



**The Community Foundation of Singapore  
(Limited by guarantee and not having a share capital)**

**Registration Number: 200817758M**

Financial Statements  
Year ended 31 March 2013



## **Directors' report**

We are pleased to submit this annual report to the members of the Company, together with the audited financial statements for the financial year ended 31 March 2013.

### **Directors**

The directors in office at the date of this report are as follows:

Stanley Tan Poh Leng  
Keith Chua Tiang Choon  
Kwek Siew Jin  
Madeleine Lee Suh Shin  
Laurence Lien Tsung Chern  
Loo Lian Ee  
Low Elsie  
Adrian Peh Nam Chuan  
Mary Ann Tsao Wai Sheng  
Yeoh Oon Jin

Under Article 7 of its Memorandum of Association, the members of the Company guarantee to contribute a sum not exceeding \$100 to the assets of the Company in the event of it being wound up. The members of the Company are Stanley Tan Poh Leng, Mary Ann Tsao Wai Sheng and Laurence Lien Tsung Chern.

### **Directors' interest**

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the last financial year, no director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

### **Share options**

The Company is limited by guarantee and has no issued share capital.




## **Statement by Directors**

In our opinion:

- (a) the financial statements set out on pages FS1 to FS19 are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in funds and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50, the Singapore Charities Act, Chapter 37 and Singapore Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

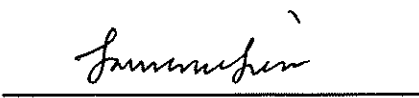
The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Board of Directors



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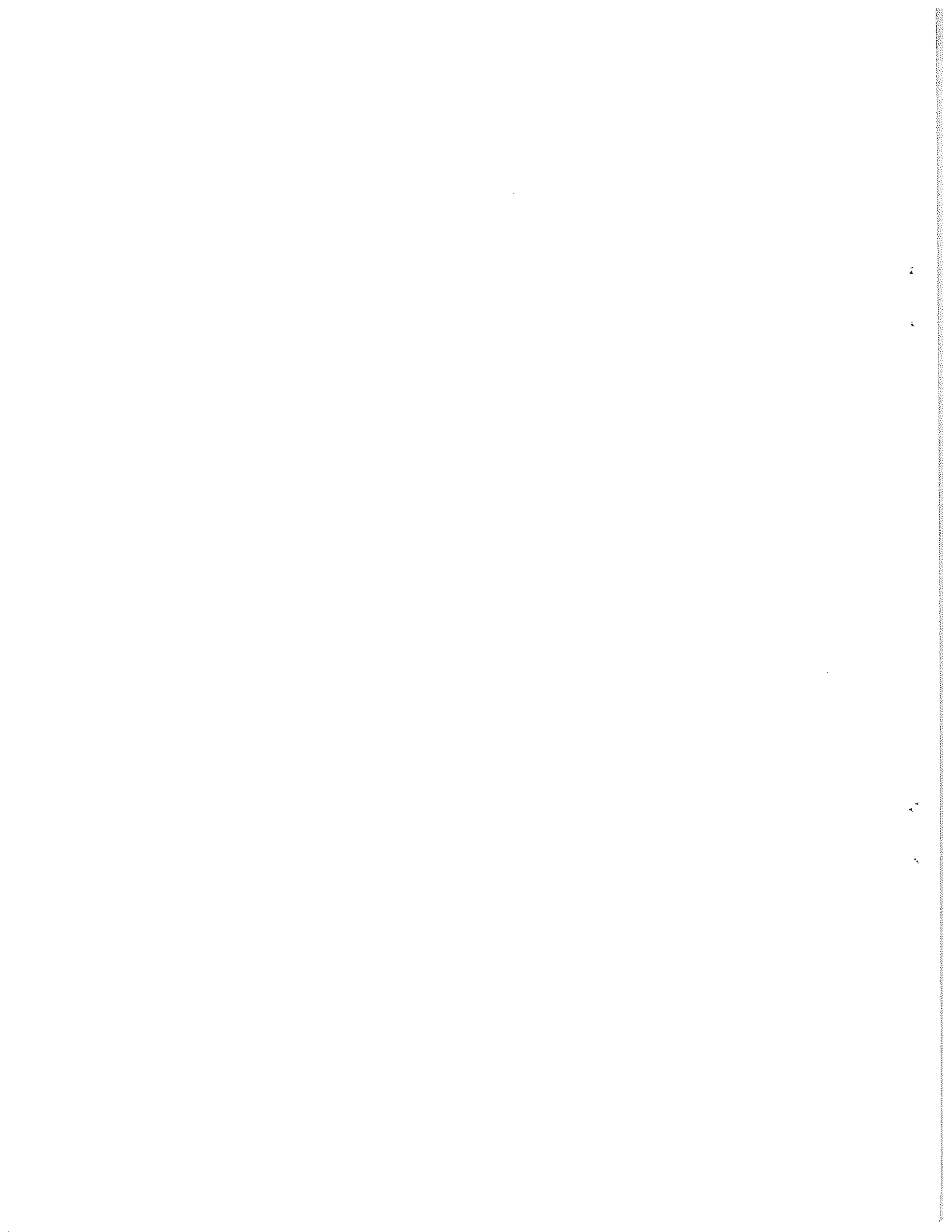
**Stanley Tan Poh Leng**  
*Director*



