486,332

20. Agape Village Building Fund

The Agape Building Fund is an unrestricted designated sub-fund set up under both the Agape Fund for donations with tax-exempt receipts and the General Fund for donations without tax-exempt receipts. The usage of the tax-exempt donations under the Agape Fund requires the approval of the Board of the Council and the Board of Trustees. The Agape Building Fund has been designated primarily to fund the construction and operations of Agape Village at Lorong 8 Toa Payoh on a 3,000 square metre piece of land owned by the Titular Roman Catholic Archdiocese of Singapore.

The Council intends to create a new one-stop Catholic Services hub where people in need can connect to the 23 charities and services under its umbrella to help those in need, regardless of race, language or religion. It will also bring together the common services of our Catholic charities under one roof- integrated case management, counselling, legal aid, medical aid, care-giver support, skills training and job matching for displaced workers and professionals, mentoring and life skills, coaching for the poor and marginalised in our society.

The Council completed the construction of Agape Village end June 2015 at an estimated total cost of \$14,000,000 (including contingencies) and received the Temporary Occupation Permit on 24 July 2015.

21. Trustees'/Directors' remuneration

No Trustee or Director has received any remuneration from the Council or Agape Fund during the year and neither has received reimbursements for expenses incurred in attending Board, committee or Trustee meetings.

22. Related party transactions

The following significant transactions took place during the year:

	2019	2018
	\$	\$
Grant expenditure (Note 8):		
CHARIS	303,000	297,000
CARE	300,000	270,000

These organisations are related parties to the Council in these financial years due to common directors.

Caritas Singapore Community Council Limited

**Notes to the financial statements
For the financial year ended 30 September 2019**

23. Employee benefits

	General Fund Unrestricted \$	Agape Fund Unrestricted \$	Total \$
2019			
Salaries and leave accruals	118,275	674,563	792,838
Central provident fund contributions	18,737	106,864	125,601
Other short-term benefits	47,015	268,140	315,155
	<u>184,027</u>	<u>1,049,567</u>	<u>1,233,594</u>
2018			
Salaries and leave accruals	141,354	602,616	743,970
Central provident fund contributions	24,612	104,927	129,539
Other short-term benefits	36,408	155,215	191,623
	<u>202,374</u>	<u>862,758</u>	<u>1,065,132</u>

24. Compensation of key management personnel

	2019 \$	2018 \$
Salaries, bonus and other benefits-in-kind	281,136	242,005
Central provident funds contributions	17,713	21,838
	<u>298,849</u>	<u>263,843</u>

The above compensation relates to the top 2 executives whose emoluments above \$100,000.

25. Taxation

The Council is exempted from income tax under Section 13(1) (zm) of the Income Tax Act, Cap. 134.

26. Financial risk management objectives and policies

The Council's principal financial instruments comprise cash and cash equivalents. The main purpose of these financial instruments is to finance the Council's operations. The Council has various other financial assets and liabilities such as other receivables and other creditors and accruals, which arise directly from its operations.

Due to the nature of the Council's activities, it has minimal financial risks exposure. The Finance and Investment Committee provides oversight of the Council's overall risk management and it recommends to the Board of the Council the overall policy pertaining to the Council's cash management and investment. The Council's Directors review and agree to policies for managing each of these risks and they are summarised below:

(a) *Interest rate risk*

The Council's exposure to interest rate risk arises primarily from the Council's cash and cash equivalents. The Council does not place its funds in investment debt securities nor does it use derivative financial instruments to hedge its interest rate risk.

The Council's policy is to obtain the most favourable interest rates available.

Information relating to the Council's interest rate exposure is also disclosed in the respective notes to the financial statements where applicable. Sensitivity analysis of the interest rate exposure is not significant.

