

2018

FINANCIAL AND GOVERNANCE REPORT



Unique Entity Number 200613504D

Caritas Singapore Community Council Limited

Annual Financial Statements
30 September 2018

Caritas Singapore Community Council Limited

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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 2018.

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 2018, 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:

Janet Ang	(Chairman)
Anthony Soo	(Deputy Chairman)
Alan Lim	
Benedict Cheong	
Fr. Christopher Soh, SJ	
Friar John-Paul Tan, OFM	
Jane Foo	
Jeremy Khoo	
Joachim Toh	
Paul Beh	
Rev. Monsignor Ambrose Vaz	
Sabrina Soh	
Sr Maria Lau, IJS	
Tan Cheng Han	
Teo Jin Lee	
Mark Tang	
Pius Lee	

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

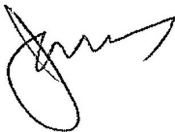
Options

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



Janet Ang
Director



Antho Qy Soo
Director

Singapore
17 December 2018

Caritas Singapore Community Council Limited

Independent auditor's report For the financial year ended 30 September 2018

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 2018, the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting 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 Act), the Charities Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Council as at 30 September 2018 and of the financial performance, changes in funds and cash flows of the Council for the financial 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 and the information included in the annual report, 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 2018

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 Act 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 2018**

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 by the Act to be kept by the Council have been properly kept in accordance with the provisions of the Act.

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

- (a) The use of the donation money was not in accordance with the objectives of the Council 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.

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Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

17 December 2018

Caritas Singapore Community Council Limited

Statement of financial activities **For the financial year ended 30 September 2018**

	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	8,391,034	—	9,753,610
Total resources expended		1,402,875	8,614,047	—	10,016,922
Net resources expended, representing total comprehensive income		(243,100)	502,123	—	259,023

Caritas Singapore Community Council Limited

**Statement of financial activities
For the financial year ended 30 September 2018**

	Note	General Fund 2017 \$	Agape Fund 2017 \$	Agape Village Building Fund 2017 \$	Total 2017 \$
Incoming resources					
<i>Incoming resources from generated funds</i>					
Voluntary income	4a	1,148,318	7,119,872	—	8,268,190
Activities for generating funds	4b	21,791	339,800	—	361,591
Interest income		39,794	126,012	—	165,806
<i>Incoming resources from charitable activities</i>					
Other incoming resources	5	80,097	510,828	—	590,925
Total incoming resources		1,290,000	8,096,512	—	9,386,512
Resources expended					
<i>Costs of generating funds</i>					
Costs of generating voluntary income	6a	31,440	134,034	—	165,474
Costs of activities for generating funds	6b	27,086	115,470	—	142,556
Total costs of generating funds		58,526	249,504	—	308,030
Net incoming resources available for charitable application		1,231,474	7,847,008	—	9,078,482
Cost of charitable activities	7	1,638,845	7,213,408	—	8,852,253
Governance costs	9	—	254,907	—	254,907
		1,638,845	7,468,315	—	9,107,160
Total resources expended		1,697,371	7,717,819	—	9,415,190
Net resources expended, representing total comprehensive income		(407,371)	378,693	—	(28,678)

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 2018**

	Note	2018 \$	2017 \$
Non-current assets			
Property, plant and equipment	12	499,464	723,072
Agape Village Building	12	13,085,578	13,791,480
Prepayments	13	2,805,047	2,968,058
		<u>16,390,089</u>	<u>17,482,610</u>
Current assets			
Prepayments	13	187,105	206,212
Other debtors and deposits	14	92,237	720,946
Cash and short term deposits	15	20,170,792	18,335,577
		<u>20,450,134</u>	<u>19,262,735</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	1,866,203	1,460,597
		<u>1,866,203</u>	<u>1,460,597</u>
Net current assets		<u>18,583,931</u>	<u>17,802,138</u>
Net assets		<u>34,661,020</u>	<u>34,971,748</u>
Funds			
General Fund			
Restricted fund	18	345,836	345,836
Unrestricted fund	19	1,023,931	1,267,031
		<u>1,369,767</u>	<u>1,612,867</u>
Agape Fund			
Restricted fund/expendable endowment fund	18	338,340	358,340
Unrestricted fund	19	18,466,581	17,944,458
Agape village building - unrestricted designated fund	19	14,486,332	15,056,083
		<u>33,291,253</u>	<u>33,358,881</u>
Total funds		<u>34,661,020</u>	<u>34,971,748</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 2018**