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**Laurence Lien Tsung Chern**  
*Director*

22 August 2013





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## **Independent auditors' report**

Members of the Company  
The Community Foundation of Singapore

### **Report on the financial statements**

We have audited the accompanying financial statements of The Community Foundation of Singapore (the Company), which comprise the balance sheet as at 31 March 2013, the statement of comprehensive income, 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, as set out on pages FS1 to FS19.

#### *Management's responsibility 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 Singapore Companies Act, Chapter 50 (the Act), the Singapore Charities Act, Chapter 37 (the Charities Act) and Singapore Financial Reporting Standards.

Management has acknowledged that its responsibilities include 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

#### *Auditors' responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act, the Charities Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Company as at 31 March 2013 and the results, changes in funds and cash flows of the Company for the year ended on that date.

**Report on other legal and regulatory requirements**

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

During the course of our audit, nothing came to our attention that caused us to believe that during the year:

- (a) the use of the donation moneys was not in accordance with the objectives of the Company as required under Regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) the Company has not complied with the requirements of Regulation 15 (fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

KPMG LLP

**KPMG LLP**

*Public Accountants and  
Chartered Accountants*

**Singapore**

22 August 2013



**Balance sheet**  
**As at 31 March 2013**

	Note	2013 \$	2012 \$
<b>Non-current assets</b>			
Plant and equipment	3	1,783	7,328
Investment at fair value through profit or loss	4	483,765	388,385
		485,548	395,713
<b>Current assets</b>			
Investments at fair value through profit or loss	4	16,696,783	12,074,129
Other receivables	5	100,368	297,972
Cash and cash equivalents	6	15,357,893	9,433,451
		32,155,044	21,805,552
<b>Total assets</b>		32,640,592	22,201,265
<b>Funds</b>			
General Fund		406,947	150,999
Restricted Funds	7	15,025,186	8,553,668
Endowment Fund	8	16,716,006	13,016,932
<b>Total funds</b>		32,148,139	21,721,599
<b>Non-current liabilities</b>			
Deferred capital grants	9	16,066	21,610
Deferred operating grants	10	380,190	374,645
		396,256	396,255
<b>Current liabilities</b>			
Accrued operating expenses		96,197	83,411
<b>Total liabilities</b>		492,453	479,666
<b>Total funds and liabilities</b>		32,640,592	22,201,265

