# HCSA COMMUNITY SERVICES

UNIQUE ENTITY NUMBER: S97SS0023J

# STATEMENT OF THE BOARD AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

**LO HOCK LING & CO**

*Chartered Accountants Singapore*

盧鶴齡會計公司

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# HCSA COMMUNITY SERVICES

## CORPORATE INFORMATION 2022

1. **CHARITY REGISTRATION NUMBER**

   001299

2. **INSTITUTION OF A PUBLIC CHARACTER (IPC) NUMBER**

   IPC 000212

3. **UNIQUE ENTITY NUMBER (UEN)**

   S97SS0023J

4. **REGISTERED ADDRESS**

   No. 1 Lorong 23, Geylang, Singapore 388352

5. **BOARD MEMBERS**

| Name | Designation |
|---|---|
| Dominique Choy | President |
| Yeo Jih-Shian | Vice President |
| George Dixon Butron | Secretary |
| Benedict Brandon Phay Yee How | Assistant Secretary |
| Lee Soon Siang Delene | Treasurer |
| Francis Ding | Assistant Treasurer |
| Tony Lim King Leong | Board Member |
| Emily Han | Board Member |
| Vincent Lim Kee Ang | Board Member |
| Ooi Hoe Seong | Board Member |

6. **BANKERS**

   OCBC Bank Ltd
   DBS Bank
   Hong Leong Finance Limited

7. **AUDITORS**

   Lo Hock Ling & Co.
   Public Accountants and
   Chartered Accountants Singapore

# HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

## STATEMENT BY THE BOARD

In our opinion, the accompanying financial statements of HCSA Community Services (the "Association") set out on pages 6 to 45 which comprise the statement of financial position as at 31 December 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, are properly drawn up in accordance with the provisions of the Societies Act 1966, Charities Act 1994 and other relevant regulations and Financial Reporting Standards in Singapore so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2022 and the results, changes in funds and cash flows of the Association for the year ended on that date.

On Behalf of the Board

Dominique Choy
President

Lee Soon Siang Delene
Treasurer

Singapore, 29 May 2023

**LO HOCK LING & CO**
*Chartered Accountants Singapore*
盧鶴齡會計公司

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HCSA Community Services (the "Association") set out on pages 6 to 45, which comprise the statement of financial position (balance sheet) as at 31 December 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act 1966 (the "Societies Act"), the Charities Act 1994 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to present fairly, in all material respects, the state of affairs of the Association as at 31 December 2022 and the results, changes in funds and cash flows of the Association 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 Association in accordance with the *Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. 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 the other Information. The other information comprises the information in the annual report but does not include the financial statements and our auditor's report thereon. Other than the information included in Corporate Information 2022 and Statement by the Board set out on pages 1 to 2 of this report which we obtained prior to the date of this auditor's report, the remaining other information included in the annual report is expected to be made available to us after that date.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and the Board for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, the Charities Act and Regulations and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

The Board's responsibilities include overseeing the Association's financial reporting process.

**Continued**

**Auditors' 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 Association'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 Association'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 Association to cease to continue as a going concern.

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

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

**Report on Other Legal and Regulatory Requirements**

In our opinion,

(a) the accounting and other records required to be kept by the Association have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and

(b) the fund-raising appeals held during the year have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.



101A Upper Cross Street #11-22, People's Park Centre,
Singapore 058358 Tel: (65) 65356111 Fax: (65) 65336960
enquiry@lohocklingco.com.sg www.lohocklingco.com.sg

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*Chartered Accountants Singapore*
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**Continued**

**Report on Other Legal and Regulatory Requirements**

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

(a) the Association has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and

(b) the Association has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

LO HOCK LING & CO.
PUBLIC ACCOUNTANTS AND
CHARTERED ACCOUNTANTS SINGAPORE

Singapore, 29 May 2023



101A Upper Cross Street #11-22, People's Park Centre,
Singapore 058358 Tel: (65) 65356111 Fax: (65) 65336960
enquiry@lohocklingco.com.sg www.lohocklingco.com.sg

# HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

## Statement of Financial Activities
## for the year ended 31 December 2022

| | Notes | Unrestricted funds 2022 | Restricted funds 2022 | Total 2022 | Total 2021 (Restated) |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| INCOME FROM GENERATED FUNDS | | | | | |
| Voluntary Income | | | | | |
| Amortisation of deferred capital grants | 30 | 37,461 | - | 37,461 | 11,298 |
| Donations | | | | | |
| - non-tax deductible | | 85,977 | - | 85,977 | 71,509 |
| - tax deductible | 34 | 92,772 | - | 92,772 | 513,698 |
| Grants from government agencies | 3 | 304,695 | 3,165,044 | 3,469,739 | 3,197,364 |
| Residential rental | | 61,556 | - | 61,556 | 55,769 |
| | | 582,461 | 3,165,044 | 3,747,505 | 3,849,638 |
| Activities for Generating Funds | | | | | |
| Course fees | | 184,676 | - | 184,676 | 224,229 |
| Income from fund-raising events | 4 | 1,072,006 | 232,510 | 1,304,516 | 1,226,007 |
| Rental income/utility recoveries | | 1,468,025 | - | 1,468,025 | 1,412,656 |
| | | 2,724,707 | 232,510 | 2,957,217 | 2,862,892 |
| Investment Income | | | | | |
| Interest income from fixed deposits | | 22,277 | - | 22,277 | 13,482 |
| Other Income | | | | | |
| Other government grants | | | | | |
| - Jobs Support Scheme | | - | - | - | 111,923 |
| - Jobs Growth Incentive | | 174,464 | - | 174,464 | 88,926 |
| - Rental relief | | - | - | - | 44,561 |
| - others | | 101,002 | - | 101,002 | 89,507 |
| Miscellaneous income | | 76,890 | - | 76,890 | 13,266 |
| | | 352,356 | - | 352,356 | 348,183 |
| TOTAL INCOME | | 3,681,801 | 3,397,554 | 7,079,355 | 7,074,195 |

The accompanying notes form an integral part of these financial statements.

# HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

## Statement of Financial Activities
## for the year ended 31 December 2022 (continued)

| | Notes | Unrestricted funds 2022 | Restricted funds 2022 | Total 2022 | Total 2021 (Restated) |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| **EXPENDITURES** | | | | | |
| Costs of Generating Funds | | | | | |
| Advertising | | 8,631 | - | 8,631 | 86 |
| Appreciation and training for volunteers | | 2,701 | - | 2,701 | 1,322 |
| Amortisation of intangible assets | 6 | - | - | - | 4,139 |
| Bank charges | | 722 | - | 722 | 2,153 |
| Clinical and therapy expenses | | 815 | - | 815 | 60 |
| Depreciation on property, plant and equipment | 7 | 17,975 | - | 17,975 | 26,175 |
| Depreciation on right-of-use assets | 8 | 504,339 | - | 504,339 | 446,944 |
| Employer's contributions to Central Provident Fund | 5 | 57,598 | - | 57,598 | 56,326 |
| Food and refreshments | | 93 | - | 93 | 4,703 |
| Fund-raising expenses | 4 | 26,800 | - | 26,800 | 69,920 |
| General expenses | | 8,945 | - | 8,945 | 3,370 |
| Insurance | | 3,709 | - | 3,709 | 3,044 |
| Interest expense on lease liabilities | | 50,902 | - | 50,902 | 5,994 |
| Materials for culinary class | | - | - | - | 17,089 |
| Printing, stationery and postage | | 2,199 | - | 2,199 | 3,270 |
| Repairs and maintenance | | 20,579 | - | 20,579 | 34,548 |
| Resident/intern allowance | | - | - | - | 1,080 |
| Retreats and special events | | - | - | - | 5,463 |
| Salaries and related costs | 5 | 349,251 | - | 349,251 | 468,143 |
| Sanitary | | 285 | - | 285 | - |
| SDF levy | | 845 | - | 845 | 811 |
| Staff benefits | 5 | 5,153 | - | 5,153 | 75,253 |
| Telecommunication | | 12,108 | - | 12,108 | 36,451 |
| Transport | | 364 | - | 364 | 600 |
| Utilities | | 235,351 | - | 235,351 | 190,757 |
| Vehicle expenses | | - | - | - | 101 |
| | | 1,309,365 | - | 1,309,365 | 1,457,802 |

The accompanying notes form an integral part of these financial statements.

