

**NEW HOPE COMMUNITY  
SERVICES**

[Unique Entity No. T04SS0026C]

[IPC No. IPC000037]

[Registered under the Registrar of Societies]

**AUDITED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2010**

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**Fiducia LLP**

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Singapore

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**STATEMENT BY THE MANAGEMENT COMMITTEE**

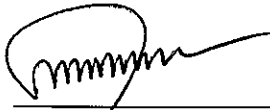
In the opinion of the Management Committee, the financial statements as set out on pages 5 to 23 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2010 and its results of financial activities, the changes in funds and cash flows of the Society for the year then ended.

At the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

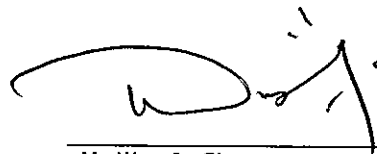
The Management Committee, comprising the following, authorised the issue of these financial statements.

President	Pastor Lawrence Koo Chok Nam
Vice- President	Pastor Steven Thanigasalam s/o Kannan
Honorary Secretary	Mr Lim Bak Chim
Honorary Treasurer	Ms Wun Ju Sing
Member	Mr William Chan Kwok Siew
Member	Dr Lee Khai Mun
Member	Pastor Ng Kim Yeow Francis

For and on behalf of the Management Committee,



\_\_\_\_\_  
Pastor Lawrence Koo Chok Nam  
President



\_\_\_\_\_  
Ms Wun Ju Sing  
Honorary Treasurer

Singapore,

**13 MAY 2011**

## Fiducia LLP

Certified Public Accountants, Singapore

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Independent auditors' report to the members of:

### **NEW HOPE COMMUNITY SERVICES**

[Unique Entity No. T04SS0026C]

[IPC No. IPC000037]

[Registered under the Registrar of Societies]

We have audited the financial statements of **NEW HOPE COMMUNITY SERVICES** (the "Society") as set out on pages 5 to 23, which comprise the statement of financial position as at 31 December 2010, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *Management Committee's Responsibility for the Financial Statements*

The members of the Management Committee are responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards. This responsibility includes:

- a) 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;
- b) selecting and applying appropriate accounting policies; and
- c) making accounting estimates that are reasonable in the circumstances.

#### *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 as to whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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 controls relevant to the entity's preparation and fair presentation of the financial statements 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 controls. 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 that we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Fiducia LLP

Certified Public Accountants, Singapore

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(CONT'D)

Independent auditors' report to the members of:

### **NEW HOPE COMMUNITY SERVICES**

[Unique Entity No. T04SS0026C]  
[IPC No. IPC000037]  
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#### *Opinion*

In our opinion,

- (a) the financial statements of the Society are properly drawn up in accordance with the provisions of the Societies Act (Chapter 311), Charities Act (Chapter 37) and Singapore Financial Reporting Standards so as to present fairly the state of affairs of **NEW HOPE COMMUNITY SERVICES** as at 31 December 2010, and the results of the financial activities, the changes in funds and cash flows of the Society for the financial year ended on that date; and
- (b) the accounting and other records required by the regulations enacted under the Societies Act (Chapter 311) to be kept by the Society have been properly kept in accordance with those regulations.

#### *Report on other Legal and Regulatory Requirements*

During the course of our audit, nothing has come to our attention that the 30% cap mentioned in Regulation 15(1) of the Charities Act, Cap. 37 (Institutions of a Public Character) Regulations 2007 and as amended by Charities (Institutions of a Public Character) (Amendments) Regulations 2008; has been exceeded.

  
**Fiducia LLP**  
Certified Public Accountants

Singapore, 13 MAY 2011

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Unrestricted Fund		Restricted Funds					Total S\$	
	Note	General Fund S\$	New Hope Shelter S\$	Transitional Shelter for Families in Crisis S\$	Capital expenditure S\$	Children Choir S\$	Project Hope S\$		Research Project DAHF S\$
<b>2010 INCOMING RESOURCES</b>									
<b>Incoming resources from generating funds</b>									
• Voluntary income									
• Donations		547,223	0	0	0	4,800	15,367	0	
• Grants		35,998	115,223	564,548	0	0	0	1,536	
Activities from generating fund									
• Fundraising activities		95,003	0	0	0	0	0	0	
• Multi-racial Charity Ride		0	0	0	0	0	0	0	
• Thrift shop		76,171	0	0	0	0	0	0	
Other incoming resources									
• Jobs credit scheme		4,332	0	0	0	0	0	0	
• Rental income		50,122	0	0	0	0	0	0	
<b>TOTAL</b>		<b>808,849</b>	<b>115,223</b>	<b>564,548</b>	<b>0</b>	<b>4,800</b>	<b>15,367</b>	<b>1,536</b>	<b>1,510,323</b>