(b) *Liquidity risk*

Liquidity risk is the risk that the Council will encounter difficulty in meeting financial obligations due to shortage of funds. The Council's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Council's financial assets and liabilities at the balance sheet date based on contractual undiscounted repayment obligations:

	2019		2018	
	1 year or less \$	More than 1 year \$	1 year or less \$	More than 1 year \$
Financial assets				
Other debtors and deposits	89,021	—	92,237	—
Cash and short-term deposits	22,364,787	—	20,170,792	—
	22,453,808	—	20,263,029	—
Financial liabilities				
Creditors and accruals	3,573,640	—	1,866,203	—
	3,573,640	—	1,866,203	—

26. Financial risk management objectives and policies (cont'd)

(b) *Liquidity risk (cont'd)*

The Council monitors and maintains a level of cash and cash equivalents deemed adequate by the Directors to finance the Council's operations and mitigate the effects of fluctuations in cash flows.

(c) *Credit risk*

Credit risk is the risk of financial loss to the Council if a counterparty to a financial instrument fails to meet its contractual obligations.

The Council's principal financial instruments comprise cash and cash equivalents and these are placed with financial institutions of high credit standing and regulated.

27. Fair value of financial instruments

(a) *Fair value hierarchy*

The Council categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in *active* market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value

The Council has determined that the carrying amounts of financial assets and liabilities are reasonable approximation of their fair values as they are mostly short-term in nature.

(b) *Assets and liabilities not measured at fair value*

Cash and short-term deposits, and creditors and accruals

The carrying amounts of these balances approximate their fair values due to the short-term nature of these balances.

28. Reserves management

The reserves of the Council comprise the General Fund, the Agape Fund and the Agape Village Building Fund. The Council targets a general reserve level of two years, taking into account that the grant making function represents the majority of its expenditure, and the lag period between member organisations' budgetary needs and the inflow from current year's fundraising activities.

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2019

29. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 September 2019 were authorised for issue in accordance with a resolution of the Directors on 22 November 2019.

Corporate Governance

Caritas Singapore Community Council Limited (“Caritas Singapore” or “the Council”) is committed to maintaining high standards of corporate governance.

In Singapore, best practices in governance are set out in the Code of Governance for Charities and Institutions of a Public Character (IPC) (“the Charity Council Code”) which was first introduced by the Charity Council in 2007. The Code was refined in 2011 leading the Charity Council to issue a revised Code in 2018 to help charities apply the Code more effectively.

The Code is not mandatory but charities and IPCs are encouraged to follow the code and explain any deviations from it. The Charity Council also launched an online Governance Evaluation Checklist designed to help charities and IPCs self-evaluate the extent they have complied with essential guidelines in the Charity Council Code.

For the purpose of this report, Caritas Singapore’s compliance of and explanations for any deviations from the Charity Council Code are provided below.

Caritas Singapore Code of Governance Evaluation Checklist for FY 2019

S/N	Description	Code ID	Response	Explanation (if Code guideline is not complied with)
Board Governance				
1	Induction and orientation are provided to incoming governing board members upon joining the Board	1.1.2	Complied	
	Are there board members holding staff appointments		No	
2	<p>The Treasurer of the charity (or any person holding an equivalent position in the charity, e.g. Finance Committee Chairman or a governing board member responsible for overseeing the finances of the charity) can only serve a maximum of 4 consecutive years.</p> <p>If the charity has not appointed any governing board member to oversee its finances, it will be presumed that the Chairman oversees the finances of the charity.</p>	1.1.7	Complied	
3	All governing board members must submit themselves for re-nomination and re-appointment, at least once every 3 years.	1.1.8	Complied	
4	The Board conducts self evaluation to assess its performance and effectiveness once during its term or every 3 years..	1.1.12	Complied	
	Is there any governing board member who has served for more than 10 consecutive years		No	
5	There are documented terms of reference for the Board and each of its committees.	1.2.1	Complied	





Conflict of interest				
6	There are documented procedures for governing board members and staff to declare actual or potential conflicts of interest to the Board at the earliest opportunity.	2.1	Complied	
7	Governing board members do not vote or participate in decision-making on matters where they have a conflict of interest.	2.4	Complied	
Strategic Planning				
8	The Board periodically reviews and approves the strategic plan for the charity to ensure that the charity's activities are in line with the charity's objectives	3.2.2	Complied	
Human Resource and Volunteer Management				
9	The Board approves documented human resource policies for staff.	5.1	Complied	
10	There is a documented Code of Conduct for governing board members, staff and volunteers (where applicable) which is approved by the Board	5.3	Complied	
11	There are processes for regular supervision, appraisal and professional development of staff	5.5	Complied	
	Are there volunteers serving in the charity?		Yes	
12	There are volunteer management policies in place for volunteers.	5.7	Complied	
Financial Management and Internal Controls				
13	There is a documented policy to seek the Board's approval for any loans, donations, grants or financial assistance provided by the charity which are not part of	6.1.1	Complied	