Statement of comprehensive income  
Year ended 31 March 2013

	Note	2013			2012			Total
		General Fund \$	Restricted Funds \$	Endowment Fund \$	General Fund \$	Restricted Funds \$	Endowment Fund \$	
<b>Income</b>								
Donations		72	14,891,675	—	13,227	2,825,486	—	2,838,713
Other income transferred from endowment fund	8	—	475,000	—	—	—	—	—
Dividend income from investments at fair value through profit or loss		—	15,475	608,707	—	—	262,291	262,291
Net gain on investments at fair value through profit or loss		—	49,360	1,290,886	—	—	549,265	549,265
Interest income		114,267	201	2,199	58,425	—	2,225	60,650
Fund raising events		—	130,900	—	—	—	—	—
<b>Total income</b>		<b>114,339</b>	<b>15,562,611</b>	<b>1,901,792</b>	<b>71,652</b>	<b>2,825,486</b>	<b>813,781</b>	<b>3,710,919</b>
<b>Expenditure</b>								
Salaries and related costs		(598,414)	—	—	(435,524)	—	—	(435,524)
Contribution to defined contribution plan		(74,823)	—	—	(52,925)	—	—	(52,925)
Event expenses		(214,111)	—	—	(64,100)	—	—	(64,100)
Programme expenses		(143,046)	—	—	(63)	—	—	(63)
Donations		—	(8,702,411)	(56,500)	—	(981,441)	(35,000)	(1,016,441)
Fund raising cost		—	(18,810)	—	—	—	—	—
Professional fees		(63,696)	—	—	(34,133)	—	—	(34,133)
Corporate communication expenses		(20,567)	—	—	(12,297)	—	—	(12,297)
Office rental expenses		(77,040)	—	—	(77,040)	—	—	(77,040)
Corporate support expenses		(12,840)	—	—	(12,840)	—	—	(12,840)
Depreciation of plant and equipment	3	(6,877)	—	—	(9,764)	—	—	(9,764)
Committee expenses		(1,069)	—	—	(130)	—	—	(130)
Other expenses		(15,267)	(512)	(6,575)	(13,819)	—	(13,560)	(27,379)
<b>Total expenditure</b>		<b>(1,227,750)</b>	<b>(8,721,733)</b>	<b>(63,075)</b>	<b>(712,635)</b>	<b>(981,441)</b>	<b>(48,560)</b>	<b>(1,742,636)</b>

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



**Statement of changes in funds  
Year ended 31 March 2013**

	<b>General Fund \$</b>	<b>Restricted Funds \$</b>	<b>Endowment Fund \$</b>	<b>Total \$</b>
At 1 April 2011	79,347	6,709,623	2,611,556	9,400,526
Addition	–	–	9,640,155	9,640,155
Total comprehensive income for the year/Surplus for the year	71,652	1,844,045	765,221	2,680,918
At 31 March 2012	150,999	8,553,668	13,016,932	21,721,599
Addition	–	–	2,335,357	2,335,357
Total comprehensive income for the year/ (Deficit)/Surplus for the year	(113,411)	6,840,878	1,838,717	8,566,184
Transfer from Endowment Fund to profit or loss (Note 8)	–	–	(475,000)	(475,000)
Gross transfer between funds	369,359	(369,359)	–	–
At 31 March 2013	406,947	15,025,187	16,716,006	32,148,140

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

**Statement of cash flows**  
**Year ended 31 March 2013**

	Note	2013 \$	2012 \$
<b>Cash flows from operating activities</b>			
Surplus before income tax		8,566,184	2,680,918
Adjustments for:			
Interest income		(116,667)	(60,650)
Dividend income		(624,183)	(262,291)
Amortisation of deferred capital grant		(6,877)	(9,764)
Depreciation of plant and equipment		6,877	9,764
Transfer from Endowment Fund		(475,000)	-
Net gain on investments at fair value through profit or loss		(1,340,246)	(549,265)
		<u>6,010,088</u>	<u>1,808,712</u>
Changes in working capital:			
Other receivables		244,879	(115,061)
Accrued operating expenses		12,786	56,586
Deferred operating grants		5,545	(34,724)
Cash generated from operating activities		<u>263,210</u>	<u>(93,199)</u>
Interest received		74,328	66,189
Dividend received		619,246	262,291
<b>Net cash from operating activities</b>		<u>6,966,872</u>	<u>2,043,993</u>
<b>Cash flows from investing activities</b>			
Purchase of plant and equipment		(1,332)	-
Purchase of investments		(4,431,088)	(9,944,089)
Proceeds from sale of investments		1,053,300	-
<b>Net cash used in investing activities</b>		<u>(3,379,120)</u>	<u>(9,944,089)</u>
<b>Cash flows from financing activities</b>			
Receipt for endowment fund		2,335,357	9,640,155
Receipt of capital grants		1,333	367
<b>Net cash from financing activities</b>		<u>2,336,690</u>	<u>9,640,522</u>
<b>Net increase in cash and cash equivalents</b>		5,924,442	1,740,426
Cash and cash equivalents at beginning of year		9,433,451	7,693,025
<b>Cash and cash equivalents at end of year</b>	6	<u>15,357,893</u>	<u>9,433,451</u>

## Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 August 2013.