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Unrestricted Fund		Restricted Funds					Total S\$
	General Fund S\$	New Hope Shelter S\$	Transitional Shelter for Families in Crisis S\$	Capital expenditure S\$	Children's Choir S\$	Project Hope S\$	Research Project DAHF S\$	
<b>2010 RESOURCES EXPENDED</b>								
Cost of generating funds	17,651	0	0	0	0	0	0	17,651
• Fund raising activities	0	0	0	0	0	0	0	0
• Multi-racial Charity Ride	54,478	0	0	0	0	0	0	54,478
• Thrift shop								
Cost of Charitable activities	0	129,268	0	0	0	0	0	129,268
• New Hope Shelter								
• Transitional Shelter for Families in Crisis	0	0	381,308	0	0	0	0	381,308
• Community services								
• Apparels	0	0	0	0	0	958	0	958
• CPF & SDL	16,468	0	0	0	0	0	0	16,468
• IT and computer expenses	2,231	0	0	0	0	0	0	2,490
• Refreshment	8,256	0	0	0	334	2,120	259	10,724
• Disbursement to client	1,200	0	0	0	0	0	14	1,200
• Depreciation	33,151	0	0	0	0	0	0	33,151
• Excursion expenses	0	0	0	0	1,564	0	0	1,564
• General expenses	315	0	0	0	0	12	0	327
• Gift and souvenirs	2,072	0	0	0	0	0	0	2,072
• Helper allowance	38	0	0	0	0	1,300	0	1,638
• Household item	1,120	0	0	0	300	0	0	1,120
• Insurance	2,335	0	0	0	0	0	0	3,062
• Marketing expenses	2,677	0	0	0	0	727	0	2,677
• Newspaper and periodicals	211	0	0	0	0	0	0	211
• Office equipment expenses	8,496	0	0	0	0	0	0	8,496
• Online donation portal fees	231	0	0	0	0	0	0	231
• Payroll services	1,260	0	0	0	0	0	0	1,260
Balance carried forward	152,190	129,268	381,308	0	2,198	5,117	273	670,354

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

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (Cont'd)**

	Unrestricted Fund		-----Restricted Funds-----					Total S\$
	General Fund S\$	New Hope Shelter S\$	Transitional Shelter for Families in Crisis S\$	Capital expenditure S\$	Children Choir S\$	Project Hope S\$	Research Project DAHF S\$	
<b>2010</b>								
<b>RESOURCES EXPENDED</b>								
Balance brought forward	152,190	129,268	381,308	0	2,198	5,117	273	670,354
• Community services (Cont'd)								
• Postages and courier charges	1,601	0	0	0	0	0	0	1,601
• Printing and stationery	5,387	0	0	0	0	0	0	5,387
• Relocation funding	1,970	0	0	0	0	0	0	1,970
• Rental of premises	31,819	0	0	0	0	0	0	31,819
• Rental of equipment	2,479	0	0	0	0	0	0	2,479
• Repair and maintenance	1,148	0	0	0	0	0	0	1,148
• Salaries	150,011	0	0	0	0	0	0	150,011
• Service and conservancy charges	2,959	0	0	0	0	0	0	2,959
• Staff development and training	1,817	0	0	0	0	0	0	1,817
• Staff retreat	3,057	0	0	0	0	0	0	3,057
• Stamp duty	322	0	0	0	0	0	0	322
• Telecommunication	4,712	0	0	0	0	0	0	4,712
• Transportation	634	0	0	0	163	195	55	1,047
• Transcription fee	0	0	0	0	0	0	1,320	1,320
• Utilities	6,700	0	0	0	0	0	0	6,700
• Volunteer expenses	275	0	0	0	0	161	0	436
• Miscellaneous staff expenses	1,926	0	0	0	0	0	0	1,926
• Administrative and governance costs	34,933	0	0	0	0	0	0	34,933
<b>TOTAL CARRIED FORWARD</b>	<b>403,940</b>	<b>129,268</b>	<b>381,308</b>	<b>0</b>	<b>2,361</b>	<b>5,473</b>	<b>1,648</b>	<b>923,998</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010 (Cont'd)**