	General Fund \$	Agape Fund \$	Agape Village Building Fund \$	Total Fund \$
2018				
At 1 October 2017	1,612,867	18,302,798	15,056,083	34,971,748
Net 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
2017				
At 1 October 2016	2,020,238	17,924,105	15,627,494	35,571,837
Net resources expended	(407,371)	378,693	—	(28,678)
Amortisation expenses net of depreciation of property, plant and equipment credited to charitable activities	—	—	(571,411)	(571,411)
At 30 September 2017	1,612,867	18,302,798	15,056,083	34,971,748

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 2018

	2018	2017
	\$	\$
Cash flows from operating activities		
Net incoming resources/(resources expended) for the year	259,023	(28,678)
Adjustments:		
Interest income	(187,774)	(165,806)
Depreciation charge for the year	822,635	840,592
Adjustment to building cost	(136,151)	—
Amortisation of building fund	(569,751)	(571,411)
Operating cash flows before changes in working capital	187,982	74,697
Changes in working capital		
Decrease in prepayments	182,118	295,747
Decrease in other debtors and deposits	628,709	25,424
Increase/(decrease) in creditors and accruals	405,606	(996,562)
Net cash inflows from operating activities	1,404,415	(600,694)
Cash flows from investing activities		
Purchase of property, plant and equipment	(29,277)	(27,354)
Additions to Agape Village building	—	(122,595)
Interest received	187,774	165,806
Withdrawal/(placement) of short-term deposits	568,880	(1,538,350)
Net cash flows generated from/(used in) investing activities	727,377	(1,522,493)
Net increase/(decrease) in cash and cash equivalents	2,131,792	(2,123,187)
Cash and cash equivalents at the beginning of the financial year (Note 15)	10,729,232	12,852,419
Cash and cash equivalents at the end of the financial year (Note 15)	12,861,024	10,729,232

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 2018

1. **General information**

Caritas Singapore Community Council Limited (the "Council") is a company limited by guarantee and registered charity under the Singapore Companies Act, Cap. 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). On 26 August 2008, it formally changed its name to Caritas Singapore Community Council Limited. The registered office is at 55 Waterloo Street, #08-01, Catholic Welfare Centre, Singapore 187954.

The Council has established the CSCC 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 Singapore Financial Reporting Standards ("FRSs"). They are also subjected to the provisions of the Charities Act, Cap. 37 and of the Singapore 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 2017. The adoption of these standards did not have any effect on the financial performance or position of the Council.

Caritas Singapore Community Council Limited

Notes to the financial statements For the financial year ended 30 September 2018

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 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115 <i>Clarifications to FRS 115 Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 102 <i>Classification and Measurement of Share-based Payment Transactions</i>	1 January 2018
Amendments to FRS 40 <i>Transfers of Investment Property</i>	1 January 2018
Amendments to FRS 104 Applying FRS 109 <i>Financial Instruments</i> with FRS 104 <i>Insurance Contracts</i>	1 January 2018
Improvements to FRSs (December 2016)	
Amendments to FRS 101 <i>First-Time Adoption of Financial Reporting Standards</i>	1 January 2018
Amendments to FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
Amendments to FRS 28 <i>Investments in Associates and Joint Ventures</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	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. Summary of significant accounting policies (cont'd)

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.

2.5 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.

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

2.5 *Property, plant and equipment (cont'd)*

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.

2.6 *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. Summary of significant accounting policies (cont'd)

2.7 Financial instruments

(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.

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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 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.

2.9 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.

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

2.11 *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.

2.12 *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.

2.13 *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

Caritas Singapore Community Council Limited

Notes to the financial statements For the financial year ended 30 September 2018

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

2.14 *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.

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.

2.15 *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. Summary of significant accounting policies (cont'd)

2.16 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 offunds 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.

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.

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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

2.16 Resources expended (cont'd)

Governance costs

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

2.17 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.
- 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. Summary of significant accounting policies (cont'd)

2.18 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.