	the charity's core charitable programmes.			
14	The Board ensures that internal controls for financial matters in key areas are in place with documented procedures.	6.1.2	Complied	
15	The Board ensures that reviews on the charity's internal controls, processes, key programmes and events are regularly conducted.	6.1.3	Complied	
16	The Board ensures that there is a process to identify, and regularly monitor and review the charity's key risks.	6.1.4	Complied	
17	The Board approves an annual budget for the charity's plans and regularly monitors the charity's expenditure	6.2.1	Complied	
	Does the charity invest its reserves (e.g. in fixed deposits)?		Yes	
18	The charity has a documented investment policy approved by the Board	6.4.3	Complied	
Fundraising Practices				
	Did the charity receive cash donations (solicited or unsolicited) during the financial year?		Yes	
19	All collections received (solicited or unsolicited) are properly accounted for and promptly deposited by the charity	7.2.2	Complied	
	Did the charity receive donations in kind during the financial year?		No	
Disclosure and Transparency				
20	The charity discloses in its annual report --	8.2	Complied	





	(a) the number of Board meetings in the financial year; and (b) the attendance of every governing board member at those meetings			
	Are governing board members remunerated for their services to the Board?		No	
	Does the charity employ paid staff?		Yes	
21	No staff is involved in setting his or her own remuneration.	2.2	Complied	
22	<p>The charity discloses in its annual report --</p> <p>(a) the total annual remuneration for each of its 3 highest paid staff who each has received remuneration (including remuneration received from the charity's subsidiaries) exceeding \$100,000 during the financial year; and</p> <p>(b) whether any of the 3 highest paid staff also serves as a governing board member of the charity</p> <p>The information relating to the remuneration of the staff must be presented in bands of \$100,000.</p>	8.4	Complied	
23	<p>The charity discloses the number of paid staff who satisfies all of the following criteria:</p> <p>(a) the staff is a close member of the family belonging to the Executive Head or a governing board member of the charity;</p>	8.5	Complied	

	<p>(b) the staff has received remuneration exceeding \$50,000 during the financial year</p> <p>The charity discloses that there is no paid staff, being a close member of the family of the Executive Head or a governing board member of the charity, who has received remuneration exceeding \$50,000 during the financial year.</p>			
Public image				
24	The charity has a documented communication policy on the release of information about the charity and its activities across all media platforms.	9.2	Complied	





Meetings of Board of Directors for 2019

Our volunteer Board of Directors are appointed by the Archbishop of the Catholic Archdiocese of Singapore.

The table shows the attendance of our Board during meetings in 2019.

S/N	Board Member	19-20 Jan 2019	28 Mar 2019	28 Jun 2019	29 Aug 2019	12 Sep 2019	22 Nov 2019
1	Tan Cheng Han	X	X	X	X	X	X
2	Teo Jin Lee	X	X	X	X	X	X
3	Msgr Ambrose Vaz	X		X			
4	Fr. John Paul Tan, OFM		X	X			
5	Agnes Liew	X	X	X			
6	Alan Lim	X	X	X		X	X
7	Fr. Christopher Soh, SJ		X	X	X	X	X
8	Jeremy Khoo	X	X	X	X	X	
9	Joachim Toh	X	X	X	X	X	X
10	Lum Hon Fye	X	X	X	X	X	X
11	Mark Tang	X	X	X	X	X	X
12	Ong Hoon Meng	X	X	X	X	X	X
13	Paul Beh	X		X	X	X	X
14	Peggy Yee	X		X		X	X
15	Pius Lee	X	X	X	X	X	X
16	Tan Tee How	X		X		X	X
17	Sr. Wendy Ooi, fsp	X	X				X
	Total Attendees	15	13	16	10	13	13