2010	Note	Unrestricted Fund	Restricted Funds						Total S\$
		General Fund S\$	New Hope Shelter S\$	Transitional Shelter for Families in Crisis S\$	Capital expenditure S\$	Children Choir S\$	Project Hope S\$	Research Project DAHF S\$	
TOTAL BROUGHT FORWARD		403,940	129,268	381,308	0	2,361	5,473	1,648	923,998
Surplus/(deficit) for the year		404,909	(14,045)	183,240	0	2,439	9,894	(112)	586,325
Transfers		(9,343)	9,231	0	0	0	0	112	0
Total funds brought forward		372,492	4,814	20,525	41,000	0	0	0	438,831
Total funds carried forward		768,058	0	203,765	41,000	2,439	9,894	0	1,025,156

The accompanying notes form an integral part of these financial statements



**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	Unrestricted Fund	-----Restricted Funds-----			Total S\$
		General Fund S\$	New Hope Shelter S\$	Transitional Shelter for Families in Crisis S\$	Capital expenditure S\$	
<b>2009</b>						
<b><u>INCOMING RESOURCES</u></b>						
<b>Incoming resources from generating funds</b>						
Voluntary income						
• Donations		154,586	0	0	41,000	195,586
• Grants		35,942	84,819	170,918	0	291,679
Activities from generating fund						
• Fund raising activities		74,953	0	0	0	74,953
• Multi-racial Charity Ride		125,385	0	0	0	125,385
• Thrift shop		79,585	0	0	0	79,585
Other incoming resources						
• Jobs credit scheme		18,079	0	0	0	18,079
• Rental income		8,555	14,860	22,610	0	46,025
<b>TOTAL</b>		<b>497,085</b>	<b>99,679</b>	<b>193,528</b>	<b>41,000</b>	<b>831,292</b>
<b><u>RESOURCES EXPENDED</u></b>						
Cost of generating funds						
• Management fees		6,848	0	10,649	0	17,497
• Multi-racial Charity Ride		26,362	0	0	0	26,362
• Thrift shop		52,073	0	0	0	52,073
Cost of Charitable activities						
• New Hope Shelter		0	94,865	0	0	94,865
• Transitional Shelter for Families in Crisis		0	0	162,354	0	162,354
• Community services						
CPF & SDL		9,073	0	0	0	9,073
Depreciation	8	33,442	0	0	0	33,442
General expenses		4,176	0	0	0	4,176
Printing & stationery		5,338	0	0	0	5,338
Professional fees		15,346	0	0	0	15,346
Refreshment		13,798	0	0	0	13,798
Rental of premises		26,554	0	0	0	26,554
Repair & maintenance		15,856	0	0	0	15,856
Salaries		82,232	0	0	0	82,232
Telecommunication		3,376	0	0	0	3,376
Transportation		2,680	0	0	0	2,680
Utilities		6,812	0	0	0	6,812
Administrative and governance costs	4	26,185	0	0	0	26,185
<b>TOTAL</b>		<b>330,151</b>	<b>94,865</b>	<b>173,003</b>	<b>0</b>	<b>598,019</b>
Surplus for the year		166,934	4,814	20,525	41,000	233,273
Total funds brought forward		205,558	0	0	0	205,558
Total funds carried forward		<b>372,492</b>	<b>4,814</b>	<b>20,525</b>	<b>41,000</b>	<b>438,831</b>

The accompanying notes form an integral part of these financial statements

**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2010**

	Note	2010 S\$	2009 S\$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	6	932,948	360,160
Receivables, deposits and prepayment	7	<u>133,811</u>	<u>51,094</u>
		1,066,759	411,254
<b>Non-current assets</b>			
Property, plant and equipment	8	19,506	44,427
<b>Total assets</b>		<u>1,086,265</u>	<u>455,681</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Other payables	9	61,109	16,850
<b>Total liabilities</b>		<u>61,109</u>	<u>16,580</u>
<b>NET ASSETS</b>		<u>1,025,156</u>	<u>438,831</u>
<b>UNRESTRICTED FUND</b>			
General fund	10	<u>768,058</u>	<u>372,492</u>
<b>RESTRICTED FUNDS</b>			
New Hope Shelter	11	0	4,814
Transitional Shelter for Families in Crisis	11	203,765	20,525
Capital expenditure	11	41,000	41,000
Children's Choir	11	2,439	0
Project Hope	11	9,894	0
Research Project DAHF	11	0	0
		<u>257,098</u>	<u>66,339</u>
<b>TOTAL FUNDS</b>		<u>1,025,156</u>	<u>438,831</u>