2.19 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 2018**

4. Incoming resources from generating funds

(a) Voluntary income

	General Fund			Agape Fund			Agape Village Building Fund	
	Unrestricted	Restricted/ Endowment	Total	Unrestricted	Restricted/ Endowment	Total	Unrestricted but Designated	Total
	\$	\$	\$	\$	\$	\$	\$	\$
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
At 30 September 2017								
Donations	1,148,318	—	1,148,318	7,119,872	—	7,119,872	—	8,268,190
	1,148,318	—	1,148,318	7,119,872	—	7,119,872	—	8,268,190

Included in donations is an amount of \$8,083,025 (2017: \$7,119,872) for Agape Fund and Nil (2017: Nil) for Agape Building Fund for which tax-exempt receipts have been issued.

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2018

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 2018								
Caritas Charity Golf	6,000	—	6,000	279,270	—	279,270	—	285,270
	6,000	—	6,000	279,270	—	279,270	—	285,270
At 30 September 2017								
Down Memory Lane	21,791	—	21,791	339,800	—	339,800	—	361,591
	21,791	—	21,791	339,800	—	339,800	—	361,591

Included in the receipts is an amount of \$279,270 for Agape Fund (2017: \$339,800) for which tax-exempt receipts have been issued. There are no tax-exempt receipts issued for Agape Village Building Fund for both financial years 2018 and 2017.

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

5. Incoming resources from charitable activities

	General Fund Unrestricted	Agape Fund Unrestricted	Total Unrestricted
	\$	\$	\$
At 30 September 2018			
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>
At 30 September 2017			
Agape village rental	—	367,689	367,689
Others	80,097	143,139	223,236
	<u>80,097</u>	<u>510,828</u>	<u>590,925</u>

6. Costs of generating funds

(a) Costs of generating voluntary income

	General Fund Unrestricted	Agape Fund Unrestricted	Total
	\$	\$	\$
At 30 September 2018			
Direct costs	12,363	52,703	65,066
Staff costs	—	—	—
Support costs (Note 10)	28,808	121,394	150,202
	<u>41,171</u>	<u>174,097</u>	<u>215,268</u>
At 30 September 2017			
Direct costs	7,998	34,097	42,095
Staff costs	97	411	508
Support costs (Note 10)	23,345	99,526	122,871
	<u>31,440</u>	<u>134,034</u>	<u>165,474</u>

(b) Costs of activities for generating funds

At 30 September 2018			
Direct costs	9,128	38,916	48,044
At 30 September 2017			
Direct costs	27,086	115,470	142,556

Caritas Singapore Community Council Limited

Notes to the financial statements
For the financial year ended 30 September 2018

7. Costs of charitable activities

	General Fund		Agapee Fund		Agape Village Building Fund	
	Unrestricted	Total	Unrestricted	Restricted/ Endowment	Total	Unrestricted but Designated
	\$	\$	\$	\$	\$	\$
At 30 September 2018						
Formation expenditure						
- Direct costs	10,722	10,722	—	—	—	—
- Support costs (Note 10)	195,262	195,262	—	—	—	—
Grant and other charitable activities expenditure						
- Direct costs	181,485	181,485	773,700	—	773,700	—
- Support costs (Note 10)	171,230	171,230	729,980	—	729,980	—
- Staff costs	135,535	135,535	577,806	—	577,806	—
- Grant expenditure (Note 8)	658,342	658,342	5,992,200	20,000	6,012,200	—
	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 2018

7. Costs of charitable activities (cont'd)

	General Fund			Agapee Fund		Agape Village	
	Unrestricted	Total	Unrestricted	Restricted/ Endowment	Total	Building Fund Unrestricted but Designated	Total
	\$	\$	\$	\$	\$	\$	\$
At 30 September 2017							
Formation expenditure							
- Direct costs	8,358	8,358	—	—	—	—	8,358
- Support costs (Note 10)	159,733	159,733	—	—	—	—	159,733
Grant and other charitable activities expenditure							
- Direct costs	158,112	158,112	674,058	—	674,058	—	832,170
- Support costs (Note 10)	140,073	140,073	597,154	—	597,154	—	737,227
- Staff costs	105,277	105,277	448,814	—	448,814	—	554,091
- Grant expenditure (Note 8)	1,067,292	1,067,292	5,473,382	20,000	5,493,382	—	6,560,674
	1,638,845	1,638,845	7,193,408	20,000	7,213,408	—	8,852,253

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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