## Statement of Financial Activities
## for the year ended 31 December 2022 (continued)

| | Notes | Unrestricted funds 2022 | Restricted funds 2022 | Total 2022 | Total 2021 (Restated) |
|---|---|---|---|---|---|
| | | $ | $ | $ | $ |
| EXPENDITURES (continued) | | | | | |
| Charitable Activities and Programs Costs | | | | | |
| Advertising | | - | 600 | 600 | - |
| Amortisation of intangible assets | 6 | 17,156 | - | 17,156 | 23,955 |
| Appreciation and training for volunteers | | - | 4,563 | 4,563 | 200 |
| Bank charges | | 365 | 2,378 | 2,743 | 2,020 |
| Clinical and therapy expenses | | - | 37,848 | 37,848 | 26,171 |
| Community outreach and special events | | 14,681 | 20,840 | 35,521 | 14,420 |
| Culinary course subsidies | 11 | 39,210 | - | 39,210 | 44,322 |
| Depreciation on property, plant and equipment | 7 | 30,211 | 63,720 | 93,931 | 117,410 |
| Depreciation on right-of-use assets | 8 | 16,139 | 230,934 | 247,073 | 330,784 |
| Employer's contributions to Central Provident Fund | 5 | 88,404 | 256,329 | 344,733 | 313,802 |
| Food and refreshments | | 4,432 | 64,551 | 68,983 | 50,494 |
| Foreign workers levy | | 2,460 | 16,994 | 19,454 | 17,828 |
| General expenses | | 1,639 | 280 | 1,919 | 65,218 |
| Insurance | | 19,993 | 27,666 | 47,659 | 39,808 |
| Interest expense on lease liabilities | | 18,506 | 1,586 | 20,092 | 4,403 |
| Lease of premises | | 2,050 | - | 2,050 | - |
| Materials and accessories | | 1,029 | 17,677 | 18,706 | - |
| Other program costs | | - | 55,884 | 55,884 | 52,091 |
| Printing, stationery and postage | | 5,062 | 40,589 | 45,651 | 11,747 |
| Repairs and maintenance | | 37,759 | 89,544 | 127,303 | 112,963 |
| Resident/intern allowance | | 29,195 | 72,303 | 101,498 | 60,544 |
| Salaries and related costs | 5 | 1,096,433 | 2,371,958 | 3,468,391 | 3,210,442 |
| Sanitary | | 2,161 | 8,510 | 10,671 | 8,832 |
| SDF levy | | 1,878 | 4,590 | 6,468 | 4,620 |
| Security fees | | - | 4,009 | 4,009 | 11,368 |
| Staff benefits | 5 | 10,832 | 59,826 | 70,658 | 25,854 |
| Staff training | 5 | 25,349 | 38,133 | 63,482 | 49,588 |
| Telecommunication | | 23,344 | 43,884 | 67,228 | 91,697 |
| Transport | | - | 73,520 | 73,520 | 8,771 |
| Tuition | | - | 21,865 | 21,865 | 24,737 |
| Utilities | | 45,483 | 51,353 | 96,836 | 77,881 |
| Vehicle expenses | | 1,991 | 937 | 2,928 | 5,160 |
| | | 1,535,762 | 3,682,871 | 5,218,633 | 4,807,130 |

The accompanying notes form an integral part of these financial statements.

## Statement of Financial Activities
## for the year ended 31 December 2022 (continued)

| | Unrestricted funds 2022 | Restricted funds 2022 | Total 2022 | Total 2021 (Restated) |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| Governance costs | | | | |
| Audit fees | 21,311 | 15,003 | 36,314 | 20,704 |
| Professional fees | 10,163 | 7,214 | 17,377 | 5,670 |
| | 31,474 | 22,217 | 53,691 | 26,374 |
| TOTAL EXPENDITURES | 2,876,601 | 3,705,088 | 6,581,689 | 6,291,306 |
| Surplus/(deficit) for the year | 805,200 | (307,534) | 497,666 | 782,889 |
| Total funds brought forward | 5,384,288 | 425,267 | 5,809,555 | 5,070,618 |
| Reclassify to deferred capital grant | - | - | - | (43,952) |
| Return to grant provider | | (8,900) | | |
| Transfer of funds | (426,986) | 426,986 | - | - |
| Total funds carried forward | 5,762,502 | 535,819 | 6,307,221 | 5,809,555 |

The accompanying notes form an integral part of these financial statements.

# HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

Statement of Financial Position as at 31 December 2022

| | Notes | 31.12.2022 | 31.12.2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| ASSETS | | | |
| Non-Current Assets | | | |
| Intangible assets | 6 | 225,952 | 31,733 |
| Property, plant and equipment | 7 | 193,022 | 177,968 |
| Right-of-use assets | 8 | 1,601,688 | 151,876 |
| | | 2,020,662 | 361,577 |
| Current Assets | | | |
| Trade and other receivables | 9 | 451,232 | 508,917 |
| Fixed deposits with banks | 10 | 3,605,886 | 1,101,699 |
| Cash and bank balances | | 3,367,978 | 5,202,577 |
| | | 7,425,096 | 6,813,193 |
| Total Assets | | 9,445,758 | 7,174,770 |
| FUNDS AND LIABILITIES | | | |
| Funds | | | |
| Unrestricted Funds | | | |
| General fund | | 5,642,502 | 5,249,287 |
| Training Kitchen fund | 11 | 120,000 | 135,001 |
| | | 5,762,502 | 5,384,288 |
| Restricted Funds | | | |
| Silver Volunteer fund | 12 | 5,957 | 16,571 |
| SPIN fund | 13 | - | - |
| NCSS OD fund | 14 | 92,933 | 79,702 |
| NCSS Invictus fund | 15 | - | - |
| Yellow Ribbon Emergency fund | 16 | 1,150 | 7,750 |
| NCSS Tech Booster fund | 17 | 12,533 | 12,533 |
| NCSS EVMFS | 18 | 9,381 | (9,036) |
| Gilead Science grant | 19 | 59,592 | 94,447 |
| Allen Overy Stepup fund | 20 | 100,000 | 50,000 |
| HKL grant | 21 | 82,000 | 173,300 |
| Ishk Tolaram Wellness fund | 22 | 90 | - |
| NCSS Peers Support funding | 23 | 9,091 | - |
| PC – Empowering for life fund | 24 | - | - |
| DRTC fund | 25 | 163,092 | - |
| HWH fund | 26 | - | - |
| Tech-And-Go! Grant 1 | 27 | - | - |
| Tech-And-Go! Grant 2 | 28 | - | - |
| | | 535,819 | 425,267 |
| Total Funds | | 6,298,321 | 5,809,555 |

The accompanying notes form an integral part of these financial statements.

# Statement of Financial Position as at 31 December 2022 (continued)

| | Notes | 31.12.2022 | 31.12.2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Non-Current Liabilities | | | |
| Lease liabilities | 29 | 848,947 | - |
| Deferred capital grants | 30 | 383,251 | - |
| | | 1,232,198 | - |
| Current Liabilities | | | |
| Deferred capital grants | 30 | 37,461 | 90,505 |
| Deferred income | 31 | 234,296 | 287,218 |
| Lease liabilities | 29 | 764,470 | 155,800 |
| Other payables | 32 | 879,012 | 831,692 |
| | | 1,915,239 | 1,365,215 |
| Total Liabilities | | 3,147,437 | 1,365,215 |
| Total Funds and Liabilities | | 9,445,758 | 7,174,770 |

The accompanying notes form an integral part of these financial statements.