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

**STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Balance at beginning of year S\$	Surplus/ (deficits) for the year S\$	Transfers (to)/ from S\$	Balance at end of year S\$
<b>2010</b>				
<b>Unrestricted fund</b>				
General fund	372,492	404,909	(9,343)	768,058
<b>Restricted funds</b>				
New Hope Shelter	4,814	(14,045)	9,231	0
Transitional Shelter for Families in Crisis	20,525	183,240	0	203,765
Capital expenditure	41,000	0	0	41,000
Children's choir	0	2,439	0	2,439
Project Hope	0	9,894	0	9,894
Research project DAHF	0	(112)	112	0
	66,339	181,416	9,343	257,098
<b>TOTAL</b>	<b>438,831</b>	<b>585,325</b>	<b>0</b>	<b>1,025,156</b>
	Balance at beginning of year S\$	Surplus/ (deficits) for the year S\$	Transfers (to)/ from S\$	Balance at end of year S\$
<b>2009</b>				
<b>Unrestricted fund</b>				
General fund	205,558	166,934	0	372,492
<b>Restricted funds</b>				
New Hope Shelter	0	4,814	0	4,814
Transitional Shelter for Families in Crisis	0	20,525	0	20,525
Capital expenditure	0	41,000	0	41,000
	0	66,339	0	66,339
<b>TOTAL</b>	<b>205,558</b>	<b>233,273</b>	<b>0</b>	<b>438,831</b>

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

**STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

	Note	2010 S\$	2009 S\$
<b>Cash flows from operating activities</b>			
Surplus / (deficit) for the year			
Unrestricted Fund:			
- General Fund		404,909	166,934
Restricted Funds:			
- New Hope Shelter		(14,045)	4,814
- Transitional Shelter for Families in Crisis		183,240	20,525
- Capital expenditure		0	41,000
- Children's choir		2,439	0
- Project hope		9,894	0
- Research project DAHF		(112)	0
		<u>586,325</u>	<u>233,273</u>
Adjustment for:			
- Depreciation	8	<u>33,151</u>	<u>33,442</u>
Operating cash flow before working capital changes		<u>619,476</u>	<u>266,715</u>
Changes in working capital			
- Receivables, deposits and prepayment		(82,717)	86,435
- Payables and accruals		44,259	(16,688)
<b>Net cash generated from operating activities</b>		<u>581,018</u>	<u>366,462</u>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	8	<u>(8,230)</u>	<u>(4,287)</u>
<b>Net cash used in investing activities</b>		<u>(8,230)</u>	<u>(4,287)</u>
<b>Net increase in cash and cash equivalents</b>		572,788	332,175
Cash and cash equivalents at beginning of financial year		360,160	27,985
<b>Cash and cash equivalents at end of financial year</b>	6	<u>932,948</u>	<u>360,160</u>

Cash and cash equivalents comprise of cash and bank balances.

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

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2010**

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

**1. General information**

NEW HOPE COMMUNITY SERVICES ("the Society") is registered under the Societies Act (Chapter 311) on 16 January 2004. The registered office and principal place of operation is at 102 Yishun Avenue 5, #03-131, Singapore 760102. The principal activity of the Society is to provide assistance, counselling and training to alleviate difficulties and sufferings of needy individuals and families.

The Society is a charity registered under the Charities Act (Chapter 37) since 13 October 2004 and has been accorded the status of an Institute of Public Character ("IPC") status for the period from 01 November 2009 to 30 October 2012.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS"). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

**Interpretations and amendments to published standards effective in 2010**

On 1 January 2010, the Society has adopted the new or revised FRS and Interpretations to FRS (INT FRS) that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the relevant transitional provisions in the respective FRS and INT FRS. The following are the FRS and INT FRS that are relevant to the Society:

<b>FRS</b>	<b>Effective Date</b>	<b>Title</b>
FRS 1	1.1.2009	Presentation of financial statements
FRS 7	1.1.2009	Cash flow statements
FRS 8	1.1.2009	Accounting policies, changes in accounting estimates and errors
FRS 10	1.1.2007	Events after the balance sheet date
FRS 16	1.1.2009	Property, plant and equipment
FRS 17	1.1.2007	Leases
FRS 18	1.1.2005	Revenue
FRS 19	1.1.2009	Employee benefits
FRS 21	1.1.2006	The effect of changes in foreign exchange rates
FRS 24	1.1.2006	Related party disclosures
FRS 32	1.2.2007	Financial instruments : Presentation
FRS 32	1.2.2009	Financial instruments : Presentation (Amendments)
FRS 36	1.1.2009	Impairment of assets
FRS 37	1.1.2006	Provisions, contingent liabilities and contingent assets
FRS 39	1.1.2005	Financial instruments: recognition and measurement
FRS 107	1.1.2009	Financial instruments: Disclosures

The adoption of the above revised FRS did not result in any substantial changes to the Society's accounting policies.