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

	2018	2017
	\$	\$
Abilities Beyond Limitations and Expectations (ABLE) ¹	680,000	570,000
Archdiocesan Commission for the Pastoral Care of Migrants and Itinerant People (ACMI) ²	478,000	520,000
Assisi Hospice ^{1,s}	10,000	10,000
Boys' Town Singapore ¹	800,000	950,000
Canossaville Children's Home (CCH) ^{1,s}	10,000	10,000
Caritas Humanitarian Aid & Relief Initiatives, Singapore (CHARIS) ²	297,000	280,000
Catholic Welfare Services ¹	300,000	397,782
Catholic AIDS Response Effort (CARE) ¹	270,000	300,000
CLARITY Singapore Ltd (CLARITY) ¹	365,000	200,000
Family Life Society (FLS) ¹	530,000	740,000
Infant Jesus Homes & Children's Centres (IJHCC) ¹	461,000	411,000
Montfort Care ¹	734,700	570,600
Morning Star Community Services (MSCS) ¹	742,000	742,000
Parishes ^{2,s}	226,142	217,292
Roman Catholic Prison Ministry (RCPM) ²	100,000	200,000
Mamre Oaks ¹	284,000	300,000
Canossaville Children & Community Services ¹	310,000	142,000
Catholic Lawyers Guild ²	25,200	—
Jesuit Refugee Service ²	47,500	—
	6,670,542	6,560,674

¹ These are IPC affiliate member organisations of the Council.

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

³ The Council provided grants to 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:

	2018	2017
	\$	\$
Aid programme to migrant workers	22,414	11,000
Education grant	15,500	14,000
Financial assistance to individuals/families in crisis	85,869	90,544
Food vouchers/rations to the poor	6,135	—
General assistance programme for poor and elderly	6,800	11,000
Golden Circle programme	6,000	6,000
Medical clinic programme	6,597	12,000
Soup Kitchen/St Anthony's Bread programme	17,524	12,000
SSVP Conferences ⁴	44,345	41,848
Others	14,958	18,900
	236,142	217,292

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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

4 The Society of St. Vincent de Paul (SSVP) seeks to help the underprivileged families by providing financial aid and food rations. SSVP is organised with individual Conferences at 30 parishes. These Conferences are grouped into five particular councils under a National Council. Nine of the parishes have requested and received grants for the benefit of their Conferences. A listing of these conferences and the allocated grant amounts has also been provided to the SSVP National Council.

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

	2018 \$	2017 \$
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	
	2018 \$	2017 \$
Direct costs	52,005	46,025
Support costs (Note 10)	255,343	208,882
	<u>307,348</u>	<u>254,907</u>

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

10. Support costs

	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	359,022
	<u>150,202</u>	<u>195,262</u>	<u>901,210</u>	<u>255,343</u>	<u>1,502,016</u>

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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 2017					
Finance	136	178	815	231	1,360
Information technology	7,132	9,271	42,793	12,125	71,321
Human resources	94,045	122,259	564,271	159,877	940,452
Corporate resources	21,558	28,025	129,348	36,649	215,580
	122,871	159,733	737,227	208,882	1,228,713

11. Net incoming resources

Net incoming resources are stated after charging:

	2018 \$	2017 \$
Depreciation (Note 12)	822,635	840,592
Amortization of Agape Village building fund (Note 12)	(569,751)	(571,411)
Rental expense	237,080	143,277

Caritas Singapore Community Council Limited

**Notes to the financial statements
For the financial year ended 30 September 2018**

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 2016	412,483	6,898	745,508	370,545	1,535,434	14,884,053	16,419,487
Additions	14,947	—	12,407	—	27,354	122,595	149,949
At 30 September 2017 and 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	—	29,277
Adjustment*	—	—	—	—	—	(136,151)	(136,151)
At 30 September 2018	456,019	6,898	758,602	370,545	1,592,064	14,870,497	16,462,561
Accumulated depreciation:							
At 1 October 2016	261,374	6,898	210,363	91,900	570,535	643,757	1,214,292
Charge for the year	84,990	—	149,041	35,150	269,181	571,411	840,592
At 30 September 2017 and 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	417,019	6,898	504,578	164,105	1,092,600	1,784,919	2,877,519
Net carrying amount:							
At 30 September 2018	39,000	—	254,024	206,440	499,464	13,085,578	13,585,042
At 30 September 2017	81,066	—	398,511	243,495	723,072	13,791,480	14,514,552