### 1 Domicile and activities

The Community Foundation of Singapore (the Company) is a public company limited by guarantee, incorporated in the Republic of Singapore. The Company has its registered office at 6 Eu Tong Sen Street, #04-88 The Central, Singapore 059817. Under Article 7 of its Memorandum of Association, the members of the Company guarantee to contribute a sum not exceeding \$100 to the assets of the Company in the event of it being wound up.

The Company is registered as a charity under the Singapore Charities Act (Cap. 37). The Company is also an approved Institution of a Public Character (IPC) under the Singapore Charities Act.

The principal activities of the Company are to raise funds from donors in the community, provide philanthropic services to the community and its donors, source new non-profit programmes, make grants, and undertake community leadership and partnership activities to address a wide variety of charitable needs.

### 2 Summary of significant accounting policies

#### 2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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 which is the Company's functional currency.

The preparation of financial statements in conformity with FRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

## 2.2 Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Depreciation is provided on a straight-line basis so as to write off items of plant and equipment over their estimated useful lives as follows:

Computer equipment	3 years
Other office equipment	5 years

Plant and equipment costing less than \$1,000 are charged to the statement of comprehensive income in the year of purchase.

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

## 2.3 Financial instruments

### *Non-derivative financial assets*

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss and loans and receivables.

### *Financial assets at fair value through profit or loss*

A financial asset is classified at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in the statement of comprehensive income.

Financial assets designated at fair value through profit or loss comprise quoted equity securities and bonds, and funds managed by fund managers that otherwise would have been classified as available for sale.

### *Loans and receivables*

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and other receivables (except prepaid operating expenses).

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and bank deposits.

### *Non-derivative financial liabilities*

Non-derivative financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise accrued operating expenses.

## **2.4 Impairment**

### *Non-derivative financial assets*

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, economic conditions that correlate with defaults or the disappearance of an active market for a security.



### *Loans and receivables*

The Company considers evidence of impairment for loans and receivables at a specific asset level. All individually significant loans and receivables are assessed for specific impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in the statement of comprehensive income and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When a subsequent event (e.g. repayment by a debtor) causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income.

### *Non-financial assets*

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows 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. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets.

Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. 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, net of depreciation, if no impairment loss had been recognised.

## **2.5 Funds**

### *General Fund*

Income and expenditure relating to the main activities of the Company are accounted for through the general fund in the statement of comprehensive income.

### *Restricted Funds*

Income and expenditure relating to funds set up for contributions received and expenditures incurred for specific purposes are accounted for through the restricted funds in the statement of comprehensive income.

The assets and liabilities of these funds are accounted for separately. However, for presentation purposes, they are pooled together with those of the general fund.

***Endowment Fund***

Interest, dividends and other income derived from the endowment fund and any associated expenditure are recognised in the statement of comprehensive income.

**2.6 Government grants**

Grants from the government to meet the Company's operating expenses are recognised as income to match the related operating expenditure.

Government grants for the purchase of depreciable assets are taken to deferred capital grant. The grants are recognised as income over the useful lives of the related assets to match the depreciation of those assets.

**2.7 Revenue recognition**

Donations are recognised as and when the Company's entitlement to such income is established with no significant uncertainty and amount can be measured with sufficient reliability, which is generally upon receipt of the amount due in full or by instalments. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

Interest income is recognised as it accrues, using the effective interest method.

**2.8 Employee benefits**

***Defined contribution plans***

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

***Employee leave entitlement***

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

**2.9 Foreign currency transactions**

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined.

Foreign currency differences arising on retranslation are recognised in the statement of comprehensive income.

## 2.10 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 April 2012, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Company.