# HCSA COMMUNITY SERVICES

(Registered under the Societies Act 1966)

## Statement of Changes in Funds
## for the year ended 31 December 2022

| | Unrestricted | | Restricted | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General fund | Training Kitchen fund | Silver Volunteer fund | SPIN fund | NCSS OD fund | DRTC fund | HWH fund | Other funds | Total |
| Notes | | 11 | 12 | 13 | 14 | 25 | 26 | 16 to 24, 27,28 | |
| | $ | $ | $ | $ | $ | $ | $ | $ | $ |
| Balance as at 1 January 2021 | 4,560,654 | 71,333 | 44,763 | 46,087 | 283,981 | - | - | 63,800 | 5,070,618 |
| Prior period adjustments | 45,703 | - | (45,703) | - | - | - | - | - | - |
| Restated balance as at 1 January 2021 | 4,606,357 | 71,333 | (940) | 46,087 | 283,981 | - | - | 63,800 | 5,070,618 |
| Surplus/(deficit) for the year | 812,856 | 63,668 | 85,375 | (331,495) | (204,279) | - | - | 375,261 | 801,386 |
| Prior period adjustments | 551,727 | - | (67,864) | - | - | (160,133) | (276,112) | (66,115) | (18,497) |
| Surplus/(deficit) for the year (restated) | 1,364,583 | 63,668 | 17,511 | (341,395) | (204,279) | (160,133) | (276,122) | 309,146 | 782,889 |
| Prior period adjustments - transfer of funds | (721,653) | - | - | 285,408 | - | 160,133 | 276,122 | - | - |
| Prior period adjustments - reclassify to deferred capital grant | - | - | - | - | - | - | - | (43,952) | (43,952) |
| Restated balance as at 31 December 2021 | 5,249,287 | 135,001 | 16,571 | - | 79,702 | - | - | 328,994 | 5,809,555 |
| Surplus/(deficit) for the year | 820,201 | (15,001) | (10,614) | (100,332) | 13,231 | 163,092 | (326,654) | (46,257) | 497,666 |
| Transfer of funds | (426,986) | - | - | 100,332 | - | - | 326,654 | - | - |
| Return of unutilised fund to grant provider | - | - | - | - | - | - | - | (8,900) | (8,900) |
| Balance as at 31 December 2022 | 5,646,502 | 120,000 | 5,957 | - | 92,933 | 163,092 | - | 273,837 | 6,298,321 |

The accompanying notes form an integral part of these financial statements.

**HCSA COMMUNITY SERVICES**

(Registered under the Societies Act 1966)

Statement of Cash Flows
for the year ended 31 December 2022

| | Notes | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus for the year | | 497,666 | 782,889 |
| Adjustments for: | | | |
| Amortisation on intangible assets | 6 | 17,156 | 28,094 |
| Depreciation on property, plant and equipment | 7 | 111,906 | 143,585 |
| Depreciation on right of use assets | 8 | 751,412 | 777,728 |
| Interest expense on lease liabilities | | 70,994 | 10,397 |
| Amortisation of deferred capital grants | | (37,461) | (11,298) |
| Interest income | | (22,277) | (13,482) |
| Operating surplus before working capital changes | | 1,389,396 | 1,717,913 |
| Decrease/(increase) in receivables | | 57,685 | (163,059) |
| (Decrease)/increase in payables | | (52,922) | 3,911 |
| Increase in deferred income | | 47,320 | 28,532 |
| Net cash from operating activities | | 1,441,479 | 1,587,297 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Interest received | | 22,277 | 13,482 |
| Increase in fixed deposits with maturity over 3 months | | (2,504,187) | (13,432) |
| Purchase of intangible assets | 6 | (211,375) | - |
| Purchase of property, plant and equipment | 7 | (126,960) | (60,233) |
| Net cash used in investing activities | | (2,820,245) | (60,183) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Grants received as deferred capital grants | | 367,668 | 57,851 |
| Return of unutilised funds | | (8,900) | - |
| Repayment of lease liabilities | 29 | (743,607) | (790,203) |
| Payment of interest on lease liabilities | 29 | (70,994) | (10,397) |
| Net cash used in financing activities | | (455,833) | (742,749) |
| Net (decrease)/increase in cash and cash equivalents | | (1,834,599) | 784,365 |
| Cash and cash equivalents at beginning of the year | | 5,202,577 | 4,418,212 |
| Cash and cash equivalents at end of the year | 33 | 3,367,978 | 5,202,577 |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - 31 December 2022

The following notes form an integral part and should be read in conjunction with the accompanying financial statements.

1. GENERAL INFORMATION

HCSA Community Services (the "Association") is registered with the Registrar of Societies in the Republic of Singapore. It is also a charity registered under the Charities Act 1994. Its registered office is located at No. 1 Lorong 23 Geylang, Singapore 388352.

The principal activities of the Association are to operate a halfway and three quarter way house to rehabilitate male ex-offenders, operate a residential treatment centre for abused teenage girls, operate a culinary training centre for the Association's beneficiaries and other vulnerable individuals, and provide community-based services to the needy, elderly and disadvantaged. The Association is also an Institution of a Public Character ("IPC") under the Ministry of Social and Family Development.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The Association presents its financial statements in Singapore dollars ("$"), which is also its functional currency. These financial statements are prepared in accordance with the historical cost convention except as disclosed in the accounting policies below, and comply with Charities Act 1994, Societies Act 1966 and Singapore Financial Reporting Standards ("FRSs"), including related Interpretations promulgated by the Accounting Standards Committee, as required by the Societies Act 1966.

During the financial year, the Association adopted all the new and amended FRSs which are relevant to the Association and are effective for the current financial year. The adoption of these Standards did not have material effect on the financial performance or position of the Association.

2.2 Significant Accounting Estimates and Judgments

Estimates, assumptions concerning the future and judgments are made in the preparation of the financial statements. They affect the application of the Association's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an ongoing basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

*(A) Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Significant Accounting Estimates and Judgments (continued)

(A) *Key sources of estimation uncertainty* (continued)

(i) *Amortisation of Intangible Assets/Depreciation on Property, Plant and Equipment*

The costs of intangible assets and property, plant and equipment are amortised/depreciated on a straight line basis over their estimated useful lives. Management's estimates of the useful lives of these assets are disclosed in notes 2.8 and 2.9. Changes in the expected usage and technological developments could impact the economic useful lives and the residual values of these assets. Therefore, future amortisation/depreciation charges could be revised. The carrying amounts of these assets and the amortisation/depreciation charges for the year are disclosed in notes 6 and 7 to the financial statements respectively.

(ii) *Expected credit losses on trade receivables*

Expected credit losses (ECLs) are probability-weighted estimates of credit losses over the life of a financial instrument. In estimating ECLs to determine the probability of default of its debtors, the Association has used historical information, such as past credit loss experience. Where applicable, historical data are adjusted to reflect the effects of current conditions as well as management's assessment of future economic conditions based on observable market information, which involved significant estimates and judgement.

Based on management's assessment, there are no ECLs on the Association's trade receivables at the balance sheet date.

(iii) *Leases*

*Incremental Borrowing Rate*

The Association cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate to measure lease liabilities. The incremental borrowing rate is the rate of interest that the Association would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Determining the incremental borrowing rate requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Association estimates the incremental borrowing rate using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

*Estimation of Lease Term*

When determining the lease term of a lease contract, management considers all relevant factors that create an economic incentive for the Association to exercise an extension option, including any expected changes in circumstances since the commencement date that is within its control and affects its ability to exercise or not to exercise an option to extend. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

## 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

### 2.2 Significant Accounting Estimates and Judgments (continued)

*(B) Critical judgments made in applying accounting policies*

In the process of applying the Association's accounting policies, the management has made certain judgments, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

*Impairment of Non-Financial Assets*

The carrying amounts of the Association's non-financial assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated based on the higher of the value in use and the asset's fair value less cost of disposal. Estimating the value in use requires critical judgment on the part of the management to make an estimate of the expected future cash flows from the continuing use of the assets and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

### 2.3 FRSs issued but not yet effective

The Association has not applied any new FRS that has been issued but is not yet effective. The Board plans to adopt these FRSs in the first financial year commencing on or after their respective effective dates.

The Board does not expect the adoption of the new FRSs that have been issued but are not yet effective to have material impact on the financial statements in the period of initial application.

### 2.4 Revenue Recognition

Revenue is measured based on the consideration to which the Association expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Association satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Provided there is evidence of entitlement, as expressed in writing, donations and income from fund-raising events are recognised in profit or loss in the period of receipt or when they become receivable.

Rental income from operating lease is recognised over time on a straight line basis over the lease term.

Culinary course fees are recognised as income at a point in time upon completion of training courses.

Revenue from sale of items is recognised at a point in time when the goods are delivered to the customer and all criteria for acceptance have been satisfied.

Interest income is recognised over time on a time-proportion basis.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Revenue Recognition (continued)

Government grants are recognised when there is reasonable assurance that the Association will comply with the conditions attaching to the grants and the grants will be received.