* 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 (2017: \$63,000) and \$250,000 (2017: \$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:

	2018 \$	2017 \$
Depreciation for the year	822,635	840,592
Amortisation of Agape Village building fund (Note 19)	(569,751)	(571,411)
Net depreciation of property, plant and equipment	252,884	269,181

13. Prepayments

	2018 \$	2017 \$
Prepayments (current):		
Lease rental	173,814	173,794
Lanworks software - maintenance and assurance	6,243	8,566
Insurance	3,669	4,955
Others	3,379	18,897
	187,105	206,212
Prepayments (non-current):		
Lease rental	2,805,047	2,968,058

Lease rental

The Council has entered into two term lease 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 2018**

14. Other debtors and deposits

	2018	2017
	\$	\$
Interest receivable	52,616	35,144
Deposits	39,621	35,802
Grant receivables #	—	650,000
	92,237	720,946

Grant receivables is from the Community Chest under the Care & Share Movement.

15. Cash and short-term deposits

	2018	2017
	\$	\$
Cash at banks and on hands	2,950,514	4,144,165
Short-term deposits	17,220,278	14,191,412
	20,170,792	18,335,577

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 2018 for the Council was 1.24% (2017: 1.21%).

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

	2018	2017
	\$	\$
Cash at banks and on hands	2,950,514	4,144,165
Short-term deposits	17,220,278	14,191,412
	20,170,792	18,335,577
Less: short-term deposits greater than 3 months	(7,309,768)	(7,606,345)
Cash and cash equivalents	12,861,024	10,729,232

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

16. Creditors and accruals

	2018	2017
	\$	\$
Accruals	1,789,931	1,386,831
Deposits received	76,272	73,766
	1,866,203	1,460,597

Included in the accruals is the accrued rental expense of Agape Village amounting to \$98,803 (2017: \$103,114) and professional fees for Agape Village amounting to \$294,656 (2017: \$900,208).

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:

	2018	2017
	\$	\$
Not later than one year	250,469	251,003
Later than one year but not later than five years	977,747	986,345
Later than five years	3,397,648	3,646,116
	4,625,864	4,883,464

Rental expense incurred for Agape building for the reporting year	74,069	67,689
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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.

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 2018

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 \$
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 ²	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
2017					
General Fund					
Capacity Building Fund ²	345,836	—	—	—	345,836
	345,836	—	—	—	345,836
Agape Fund					
St. Jude Fund ¹	155,000	—	20,000	—	135,000
Capacity Building Fund ²	223,340	—	—	—	223,340
	378,340	—	20,000	—	358,340
Total restricted and expendable endowment funds	724,176	—	20,000	—	704,176
Total unrestricted funds (Note 20)	34,847,661	9,386,512	9,395,190	571,411	34,267,572
Total funds	35,571,837	9,386,512	9,415,190	571,411	34,971,748

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.

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 \$
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
2017					
General Fund	1,674,402	1,290,000	1,697,371	—	1,267,031
Agape Fund	17,545,765	8,096,512	7,697,819	—	17,944,458
Agape Village Building Fund (Note 20)	15,627,494	—	—	571,411	15,056,083
Total	34,847,661	9,386,512	9,395,190	571,411	34,267,572

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:

	2018 \$	2017 \$
Agape Village Building fund:		
Balance at beginning of the year	16,300,904	16,300,904
Net incoming resources	—	—
Balance at the end of the year	16,300,904	16,300,904
Amount amortised:		
Balance at the beginning of the year	(1,244,821)	(673,410)
Amortisation for the year (Note 12)	(569,751)	(571,411)
Balance at the end of the year	(1,814,572)	(1,244,821)
Net balance at the end of the year	14,486,332	15,056,083

Caritas Singapore Community Council Limited

Notes to the financial statements

For the financial year ended 30 September 201 B

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:

	2018 \$	2017 \$
Grant expenditure (Note 8):		
CHARIS	279,000	280,000
CARE	270,000	300,000

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

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For the financial year ended 30 September 2018

23. Employee benefits

	General Fund	Agape Fund	Total
	Unrestricted	Unrestricted	
	\$	\$	\$
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>
2017			
Salaries and leave accruals	120,548	513,914	634,462
Central provident fund contributions	18,521	78,957	97,478
Other short-term benefits	39,617	168,895	208,512
	<u>178,686</u>	<u>761,766</u>	<u>940,452</u>

24. Compensation of key management personnel

	2018	2017
	\$	\$
Salaries, bonus and other benefits-in-kind	242,005	326,503
Central provident funds contributions	21,838	29,109
	<u>263,843</u>	<u>355,612</u>

There are two (2017: two) employees with emoluments above \$100,000. The above compensation relates to the top 2 executives.