## 3 Plant and equipment

	Computer \$	Other office equipment \$	Total \$
<b>Cost</b>			
At 1 April 2011, 31 March 2012 and 1 April 2012	29,414	2,461	31,875
Additions	1,332	–	1,332
At 31 March 2013	<u>30,746</u>	<u>2,461</u>	<u>33,207</u>
<b>Accumulated depreciation</b>			
At 1 April 2011	14,125	658	14,783
Depreciation charge for the year	9,273	491	9,764
At 31 March 2012	<u>23,398</u>	<u>1,149</u>	<u>24,547</u>
Depreciation charge for the year	6,386	491	6,877
At 31 March 2013	<u>29,784</u>	<u>1,640</u>	<u>31,424</u>
<b>Carrying amount</b>			
At 1 April 2011	<u>15,289</u>	<u>1,803</u>	<u>17,092</u>
At 31 March 2012	<u>6,016</u>	<u>1,312</u>	<u>7,328</u>
At 31 March 2013	<u>962</u>	<u>821</u>	<u>1,783</u>

## 4 Investments at fair value through profit or loss

These relate to investments which are designated as financial assets at fair value through profit or loss.

	2013 \$	2012 \$
Quoted equity securities	13,483,307	10,319,105
Quoted bonds	2,290,130	1,253,515
Funds managed by fund managers	1,407,111	889,894
	<u>17,180,548</u>	<u>12,462,514</u>
<b>Investments at fair value through profit or loss</b>		
– current	16,696,783	12,074,129
– non-current	483,765	388,385
	<u>17,180,548</u>	<u>12,462,514</u>

**5 Other receivables**

	2013	2012
	\$	\$
Grant receivable	33,915	240,954
Interest receivables	42,339	–
Dividend receivables	4,936	–
Other receivables	9,312	26,741
	<u>90,502</u>	<u>267,695</u>
Prepaid operating expenses	9,866	30,277
	<u>100,368</u>	<u>297,972</u>

The Company's grant receivable is denominated in Singapore dollars and not past due.

**6 Cash and cash equivalents**

	2013	2012
	\$	\$
Cash at bank and on hand	7,557,893	1,633,451
Fixed deposits	7,800,000	7,800,000
	<u>15,357,893</u>	<u>9,433,451</u>

Fixed deposits bear interest at an average rate of 1.13% (2012: 0.76%) per annum and for a tenure of approximately 98 days (2012: 123 days).

The Company's cash and bank balances are denominated in Singapore dollars. The amount comprises \$4,499,824 (2012: \$543,669) being held for the purpose of the endowment fund and \$10,004,233 (2012: \$8,553,668) held for the restricted funds.

**7 Restricted Funds**

Restricted funds comprise Flow-Through Funds and Community Impact Funds. Flow-Through Funds are for the purpose of providing financial support to beneficiaries designated by the donors. Community Impact Funds support a specific programme or project to address an unmet need or under-supported cause identified by the Company. Restricted funds are not used to fund the operations of Company.

\$347,911 (2012: Nil) of the Restricted Funds was transferred to the General Fund to support specific programmes and charities that were previously identified and approved by the donors. In addition, \$21,448 (2012: Nil) of the Restricted Funds was transferred to the General Fund for general purposes that were previously approved by the donors.

	2013	2012
	\$	\$
Flow-Through Funds	14,999,548	8,503,547
Community Impact Funds	25,638	50,121
	<u>15,025,186</u>	<u>8,553,668</u>

At the reporting date, the Company has committed to the beneficiaries under Flow-Through Funds for an outstanding amount of \$3,012,281 (2012: \$2,663,552). Actual disbursement is subject to specific condition being fulfilled by the beneficiaries.

Details of the Community Impact Funds during the financial year are as follows:

Migrants Emergency Assistance and Support Fund - This fund is set up to help migrant/domestic workers who are in dire need of financial assistance to tide over their current crisis.

Safe Home Scheme - This fund aims to provide a one-stop home modification service to retrofit or design a more accessible and safe home environment for elderly/person with disability and/or their caregivers.

Homecare Fund - This fund is set up to help needy beneficiaries suffering critical chronic illness to settle in back home when they are discharged from the hospital.

## 8 Endowment Fund

The Endowment Fund is a form of restricted fund, where the initial donation is maintained as seed capital. It consists of all specific donations and gifts intended for the Endowment Fund.

\$255,160 (2012: \$255,160) of the Endowment Fund is subject to a condition where the seed capital will remain invested in a specific fund managed by an external fund manager till 2019. At the end of the financial year, the investment has a market value of \$483,765 (2012: \$388,385) as per Note 4.