Grants related to income are recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grant is intended to compensate

Grants related to assets are recognised as deferred capital grant in the balance sheet, and are amortised over the useful life of the assets to match the depreciation of the property, plant and equipment purchased with the related grants.

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

2.5 Funds

Monies received for specific purposes are credited directly to the respective fund accounts. Income and expenditure relating to specific funds are accounted for directly in the funds to which they relate. Unless specifically indicated, fund balances are not represented by any specific assets but are represented by the total net assets of the Association. The objectives and movements of the Association's Restricted Funds and Designated Training Kitchen fund, are disclosed in the notes to the financial statements.

2.6 Employee Benefits

*(i) Defined Contribution Plans*

The Association makes contributions to the state provident fund (Central Provident Fund). Such contributions are recognised as compensation expense in the same period as the employment that gives rise to the contributions.

*(ii) Short-term Compensated Absences*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for employee entitlements to annual leave as a result of services rendered by employees up to the balance sheet.

2.7 Leases

The Association assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

As lessee

The Association applies a single recognition and measurement approach for all leases (except for short-term leases and leases of low-value assets). The Association recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Leases (continued)

As lessee (continued)

*Right-of-use assets*

The Association recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and an estimate of the costs to dismantle and remove the underlying asset and to restore the asset to its original condition (restoration costs). Right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset is transferred to the Association at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in note 2.13.

*Lease liabilities*

At the commencement date of the lease, the Association recognises lease liabilities measured at the present value of lease payments to be made over the lease term.

In calculating the present value of lease payments, the Association uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments or a change in the assessment of an option to purchase the underlying asset).

*Short-term leases and leases of low-value assets*

Where applicable, the Association applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

As lessor

Leases in which the Association does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising from operating leases is accounted for on a straight line basis over the lease terms.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Intangible Assets

Intangible assets are initially recorded at cost. The cost of an item of intangible assets is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Intangible assets with finite useful life are stated at cost less accumulated amortisation and impairment loss, if any. Intangible assets are amortised over their expected useful lives of 3 years on a straight line basis.

The amortisation period and amortisation method of intangible assets are reviewed and adjusted as appropriate, at each financial year-end.

Intangible assets are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the assets is included in profit or loss in the year the asset is derecognised.

2.9 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 when it is probable that future economic benefits associated with the item will flow to the Association and the cost of the item can be measured reliably.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

Any estimated costs of dismantling and removing the property, plant and equipment and reinstating the site to its original condition (reinstatement costs) are capitalised as part of the cost of the property, plant and equipment.

Depreciation is calculated on the straight line basis so as to write off the cost, less the residual value, of the assets over their estimated useful lives. The annual rates of depreciation are as follows:

| | |
|---|---|
| Office furniture, equipment, computers and electrical appliances | 3 to 5 years |
| Motor vehicles | 5 years |
| Renovation | 3 to 5 years |

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

The residual values, useful lives and depreciation methods of property, plant and equipment are reviewed and adjusted as appropriate, at each financial year-end.

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 arising on derecognition of the assets is recognised in profit or loss in the year the asset is derecognised.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Financial Assets

Financial assets are recognised when the Association becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have ceased or expired.

A. *Classification*

The Association's financial assets are classified at amortised cost.

The basis of classification depends on the Association's business model and the contractual cash flow characteristics of the financial assets.

B. *At initial recognition*

At initial recognition, the Association measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not have a significant financing component are measured at their transaction price at initial recognition.

C. *At subsequent measurement*

The Association's financial assets, comprising mainly trade and other receivables, and cash and cash equivalents, are measured at amortised cost subsequent to initial recognition, as these represent contractual cash flows which represent solely payments of principal and interest. A gain or loss on a financial asset that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets are recognised using the effective interest rate method.

D. *Impairment of Financial Assets*

The Association assesses on forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost, and recognises a loss allowance accordingly.

At each reporting date, the debt instruments are assessed to determine whether there is significant increase in credit risk on the debt instruments since initial recognition. If there is a significant increase in credit risk since initial recognition, lifetime expected credit losses will be calculated and recognised in the loss allowance. If credit risk on the debt instrument has not increased significantly since initial recognition, the loss allowance is measured based on 12-month expected credit losses. Adjustments to the loss allowance are recognised in profit or loss as an impairment gain or loss.

For trade receivables, the Association applies the simplified approach permitted by FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Trade and Other Receivables

Receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses, as explained in note 2.10 (D). Receivables with a short duration are not discounted.

2.12 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and bank deposits which are subject to insignificant risks of changes in value. Cash equivalents are stated at amounts at which they are convertible into cash.

For the purpose of the statement of cash flows, fixed deposits with original maturities over 3 months are excluded from cash and cash equivalents.

2.13 Impairment of Non-Financial Assets

The carrying amounts of the Association's assets subject to impairment are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's fair value less cost of disposal and its value in use. The value in use is the present value of estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life.

An impairment loss on a non-revalued asset is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount or when there is an indication that the impairment loss recognised for the asset no longer exists or decreases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

2.14 Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables with a short duration are not discounted.

Payables are recognised when the Association becomes a party to the contractual provisions of the financial instrument. Payables are derecognised when the obligation under the liability is extinguished.

2.15 Provisions

Provisions are recognised when the Association has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Related Parties

A related party is defined as follows:

(A) A person or a close member of that person's family is related to the Association if that person:

(i) Has control or joint control over the Association;

(ii) Has significant influence over the Association; or

(iii) Is a member of the key management personnel of the Association or of a parent of the Association.

(B) An entity is related to the Association if any of the following conditions applies:

(i) The entity and the Association are members of the same group (which means that each parent, subsidiary and fellow subsidiary are related to each other).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Association or an entity related to the Association.

(vi) The entity is controlled or jointly controlled by a person identified in (A).

(vii) A person identified in (A)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Association or to the parent of the Association.

## 3. GRANTS FROM GOVERNMENT AGENCIES

| | Notes | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| (a) Grants relating to Unrestricted Funds | | | |
| NCSS Trust fund - President's Challenge | | 235,593 | 84,897 |
| Other grants | | 69,102 | 638,586 |
| | | 304,695 | 723,483 |
| (b) Grants relating to Restricted Funds | | | |
| Silver Volunteer fund | 12 | 71,590 | 85,375 |
| SPIN fund | 13 | 345,708 | 170,659 |
| NCSS OD grant | 14 | 241,835 | - |
| Yellow Ribbon Emergency fund | 16 | 4,000 | 12,150 |
| NCSS Tech Booster fund | 17 | - | 12,533 |
| NCSS EVMFS | 18 | 53,713 | 43,275 |
| NCSS Peer Support funding | 23 | 15,971 | - |
| PC – Empowering for Life fund | 24 | 52,368 | - |
| DRTC fund | | | |
| - per capita | 25 | 1,735,989 | 1,492,475 |
| - rental | 25 | 67,701 | 58,469 |
| HWH fund | 26 | 576,169 | 585,253 |
| Tech-and-Go! Grant 1 | 27 | - | 13,692 |
| | | 3,165,044 | 2,473,881 |
| | | 3,469,739 | 3,197,364 |

## 4. FUND-RAISING ACTIVITIES

Income from fund-raising events comprises donations received classified as:

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| (a) Income relating to Unrestricted Funds | | | |
| - Non-tax deductible | | 507,261 | 382,192 |
| - Tax deductible | | 564,745 | 452,515 |
| | | 1,072,006 | 834,707 |
| (b) Income relating to Restricted Funds | | | |
| Gilead Science grant | 19 | 35,000 | 168,000 |
| Allen Overy StepUp fund | 20 | 50,000 | 50,000 |
| HKL grant –Tax deductible | 21 | 124,500 | 173,300 |
| Ishk Tolaram Wellness Fund | 22 | 23,010 | - |
| | | 232,510 | 391,300 |
| | | 1,304,516 | 1,226,007 |
| Total tax deductible donations from fund-raising activities | 34 | 767,827 | 780,815 |
| Fund-raising expenses | | 26,800 | 69,920 |

4. FUND-RAISING ACTIVITIES (continued)

Total expenses incurred on public fund-raising appeals during the financial year did not exceed 30% of total donations collected through the public appeals in the same year. The Association had complied with the requirements of the 30/70 fund-raising rule stated in Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