25. Taxation

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

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Notes to the financial statements

For the financial year ended 30 September 2018

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:

	2018		2017	
	1 year or less	More than 1 year	1 year or less	More than 1 year
	\$	\$	\$	\$
Financial assets				
Other debtors and deposits	92,237	—	720,946	—
Cash and short-term deposits	20,170,792	—	18,335,577	—
	20,263,029	—	19,056,523	—
Financial liabilities				
Creditors and accruals	1,866,203	—	1,460,597	—
	1,866,203	—	1,460,597	—

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

(b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of 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.

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Notes to the financial statements

For the financial year ended 30 September 2018

27. Fair value of financial instruments (cont'd)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)*

The carrying amounts of assets and liabilities in each of their following categories are as follows:

	Loans and receivables \$	Non-financial assets \$	Total \$
2018			
Assets			
<i>Non-current</i>			
Property, plant and equipment	—	499,464	499,464
Prepayments	—	2,805,047	2,805,047
Agape Village building cost	—	13,085,578	13,085,578
<i>Current</i>			
Prepayments	—	187,105	187,105
Other debtors and deposits	92,237	—	92,237
Cash and short-term deposits	20,170,792	—	20,170,792
	20,263,029	16,577,194	36,840,223
Liabilities			
<i>Current</i>			
Provision for reinstatement cost	—	313,000	313,000
Creditors and accruals	1,866,203	—	1,866,203
	1,866,203	313,000	2,179,203

27. Fair value of financial instruments (cont'd)

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)*

The carrying amounts of assets and liabilities in each of their following categories are as follows: (cont'd)

	Loans and receivables \$	Non-financial assets \$	Total \$
2017			
Assets			
Non-current			
Property, plant and equipment	—	723,072	723,072
Prepayments	—	2,968,058	2,968,058
Agape Village building cost	—	13,791,480	13,791,480
Current			
Prepayments	—	206,212	206,212
Other debtors and deposits	720,946	—	720,946
Cash and short-term deposits	18,335,577	—	18,335,577
	19,056,523	17,688,822	36,745,345
	Financial liability at amortised cost	Non-financial liability \$	Total \$
Liabilities			
Current			
Provision for reinstatement cost	—	313,000	313,000
Creditors and accruals	1,460,597	—	1,460,597
	1,460,597	313,000	1,773,597

28. Reserves management

The reserves of the Council comprise the General Fund, the Agape Fund and the Agape 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 2018

29. Authorisation of financial statements for issue

The financial statements for the financial year ended 30 September 2018 were authorised for issue in accordance with a resolution of the Directors on 17 December 2018.

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 Code of Governance Evaluation Checklist for FY 2018

S/N	Description	Code ID	Response	Explanation (if compliance is in progress, not complied or not applicable)
Board Governance				
1	Induction and orientation are provided to incoming Board members on joining the Board.	1.1.2	Complied	
	Are there board members holding staff appointments?	NA	No	
2	<p>There is a maximum limit of four consecutive years for the Treasurer position (or equivalent, e.g. Finance Committee Chairman or person on Board responsible for overseeing the finances of the charity.)</p> <p>Should the charity not have an appointed Board member, it will be taken that the Chairman oversees the finances.</p>	1.1.7	Complied	.
3	All Board members submit themselves for re-nomination and re-appointment, at least once every three years.	1.1.8	Complied	
4	The Board conducts regular self-evaluation to assess its performance and effectiveness once per term or every three years, whichever is shorter.	1.1.12	Complied	
	Are there Board member(s) who have served for more than 10 consecutive years?		Yes	
5	The charity discloses in its annual report the reasons for retaining Board member(s) who have served for more than 10 consecutive years.	1.1.13	Complied	
6	There are documented terms of reference for the Board and each of its Board committees.	1.2.1	Complied	