During the year, a transfer of \$475,000 (2012: Nil) to the profit and loss account was approved by the donors, for use in its charitable activities. This amount has been included as donations under restricted funds.

	2013 \$	2012 \$
Balance at beginning of year	13,016,932	2,611,556
Initial funds received	2,335,357	9,640,155
Dividend income	608,707	262,291
Interest income	2,199	2,225
Investment income	1,290,886	549,265
Donations	(56,500)	(35,000)
Other expenses	(6,575)	(13,560)
Transferred to profit or loss	(475,000)	-
Balance at end of year	<u>16,716,006</u>	<u>13,016,932</u>
Represented by:		
Investments at fair value through profit or loss	12,199,902	12,462,514
Other receivables	16,280	10,749
Cash at bank	4,499,824	543,669
Total assets	<u>16,716,006</u>	<u>13,016,932</u>

**9 Deferred capital grant**

	2013 \$	2012 \$
Capital grant received	47,490	46,157
Accumulated amortisation:		
At beginning of year	(24,547)	(14,783)
Amortisation for the year	(6,877)	(9,764)
At end of year	(31,424)	(24,547)
	<u>16,066</u>	<u>21,610</u>

**10 Deferred operating grant**

	2013 \$	2012 \$
At 1 April	374,645	409,369
Grant received	998,668	668,147
Recognised during the financial year	(993,123)	(702,871)
At end of year	<u>380,190</u>	<u>374,645</u>

**11 Income tax expense**

The Company is an approved charitable institution under the Singapore Charities Act, Chapter 37 and an institution of a public character under the Income Tax, Chapter 134. Accordingly, the Company is exempt from income tax.

**12 Tax deductible donations**

Tax deductible donations received amounted to \$15,022,665 (2012: \$11,895,124) for the year ended 31 March 2013.

**13 Related parties**

For the purpose of these financial statements, parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Company and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

During the financial year, transactions with related party were as follows:

	<b>2013</b>	<b>2012</b>
	\$	\$
<b>Transactions with National Volunteer and Philanthropy Centre (NVPC)</b>		
Office rental expenses	77,040	77,040
Corporate support expenses	12,840	12,840
Event expenses	2,242	50,000
Grant disbursement	385,000	60,000
Payroll and other expenses paid on behalf	452,547	293,314
	<u>452,547</u>	<u>293,314</u>

The Company was set up as an initiative spearheaded by NVPC but is registered as an independent legal entity. Management has been adopting NVPC's financial guidelines since its incorporation. Two of the Company's directors are also members of NVPC's board and one director is holding a key management position in NVPC. The parties have an agreement whereby NVPC provides office space and corporate services to the Company at agreed terms.

***Key management personnel compensation***

Key management personnel of the Company are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company.

The remuneration of key management personnel during the year was as follows:

	<b>2013</b>	<b>2012</b>
	\$	\$
Short-term employee benefits (including salaries)	164,000	41,551
Contributions to defined contribution plan	11,600	3,048
	<u>175,600</u>	<u>44,599</u>

	<b>2013</b>	<b>2012</b>
Number of key management personnel	<u>2</u>	<u>2</u>

The remuneration of key management personnel is determined by the Board of the Directors.

One of the key management personnel did not receive compensation for his services rendered to the Company.

In terms of salary band, the breakdown below shows a two-year comparison by headcount of the Company.

<b>Annual remuneration</b>	<b>2013</b>	<b>2012</b>
Salary band > \$100,000	<u>2</u>	<u>1</u>

Donation pledges received from directors and/or close affiliates of the directors amounted to \$9.28 million (2012: \$0.63 million) during the year.

## 14 Financial risk management

### *Overview*

The main risks arising from the Company's financial instruments arise from price, credit and liquidity risks. The Company's policies for managing each of these risks are summarised below:

### *Price risk*

Price risk arises from uncertainty about the future prices of financial instruments invested by the Company. It represents the potential financial loss the Company might suffer through holding investments in the face of falling prices. It is the Company's policy to achieve an appropriate diversification in its investment portfolio in order to mitigate such risk. The Company's exposure to changes in prices relates primarily to the investment in debt and equity securities, and funds managed by external fund managers.