5. EMPLOYEE BENEFITS EXPENSE

| | | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| (a) Employee benefits expense relating to Unrestricted Funds | | | |
| Cost of Generating Funds | | | |
| Salaries and related costs | | 349,251 | 468,143 |
| Employer's contributions to Central Provident Fund | | 57,598 | 56,326 |
| Other benefits | | 5,153 | 75,253 |
| | (i) | 412,002 | 599,722 |
| Charitable Activities and Programs Costs | | | |
| Salaries and related costs | | 1,096,433 | 794,864 |
| Employer's contributions to Central Provident Fund | | 88,404 | 99,934 |
| Other benefits | | 36,181 | 55,144 |
| | (ii) | 1,221,018 | 949,942 |
| (b) Employee benefits expense relating to Restricted Funds | | | |
| * Charitable Activities and Programs Costs | | | |
| Salaries and related costs | | 2,371,958 | 2,415,578 |
| Employer's contributions to Central Provident Fund | | 256,329 | 213,868 |
| Other benefits | | 97,959 | 20,298 |
| | (iii) | 2,726,246 | 2,649,744 |
| Total (i + ii + iii) | | 4,359,266 | 4,199,408 |

Employee benefits expense relating to Restricted Funds comprise:

| | 2022 | 2021 |
|---|---|---|
| * Charitable Activities and Program Costs | | |
| - Silver Volunteer fund (note 12) (restated) | 61,709 | 55,697 |
| - SPIN fund (note 13) | 346,744 | 385,715 |
| - NCSS OD fund (note 14) | 178,425 | 204,279 |
| - NCSS EVMFS (note 18) | 32,296 | 52,311 |
| - Gilead Science grant (note 19) | 29,602 | 73,553 |
| - HKL grant (note 21) | 122,565 | - |
| - Ishk Tolaram Wellness fund (note 22) | 2,121 | - |
| - NCSS Peers Support funding (note 23) | 6,880 | - |
| - PC – Empowering for life fund (note 24) | 52,368 | - |
| - DRTC fund (note 25) (restated) | 1,310,295 | 1,356,666 |
| - HWH fund (note 26) (restated) | 583,241 | 521,523 |
| | 2,726,246 | 2,649,744 |

The above employee benefits expense includes key management personnel compensation as disclosed in note 36 to the financial statements.

## 6. INTANGIBLE ASSETS

| | Computer software licences |
|---|---|
| | $ |
| **Cost** | |
| At 1 January 2021 and 31 December 2021 | 201,267 |
| Additions | 211,375 |
| At 31 December 2022 | 412,642 |
| **Accumulated amortisation** | |
| At 1 January 2021 | 141,440 |
| Charged to charitable activities and programs costs | |
| - unrestricted fund | 1,875 |
| - restricted fund - SPIN fund (note 13) | 1,812 |
| - restricted fund - DRTC fund (note 25) | 15,726 |
| - restricted fund - HWH fund (note 26) | 4,542 |
| | 23,955 |
| Charged to cost of generating funds | 4,139 |
| | 28,094 |
| At 31 December 2021 | 169,534 |
| Charged to charitable activities and programs costs | |
| - unrestricted fund | 17,156 |
| - restricted fund | - |
| | 17,156 |
| Charged to cost of generating funds | - |
| | 17,156 |
| At 31 December 2022 | 186,690 |
| **Net carrying amount** | |
| At 31 December 2022 | 225,952 |
| At 31 December 2021 | 31,733 |

Cost relating to computer software licences acquired is not an integral part of the related hardware.

## 7. PROPERTY, PLANT AND EQUIPMENT

| | Office furniture, equipment, computers and electrical appliances | Motor vehicles | Renovation | Total |
|---|---|---|---|---|
| Cost | $ | $ | $ | $ |
| At 1 January 2021 | 724,366 | 116,595 | 1,538,523 | 2,379,484 |
| Additions | 52,253 | - | - | 52,253 |
| Prior year adjustments | 7,980 | - | - | 7,980 |
| At 31 December 2021 (restated) | 784,599 | 116,595 | 1,538,523 | 2,439,717 |
| Additions | 107,760 | - | 19,200 | 126,960 |
| At 31 December 2022 | 892,359 | 116,595 | 1,557,723 | 2,566,677 |
| Accumulated Depreciation | | | | |
| At 1 January 2021 | 597,688 | 116,595 | 1,403,881 | 2,118,164 |
| Charged to cost of generating funds | 9,471 | - | 16,704 | 26,175 |
| Charged to charitable activities and programs costs | 43,780 | - | 6,503 | 50,283 |
| Charged to SPIN fund (note 13) | 9,703 | - | 29,684 | 39,387 |
| Charged to DRTC Fund (note 25) | 15,726 | - | - | 15,726 |
| Charged to HWH Fund (note 26) | 12,014 | - | - | 12,014 |
| Charge for the year | 90,694 | - | 52,891 | 143,585 |
| At 31 December 2021 | 688,382 | 116,595 | 1,456,772 | 2,261,749 |
| Charged to cost of generating funds | 17,975 | - | - | 17,975 |
| Charged to charitable activities and programs costs | 25,852 | - | 4,359 | 30,211 |
| Charged to SPIN fund (note 13) | 9,633 | - | 24,737 | 34,370 |
| Charged to DRTC Fund (note 25) | - | - | 15,427 | 15,427 |
| Charged to HWH Fund (note 26) | 7,954 | - | 5,969 | 13,923 |
| Charge for the year | 61,414 | - | 50,492 | 111,906 |
| At 31 December 2022 | 749,796 | 116,595 | 1,507,264 | 2,373,655 |
| Net Book Value | | | | |
| At 31 December 2022 | 142,563 | - | 50,459 | 193,022 |
| At 31 December 2021 | 96,217 | - | 81,751 | 177,968 |

## 8. RIGHT OF USE ASSETS

| | Operating premises |
|---|---|
| | $ |
| **Cost** | |
| At 1 January 2021 and 31 December 2021 | 2,276,606 |
| Additions | 2,201,224 |
| Written off due to termination of lease | (2,276,606) |
| At 31 December 2022 | 2,201,224 |
| **Accumulated depreciation** | |
| At 1 January 2021 | 1,347,002 |
| Depreciation for the year | |
| Charged to cost of generating funds | 446,944 |
| Charged to charitable activities and programs costs | 80,424 |
| Charged to Restricted funds | |
| - Silver Volunteer fund (note 12) (restated) | 1,440 |
| - SPIN fund (note 13) | 22,559 |
| - DRTC fund (note 25) (restated) | 61,546 |
| - HWH fund (note 26) (restated) | 164,815 |
| | 777,728 |
| At 31 December 2021 | 2,124,730 |
| Depreciation for the year | |
| Charged to cost of generating funds | 504,339 |
| Charged to charitable activities and programs costs | 16,139 |
| Charged to Restricted funds | |
| - Silver Volunteer fund (note 12) | 2,256 |
| - SPIN fund (note 13) | 17,158 |
| - DRTC fund (note 25) | 73,856 |
| - HWH fund (note 26) | 137,664 |
| | 751,412 |
| Written off due to termination of lease | (2,276,606) |
| At 31 December 2022 | 599,536 |
| **Net Book Value** | |
| At 31 December 2022 | 1,601,688 |
| At 31 December 2021 | 151,876 |

## 9. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Trade receivables | 19,984 | 17,386 |
| Non-trade receivables | 107,557 | 109,484 |
| Grants receivables | 29,336 | 144,153 |
| Deposits | 218,779 | 210,399 |
| Prepayments | 75,576 | 27,495 |
| | 451,232 | 508,917 |

9. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables are non-interest bearing and are generally on 30 day's (2021: 30 day's) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Non-trade receivables and deposits are unsecured, non-interest bearing and expected to be repayable on demand.

10. FIXED DEPOSITS WITH BANKS

Fixed deposits have original maturity terms between 6 and 24 months and earn interest at rates ranging from 0.10% to 3.97% (2021: 0.40% to 1.88%) per annum.