Conflict of interest				
7	There are documented procedures for Board members and staff to declare actual or potential conflicts of interest to the Board at the earliest opportunity.	2.1	Complied	
8	Board members do not vote or participate in decision-making on matters where they have a conflict of interest.	2.4	Complied	
Strategic Planning				
9	The Board periodically reviews and approves the strategic plan for the charity to ensure that the activities are in line with its objectives.	3.2.2	Complied	
10	There is a documented plan to develop the capacity and capability of the charity and the Board monitors the progress of this plan.	3.2.4	Complied	
Human Resource and Volunteer Management				
11	The Board approves documented human resource policies for staff.	5.1	Complied	
12	There is a documented Code of Conduct for Board members, staff and volunteers (where applicable) which is approved by the Board.	5.3	Complied	
13	There are processes for regular supervision, appraisal and professional development of staff.	5.5	Complied	
Financial Management and Controls				
14	There is a documented policy to seek Board's approval for any loans, donations, grants or financial assistance provided by the charity which are not part of its core charitable programmes.	6.1.1	Complied	
15	The Board ensures internal controls for financial matters are in key areas are in place with documented procedures.	6.1.2	Complied	

16	The Board ensures reviews on the charity's internal controls, processes, key programmes and events are regularly conducted.	6.1.3	Complied	
17	The Board ensures that there is a process to identify, regularly monitor and review the charity's key risks.	6.1.4	Complied	
18	The Board approves an annual budget for the charity's plans and regularly monitors its expenditure.	6.2.1	Complied	.
	Does the charity invest its reserves, including fixed deposits?		Yes	
19	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 year?		Yes	
20	All collections received (solicited or unsolicited) are properly accounted for and promptly deposited by the charity.	7.2.2	Complied	
Disclosure and Transparency				
21	The charity discloses in its annual report: i. Number of Board meetings in the year; and ii. Individual Board member's attendance.	8.2	Complied	
	Does the charity employ paid staff?		Yes	
22	No staff is involved in setting his or her own remuneration.	2.2	Complied	

23	<p>The charity discloses in its annual report:</p> <ul style="list-style-type: none"> i. The total annual remuneration (including any remuneration received in its subsidiaries), for each of its three highest paid staff, who each receives remuneration exceeding \$100,000 in bands of \$100,000; and ii. If any of the three highest paid staff also serves on the Board of the charity. <p><u>OR</u></p> <p>The charity discloses that none of its staff receives more than \$100,000 in annual remuneration each.</p>	8.4	Complied	
24	<p>The charity discloses the number of paid staff who are close members of the family of the Executive Head or Board Members, who each receives remuneration exceeding \$50,000 during the year, in bands of \$100,000.</p> <p><u>OR</u></p> <p>The charity discloses that there is no paid staff who are close members of the family of the Executive Head or Board Member, who receives more than \$50,000 during the year.</p>	8.5	Complied	
Public image				
25	<p>The charity has a documented communication policy on all the release of information about the charity and its activities across all media platforms.</p>	9.2	Complied	

Meetings of Board of Directors for 2018

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 2018

S/N	Board member	27 Jan	26 Mar	24 May	26 Jul	27 Sep	22 Nov
1	Janet Ang Guat Har	x	x	x	x	x	x
2	Alan Lim	x			x	x	
3	Anthony Soo Wai Seng	x	x		x	x	x
4	Ambrose Vaz	x	x				
5	Benedict Cheong Thiam Beng	x			x	x	x
6	Christopher Soh Yeow Fook		x	x			
7	Jane Foo Chee Peng	x			x		
8	Jeremy Khoo Teng Hock	x		x			
9	Joachim Toh Wen Keong	x	x		x		x
10	John Paul Tan Chong Boon	x	x		x		
11	Maria Lau Wai Leng		x	x	x		
12	Mark Tang	x	x		x	x	x
13	Paul Beh	x		x			
14	Pius Lee	x	x	x	x	x	x
15	Sabina Soh Sok Koon	x	x	x	x	x	x
16	Tan Cheng Han	x	x	x	x	x	x
17	Teo Jin Lee	x	x	x	x	x	x
	Total attendees	15	12	9	13	9	9



55 Waterloo Street #08-01
Catholic Centre
Singapore 187954
www.caritas-singapore.org
www.facebook.com/CaritasSingapore