### *Sensitivity analysis*

The Company's debt and equity investments are listed on the Singapore Exchange. A 5% change in the prices of these securities would have changed the surplus for the year by approximately \$788,672 (2012: \$578,631). The analysis assumes that all other variables remain constant.

The Company has funds which are managed by external fund managers, representing 8% of the Company's total investments. A 10% change in the prices of these funds would have changed the surplus for the year by approximately \$140,711 (2012: \$88,989). The analysis assumes that all other variables remain constant.

### *Foreign currency risk*

The Company is exposed to foreign currency risk on investments that are denominated in US dollars. The Company does not use derivative financial instruments to hedge its foreign currency risk. Management review the investment portfolio periodically to ensure that the net exposure is kept at an acceptable level.

The Company has \$1,407,111 of US dollar investments (2012: \$889,894) which is 8% of the Company's total investments.

### *Sensitivity analysis*

A 10% strengthening or weakening of US dollar against Singapore dollar at reporting date would increase/(decrease) surplus for the year by approximately \$140,711 (2012: \$88,989). The analysis assumes other variables remain constant.



### ***Interest rate risk***

The Company's exposure to market risk for changes in interest rates relates primarily to the Company's interest-earning bank balances and investment in fixed rate quoted debt securities. The Company accounts for fixed rate quoted debt securities at fair value through profit or loss.

There is no formal hedging policy with respect to interest rate exposure. Exposure to interest rate risk is monitored on an ongoing basis and the Company endeavours to keep the net exposure at an acceptable level.

As at the reporting date, a change in 100 basis points in interest rates would have increased/(decreased) surplus for the year by approximately \$100,901 (2012: \$90,535).

### ***Credit risk***

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

At the reporting date, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet. As at the reporting date, other than the amount due from the government in respect of operating grant receivable amounting to \$33,915 (2012: \$240,954) and cash and cash equivalents amounting to \$15,357,893 (2012: \$9,433,451) placed with a bank rated as "A1" by Moody's, there is no significant concentration of credit risk.

### ***Liquidity risk***

In the management of liquidity risk, the Company monitors and maintains a level of cash and bank balances deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in short-term cash flows.

At the reporting date, the contractual cash flows of the Company's financial liabilities approximate the carrying values and they are expected to be settled within the next twelve months.

### ***Reserve management***

The reserves of the Company comprise the general fund, restricted funds and endowment fund. Disbursement and usage of restricted funds are restricted to the specific charitable purposes specified by donors. Donations received under endowment funds are kept as capital. The Company aims to safeguard these reserves through appropriate capital and operating policies.

**Accounting classification and fair values**

An analysis of the carrying amounts of financial assets and liabilities is set out below:

	Note	Loans and receivables \$	Designated at fair value \$	Liabilities at amortised cost \$	Total carrying amount \$
<b>31 March 2013</b>					
<b>Assets</b>					
Cash and cash equivalents	6	15,357,893	–	–	15,357,893
Investments at fair value through profit and loss	4	–	17,180,548	–	17,180,548
Other receivables*	5	90,502	–	–	90,502
		<u>15,448,395</u>	<u>17,180,548</u>	<u>–</u>	<u>32,628,943</u>
<b>31 March 2013</b>					
<b>Liabilities</b>					
Accrued operating expenses		–	–	96,197	96,197
<b>31 March 2012</b>					
<b>Assets</b>					
Cash and cash equivalents	6	9,433,451	–	–	9,433,451
Investments at fair value through profit and loss	4	–	12,462,514	–	12,462,514
Other receivables*	5	267,695	–	–	267,695
		<u>9,701,146</u>	<u>12,462,514</u>	<u>–</u>	<u>22,163,660</u>
<b>Liabilities</b>					
Accrued operating expenses		–	–	83,411	83,411

\* Excludes prepaid operating expenses.

**Fair values**

The carrying amounts of financial assets and liabilities approximate their respective fair values due to the relatively short period to maturity.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset that are not based on observable market data (unobservable inputs).

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	Level 1 \$	Level 2 \$	Total \$
<b>31 March 2013</b>			
Financial assets designated at fair value through profit or loss	15,773,437	1,407,111	17,180,548
	<hr/>		
<b>31 March 2012</b>			
Financial assets designated at fair value through profit or loss	11,572,620	889,894	12,462,514
	<hr/>		