11. TRAINING KITCHEN FUND

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Balance as at 1 January | 135,001 | 71,333 |
| Movements during the year | | |
| Funds received from donors | 53,024 | 107,990 |
| Less: Funds utilised | | |
| Culinary course subsidies | 39,210 | 44,322 |
| Other costs | 28,815 | - |
| | 68,025 | 44,322 |
| Balance as at 31 December | 120,000 | 135,001 |

The Training Kitchen fund is designated by donors to support the cost of setting up a training kitchen and renovating the premises at Highpoint Halfway House, and the culinary courses launched by HCSA Academy Culinary Training Centre.

12. SILVER VOLUNTEER FUND

| | Notes | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 16,571 | (940) |
| Movements during the year | | | |
| Funds received/receivable from Council For Third Age | 3 | 71,590 | 85,375 |
| Less: Funds utilised | | | |
| Depreciation on right-of-use assets | 8 | 2,256 | 1,440 |
| Employee benefits expense | 5 | 61,709 | 55,697 |
| Repair and maintenance | | 340 | - |
| Other costs | | 17,899 | 10,727 |
| | | 82,204 | 67,864 |
| Balance as at 31 December | | 5,957 | 16,571 |

The Silver Volunteer fund is a restricted fund set up for the approved programme, Giving a Future and a Hope.

## 13. SPIN FUND

| | Notes | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | 46,087 |
| Movements during the year | | | |
| Add: Income recognised | | | |
| Funds received from National Council of Social Service | 3 | 345,708 | 170,659 |
| Less: Funds utilised | | | |
| Amortisation of intangible assets | 6 | - | 1,812 |
| Depreciation on property, plant and equipment | 7 | 34,370 | 39,387 |
| Depreciation on right-of-use assets | 8 | 17,158 | 22,559 |
| Employee benefits expense | 5 | 346,744 | 385,715 |
| Interest expense on lease liabilities | | 1,586 | 303 |
| Repair and maintenance | | 11,864 | 11,585 |
| Other costs | | 34,318 | 40,793 |
| | | 446,040 | 502,154 |
| Deficit | | (100,332) | (285,408) |
| Transfer from General Fund | | 100,332 | 285,408 |
| Balance as at 31 December | | - | - |

SPIN fund is a restricted fund set up for the approved programme, Single Parents: Informed, Involved, Included (SPIN). The deficit of SPIN fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund.

## 14. NCSS OD FUND

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 79,702 | 283,981 |
| Movements during the year | | | |
| Funds received from National Council of Social Service ("NCSS") | 3 | 241,835 | - |
| Less: Funds utilised | | | |
| Employee benefits expense | 5 | 178,425 | 204,279 |
| Other costs | | 50,179 | - |
| | | 228,604 | 204,279 |
| Balance as at 31 December | | 92,933 | 79,702 |

14. NCSS OD FUND (continued)

NCSS OD fund is a restricted fund set up for the approved programme, Organisation Development Programme ("OD"), of which NCSS is the administrator, in partnership with Singapore Totalisator Board. The objective of the OD is to enable the non-profit organisation to go through a diagnostic using Enterprise SG's Business Excellence framework, leading to the conceptualisation of a time-bound strategy plan. The fund will be used to cover expenditure in running the NCSS OD.

15. NCSS INVICTUS FUND

| | 2022 | 2021 (Restated) |
|---|---|---|
| | $ | $ |
| Balance as at 1 January | - | 58,600 |
| Movements during the year | | |
| Less: Funds utilised | | |
| Other costs | - | 14,648 |
| Reclassify to deferred capital grant for the purchase of property, plant and equipment | - | (43,952) |
| Balance as at 31 December | - | - |

NCSS Invictus fund is a restricted fund set up to enhance service continuity and improve staff welfare of frontline workers.

16. YELLOW RIBBON EMERGENCY FUND

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 7,750 | 5,200 |
| Movements during the year | | | |
| Funds received from Yellow Ribbon Fund | 3 | 4,000 | 12,150 |
| Less: Funds utilised | | | |
| Other costs | | 1,700 | 9,600 |
| Return of unutilised fund to Yellow Ribbon Fund | | (8,900) | - |
| Balance as at 31 December | | 1,150 | 7,750 |

Yellow Ribbon Emergency fund is a restricted fund set up to provide financial support to newly released ex-offenders as well as families who are affected by recent incarceration of a sole bread-winner. The fund will be used strictly for food and transportation of beneficiaries.

## 17. NCSS TECH BOOSTER FUND

| | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 12,533 | - |
| Movements during the year | | | |
| Add: Income recognised | | | |
| Funds received from NCSS | 3 | - | 64,000 |
| Reclassify to deferred capital grant for the purchase of intangible assets | | - | (51,467) |
| | | - | 12,533 |
| Balance as at 31 December | | 12,533 | 12,533 |

NCSS Tech Booster Fund (Grant) is a restricted fund set up to provide financial support to ramp up ready technologies adoption to enhance operational efficiency, alleviate demand for vacant positions and increase client centricity of services. The fund will be used strictly for the implementation of technologies, along with change management for stakeholders and redesign of processes affected by the adoption of technologies.

## 18. NCSS EVMFS

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | (9,036) | - |
| Movements during the year | | | |
| Funds received from NCSS | 3 | 53,713 | 43,275 |
| Less: Funds utilised | | | |
| Employee benefits expense | 5 | 32,296 | 52,311 |
| Other costs | | 3,000 | - |
| | | 35,296 | 52,311 |
| Balance as at 31 December | | 9,381 | (9,036) |

NCSS EVMFS, Enhanced Volunteer Manager Funding Scheme is a 2 year restricted funding programme set up to provide financial support for dedicated volunteer managers to strengthen the volunteer management capabilities.

## 19. GILEAD SCIENCE GRANT

| | Notes | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 94,447 | - |
| Movements during the year | | | |
| Funds received from Gilead Sciences Singapore Pte Ltd and DCH Auriga (Singapore) Pte Ltd | 4 | 35,000 | 168,000 |
| Less: Funds utilised | | | |
| Employee benefits expense | 5 | 29,602 | 73,553 |
| Other costs | | 40,253 | - |
| | | 69,855 | 73,553 |
| Balance as at 31 December | | 59,592 | 94,447 |

Gilead Science Grant is a restricted fund set up to provide financial support for Highpoint Halfway House Hepatitis C – Educate, Test and Treat Project.

## 20. ALLEN OVERY STEPUP FUND

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 50,000 | - |
| Movements during the year | | | |
| Funds received from Allen & Overy LLP and Cornerstone Capital Pte Ltd | 4 | 50,000 | 50,000 |
| Balance as at 31 December | | 100,000 | 50,000 |

Allen Overy Stepup Fund is a restricted fund set up to provide financial support to launch aftercare programme that aims to support ex-offenders and teenage girls who have suffered trauma after they are discharged from our rehabilitative programmes through Highpoint Halfway House and Dayspring Residential Treatment Centre.

## 21. HKL GRANT

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | 173,300 | - |
| Movements during the year | | | |
| Funds received from HKL (Esplanade) Pte. Limited | 4 | 124,500 | 173,300 |
| Less: Funds utilised | | | |
| Employee benefits expense | | 122,565 | - |
| Other costs | | 93,235 | - |
| | | 215,800 | - |
| Balance as at 31 December | | 82,000 | 173,300 |

Hongkong Land Grant is a restricted fund set up to provide financial support for HCSA's Dayspring Clinical Therapies for abused teenage girls, Alternate schooling / Home schooling programme, online learning and tuition programme for single-parent children, digitalisation hardware provision of notebook computer, Culinary training scholarship for youths at risk and young adults.

## 22. ISHK TOLARAM WELLNESS FUND

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | - |
| Movements during the year | | | |
| Funds received from Ishk Tolaram | 4 | 23,010 | - |
| Less: Funds utilised | | | |
| Employee benefits expense | | 2,121 | - |
| Other costs | | 20,799 | - |
| | | 22,920 | - |
| Balance as at 31 December | | 90 | - |

Ishk Tolalam Wellness Fund is a restricted fund designated for wellness and selfcare for Dayspring RTC staff (counselling and self-care) and Highpoint staff (self-care).

23. NCSS PEERS SUPPORT FUNDING

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | - |
| Movements during the year | | | |
| Funds received from National Council of Social service | 3 | 15,971 | - |
| Less: Funds utilised | | | |
| Employee benefits expense | | 6,880 | - |
| Balance as at 31 December | | 9,091 | - |

NCSS Peers Support Funding is funded by NCSS supported through Community Chest (ComChest) to provide manpower support for Highpoint's Shelter programme.

24. PC - EMPOWERING FOR LIFE FUND

| | Note | 2022 | 2021 |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | - |
| Movements during the year | | | |
| Funds received from National Council of Social service | 3 | 52,368 | - |
| Less: Funds utilised | | | |
| Employee benefits expense | | 52,368 | - |
| Balance as at 31 December | | - | - |

The President's Challenge (PC) – Empowering for life fund is funded by PC fund for the operation of the HCSA Academy Culinary Training Centre.

25. DRTC FUND

| | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | - |
| Movements during the year | | | |
| Add: Income recognised | | | |
| MSF subvention | | | |
| - per capita grant | 3 | 1,735,989 | 1,492,475 |
| - rental | 3 | 67,701 | 58,469 |
| | | 1,803,690 | 1,550,944 |
| Less: Funds utilised | | | |
| Amortisation of intangible assets | 6 | - | 15,726 |
| Depreciation on property, plant and equipment | 7 | 15,427 | 15,916 |
| Depreciation on right-of-use assets | 8 | 73,856 | 61,546 |
| Employee benefits expense | 5 | 1,310,295 | 1,356,666 |
| Repair and maintenance | | 43,099 | 35,706 |
| Other costs | | 197,921 | 225,517 |
| | | 1,640,598 | 1,711,077 |
| Deficit | | - | (160,133) |
| Transfer from general fund | | - | 160,133 |
| Balance as at 31 December | | 163,092 | - |

DRTC fund is a restricted fund funded by Ministry of Social and Family Development for the operation of the approved operation of the Therapeutic Group Home Programme. The deficit of DRTC fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund.

## 26. HWH FUND

| | Note | 2022 | 2021 (Restated) |
|---|---|---|---|
| | | $ | $ |
| Balance as at 1 January | | - | - |
| Movements during the year | | | |
| Funds received from Yellow Ribbon Singapore | 3 | 601,830 | 585,253 |
| Reclassify to deferred grant income | | (25,661) | - |
| | | 576,169 | 585,253 |
| Less: Funds utilised | | | |
| Amortisation of intangible assets | 6 | - | 4,542 |
| Depreciation on property, plant and equipment | 7 | 13,923 | 12,014 |
| Depreciation on right-of-use assets | 8 | 137,664 | 164,815 |
| Employee benefits expense | 5 | 583,241 | 521,523 |
| Repair and maintenance | | 34,241 | 34,361 |
| Other program costs | | 133,754 | 124,110 |
| | | 902,823 | 861,365 |
| Deficit | | (326,654) | (276,112) |
| Transfer from general fund | | 326,654 | 276,112 |
| Balance as at 31 December | | - | - |

HWH fund is a restricted fund funded by Yellow Ribbon Singapore for the operation of the approved HCSA Shelter Programme. The deficit of HWH fund is met by the general fund. Upon approval from the fund provider, surplus could be transferred back to the general fund for the deficit which was previously met by general fund.

## 27. TECH-AND-GO! GRANT 1

| | 2022 | 2021 (Restated) |
|---|---|---|
| | $ | $ |
| Balance as at 1 January | - | - |
| Movements during the year | | |
| Add: Income recognised | | |
| Funds receivable from National Council of Social service | - | 20,076 |
| Reclassify to deferred capital grant for the purchase of property, plant and equipment | - | (6,384) |
| | - | 13,692 |
| Less: Funds utilised | | |
| Other IT related costs | - | 13,692 |
| Balance as at 31 December | - | - |

Tech-and-go! Grant 1 is NCSS grant disbursement to the Association's modern workplace initiative for acquiring IT solutions – Laptops and MS 365.

## 28. TECH-AND-GO! GRANT 2

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Balance as at 1 January | - | - |
| Movements during the year | | |
| Grant receivable | 6,400 | - |
| Reclassify to deferred capital grant for the purchase of intangible asset | 6,400 | - |
| | - | - |
| Balance as at 31 December | - | - |

Tech-and-go! Grant 2 is NCSS grant disbursement to our modern workplace initiative for acquiring IT solutions – Digital software.

## 29. LEASE LIABILITIES

| | 2022 | | 2021 | |
|---|---|---|---|---|
| | Contractual lease liabilities | Present value of lease liabilities | Contractual lease liabilities | Present value of lease liabilities |
| | $ | $ | $ | $ |
| Lease liabilities payable: | | | | |
| - within 1 year | 819,860 | 764,470 | 156,002 | 155,800 |
| - after 1 year but not later than 5 years | 870,337 | 848,947 | - | - |
| | 1,690,197 | 1,613,417 | 156,002 | 155,800 |
| Less: Amounts representing interest | 76,780 | - | 202 | - |
| | 1,613,417 | 1,613,417 | 155,800 | 155,800 |

The Association leases operating premises with lease periods of 1.5 to 3 years. The leases have varying terms and provide renewal rights.

The present values of lease liabilities are calculated based on incremental borrowing rates of 4.63% (2021: 1.38% and 2.10%) per annum.

Reconciliation of changes in liabilities arising from financing activities

Movements in lease liabilities arising from financing cash flows during the year are as follows.

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Lease liabilities as at 1 January | 155,800 | 946,003 |
| Additional lease liabilities during the year | 2,201,224 | - |
| | 2,357,024 | 946,003 |
| Non-cash movement | | |
| Accretion of interest | 70,994 | 10,397 |
| Cash movements | | |
| Less: | | |
| Payments of lease liabilities during the year | | |
| - Principal portion | 743,607 | 790,203 |
| - Interest | 70,994 | 10,397 |
| | 814,601 | 800,600 |
| Lease liabilities as at 31 December | 1,613,417 | 155,800 |

## 30. DEFERRED CAPITAL GRANTS

| | Intangible assets | Computer | Furniture and fittings | Total |
|---|---|---|---|---|
| | $ | $ | $ | $ |
| **Gross carrying value** | | | | |
| At 1 January 2021 as previously stated | - | - | - | - |
| Prior year adjustments/additions | 51,467 | 50,336 | - | 101,803 |
| At 31 December 2021 (restated) | 51,467 | 50,336 | - | 101,803 |
| Additions | 357,088 | - | 10,580 | 367,668 |
| At 31 December 2022 | 408,555 | 50,336 | 10,580 | 469,471 |
| **Less: Accumulated amortisation** | | | | |
| At 1 January 2021 as previously stated | - | - | - | - |
| Prior year adjustments/amortisation for the year | 1,875 | 9,423 | - | 11,298 |
| At 31 December 2021 | 1,875 | 9,423 | - | 11,298 |
| Amortisation for the year | 17,156 | 16,779 | 3,526 | 37,461 |
| At 31 December 2022 | 19,031 | 26,202 | 3,526 | 48,759 |
| **Net carrying value** | | | | |
| At 31 December 2022 | 389,524 | 24,124 | 7,054 | 420,712 |
| At 31 December 2021 (restated) | 49,592 | 40,913 | - | 90,505 |

30. DEFFERED CAPITAL GRANTS (continued)

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Classification: | | |
| - Current | 37,461 | 90,055 |
| - Non-current | 383,251 | - |
| | 420,712 | 90,055 |

31. DEFFERED INCOME

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Deferred income | 234,296 | 287,218 |

Deferred income represents grants in respect of and receivable in the next financial year, for which the Association has fulfilled the grant requirements as at the balance sheet date. Grants which are used to fund the costs of programs relating to the subsequent years are deferred and will be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate.

32. OTHER PAYABLES

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Accruals | 525,021 | 454,777 |
| Deposits received | 287,835 | 301,550 |
| Provision for unutilised leave | 54,821 | 63,487 |
| Sundry payables | 11,335 | 11,878 |
| | 879,012 | 831,692 |

Other payables are unsecured, non-interest bearing and are normally settled within 90 days or on demand.

33. CASH AND CASH EQUIVALENTS

Cash and cash equivalents in the statement of cash flows comprise cash and bank balances as shown in the statement of financial position.

34. TAXATION

As a registered charity under the Charities Act 1994, the Association is exempt from income tax under Section 13(1)(zm) of the Income Tax Act 1947.

During the financial year, total gross donations received which qualifies for tax deduction are as follows:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Donations from voluntary income | 92,772 | 513,698 |
| Donations from fund-raising events (note 4) | 767,827 | 780,815 |
| | 860,599 | 1,294,513 |

35. LEASE COMMITMENTS

As at the balance sheet date, the Association has the following lease commitments under non-cancellable operating leases where the Association is the lessor:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Receivable within 1 year | 1,231,188 | 205,198 |
| Receivable after 1 year but not later than 5 years | 205,198 | - |
| | 1,436,386 | 205,198 |

The above operating lease receivables relate to the sublet of the Association's premises to non-related parties and do not provide for contingent rents.

36. RELATED PARTIES

The Association is governed by the Board. The Chief Executive Officer and management personnel are responsible for organising and supervising the daily activities of the Association.

The Association has in place a conflict of interest policy which sets out documented procedures requiring the Board members and staff in management positions to declare actual or potential conflicts of interests to the Board, and to abstain from voting or participating in decision making where such conflicts arise.

*Key management personnel compensation*

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Short-term employee benefits: | | |
| Salaries and related costs | 1,238,874 | 1,117,239 |
| Employer's contribution to Central Provident Fund | 152,936 | 132,624 |
| | 1,391,810 | 1,249,863 |

Key management personnel are employees holding management position in the Association.

The annual remuneration of the top three highest paid staff classified by remuneration bands are as follows:

| | Number of staff | |
|---|---|---|
| | 2022 | 2021 |
| Annual remuneration | | |
| $100,001 to $200,000 | 3 | 3 |

Except for the Chief Executive Officer who is a Board member for the period from January to May 2022, the members of the Board are volunteers and do not receive any monetary remuneration for their service.

## 37. FINANCIAL RISKS MANAGEMENT

The Association is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are credit risk, liquidity risk and interest rate risk. The management reviews and agrees on policies for managing each of these risks and they are summarised below:

### 37.1 Credit risk

Credit risk is the potential risk of financial loss resulting from the failure of customers or other counterparties to settle their financial and contractual obligations to the Association as and when they fall due.

*(i)* *Risk Management*

The Association's exposure to credit risk arises primarily from trade and other receivables. Credit evaluations are performed on all tenants. Tenants are required to place security deposits with the Association at the commencement of each tenancy term.

At the balance sheet date, there was no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

*(ii)* *Recognition of expected credit losses (ECL)*

The Association's financial assets that are subject to credit losses where the expected credit loss model has been applied are trade and other receivables. The Association assesses on forward looking basis the expected credit losses on its trade receivables, and recognises a loss allowance in accordance with FRS 109.

Based on the Association's historical collection trend, most trade and other receivables are settled within the credit term. Trade and other receivables are assessed on a collective basis to determine whether there are changes in credit risk. Lifetime ECLs are recognised for specific receivables for which credit risk is deemed to have increased significantly.

Based on the management's assessment, there is no significant ECL on the Association's receivables as at the balance sheet date.

### 37.2 Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting financial obligations due to shortage of funds.

The Association manages its operating cash flows and the availability of funding so as to ensure that a sufficient level of cash and cash equivalents is maintained to meet its working capital requirement.

37. FINANCIAL RISKS MANAGEMENT (continued)

37.2 Liquidity risk

The table below summarises the maturity profile of the Association's financial liabilities at the balance sheet date based on contractual undiscounted payments.

| | Within 1 year | After 1 year but not later than 5 years | Total |
|---|---|---|---|
| | $ | $ | $ |
| **2022** | | | |
| Lease liabilities | 819,860 | 870,337 | 1,690,197 |
| Other payables | 824,190 | - | 824,190 |
| | 1,644,050 | 870,337 | 2,514,387 |
| **2021** | | | |
| Lease liabilities | 156,002 | - | 156,002 |
| Other payables | 768,205 | - | 768,205 |
| | 924,207 | - | 924,207 |

38.3 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Association's financial instruments will fluctuate because of changes in market interest rates.

The Association does not have any interest-bearing financial liabilities. Its only exposure to changes in interest rates relates to interest-earning bank deposits. The management monitors movements in interest rates to ensure deposits are placed with financial institutions offering optimal rates of return.

The interest rates and terms of maturity of financial assets of the Association are disclosed in note 10 to the financial statements.

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of cash and cash equivalents, receivables and payables approximate their fair values due to their short term nature.

The carrying amounts of lease liabilities are reasonable approximation of their fair values as they are measured at the present value of lease payments based on the incremental borrowing rate.

39. FINANCIAL INSTRUMENTS BY CATEGORY

The aggregate carrying amounts of financial instruments by category are as follows:

| | 2022 | 2021 |
|---|---|---|
| | $ | $ |
| Financial assets at amortised cost | 7,349,520 | 6,785,698 |
| Financial liabilities at amortised cost | 2,437,607 | 924,005 |

40. RESERVE POLICY

The Association will work towards building up reserves of up to three years of operating expenditures from the Association's unrestricted funds that are freely available for operating purposes in order to ensure long term sustainability.

The Board of the Association will review its reserve requirement annually.

Designated and restricted funds disclosed in notes 11 to 28 to the financial statements are only used for the specific purposes for which the funds were set up.

The Association is not subject to externally imposed reserve management requirements.

There were no changes to the Association's approach to reserve management since the previous financial year.

41. PRIOR PERIOD ADJUSTMENTS

These represent adjustments to the Association's funds that were reclassified so as to better reflect the nature of the transactions and report the appropriate balances of the affected funds for the corresponding financial years ended.

The effects to the restatement are disclosed as follows:

At 1 January 2021

| | As previously reported | Prior period adjustments | As restated |
|---|---|---|---|
| | $ | $ | $ |
| Statement of Financial Position | | | |
| - General fund | 4,560,654 | 45,703 | 4,606,357 |
| - Silver Volunteer fund | 44,763 | (45,703) | (940) |

The third statement of financial position at the beginning of the preceding reporting year is not presented because of the above reclassification have no material effect on the information in the statement of financial position at the beginning of the preceding period.

At 31 December 2021

| | As previously reported | Prior period adjustments | As restated |
|---|---|---|---|
| | $ | $ | $ |
| Statement of Financial Position | | | |
| *Assets* | | | |
| - Property, plant and equipment | 169,988 | 7,980 | 177,968 |
| - Trade and other receivables | 488,841 | 20,076 | 508,817 |
| *Funds* | | | |
| - General fund | 5,373,510 | (124,223) | 5,249,287 |
| - Silver Volunteer fund | 130,138 | (113,567) | 16,571 |
| - SPIN fund | (285,408) | 285,408 | - |
| - NCSS Invictus Fund | 58,600 | (58,600) | - |
| - NCSS Tech Booster Fund | 64,000 | (51,467) | 12,533 |
| *Liabilities* | | | |
| - Deferred capital grants | - | 90,505 | 90,505 |

## 41. PRIOR PERIOD ADJUSTMENTS (continued)

At 31 December 2021 (continued)

| | As previously reported | Prior period adjustments | As restated |
|---|---|---|---|
| | $ | $ | $ |
| Statement of Comprehensive Income | | | |
| *Income* | | | |
| - Amortisation of deferred capital grants | - | 11,298 | 11,298 |
| - Grants | 3,235,139 | (37,775) | 3,197,364 |
| *Costs of Generating Funds* | | | |
| - Amortisation of intangible assets | 6,014 | (1,875) | 4,139 |
| *Charitable Activities and Programs Costs* | | | |
| - Amortisation of intangible assets | 22,080 | 1,875 | 23,955 |
| - Other program costs | 40,793 | 11,298 | 52,091 |
| - Telecommunication | 110,975 | (19,278) | 91,697 |
| Statement of Cash Flows | | | |
| *Cash flows from operating activities* | | | |
| - Suplus for the year | 801,386 | (18,497) | 782,889 |
| - Amortisation of deferred capital grants | - | (11,298) | (11,298) |
| - Increase in receivables | (142,983) | (20,076) | (163,059) |
| *Cash flows from investing activities* | | | |
| - Purchase of property, plant and equipment | (52,253) | (7,980) | (60,233) |
| *Cash flows from financing activities* | | | |
| - Grants received as deferred capital grants | - | 57,851 | 57,851 |

## 42. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements of the Association for the year ended 31 December 2022 were authorised for issue by the HCSA Community Services Board on 29 May 2023.