**2. Significant accounting policies (Cont'd)**

**2.2 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the services rendered in the ordinary course of the Society's activities. Revenue is recognised as follows:

**2.2.1 Donations**

Donations are taken up and accrued as and when they are committed. Uncommitted donations, income from charity events and all income except as listed below, are recognised on receipt basis. Donations-in-kind are recognised when the fair value of the assets received can be reasonably ascertained.

**2.2.2 Grants**

Grants received to meet the Society's operating expenses are recognised as incoming resources to match the related operating costs.

**2.2.3 Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

**2.2.4 Jobs Credit scheme**

The Jobs Credit scheme is government's cash grants paid to employers to help them preserve jobs. The grant is recognised on receipt basis.

**2.2.5 Rental income**

Rental income is recognised on a receipt basis.

**2.3 Property, plant and equipment**

**2.3.1 Measurement**

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

**2.3.2 Depreciation**

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful Life
Office equipment	3 years
Computer	3 years
Furniture & fittings	5 years
Motor vehicle	3 years
Renovation	3 years

## **SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **2.3 Property, plant and equipment (Cont'd)**

The residual values and useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are included in the statement of financial activities for the financial year in which the changes arise.

#### **2.3.3 Subsequent expenditure**

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

#### **2.3.4 Disposal**

On disposal of an item of property, plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to the statement of financial activities.

### **2.4 Impairment of non-financial assets**

Property, plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the amount of impairment loss.

For the purpose of impairment testing of the assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The impairment loss is recognised in the income statement.

An impairment loss for an asset is reversed if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the statement of financial activities.

### **2.5 Fair value estimation of financial assets and liabilities**

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

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**2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

**2.6 Operating lease**

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the income statement on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Rental on operating lease is charged to income statement. Contingent rents are recognized as an expense in the income statement in the financial year in which they are incurred.

**2.7 Currency translation**

Transactions denominated in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation at the closing rate at the balance sheet date of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of financial activities.

**2.8 Other payables**

Other payables are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

**2.9 Provisions for other liabilities and charges**

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

**2.10 Financial assets**

**2.10.1 Classification**

The Society classifies its financial assets as receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except those maturing later than 12 months after the balance sheet date which are classified as non-current assets. Receivables are classified within "receivables" and "cash and cash equivalents" on the balance sheet.

**2.10.2 Recognition and derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Society has transferred substantially all risks and rewards of ownership.



## **2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

### **2.10 Financial assets**

#### **2.10.3 Measurement**

Financial assets are initially recognised at fair value plus transaction costs. Receivables are subsequently carried at amortised cost using effective interest method.

#### **2.10.4 Impairment**

The Society assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

An allowance for impairment of receivables is recognised when there is objective evidence that the Society will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The amount of the allowance for impairment is recognised in the statement of financial activities within "Administrative expenses".

### **2.11 Employee compensation**

#### Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid. The Society's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

### **2.12 Cash and cash equivalents**

Cash and cash equivalents include cash on hand and deposits with financial institution.

### **2.13 Related parties**

Related parties are entities with one or more common Management committee members. Parties are considered to be related if one party has the ability to control the other party or exercise influence over the party in making financial and operating decisions.

## **3. Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **3.1 Critical judgements in applying the entity's accounting policies**

The key assumptions concerning the future and other key sources of estimation uncertainty at the date of the statement of financial position, 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.

**3. Critical accounting estimates, assumptions and judgements (Cont'd)**

**3.1 Critical judgements in applying the entity's accounting policies (Cont'd)**

*Allowance for impairment of receivables*

The Society reviews the adequacy of allowance for impairment of receivables at each closing by reference to the ageing analysis of receivables, and evaluate the risks of collection according to the credit standing and collection history of individual customer. If there are indications that the financial position of a customer has deteriorated resulting in an adverse assessment of his risk profile, an appropriate amount of allowance will be provided.

*Estimated useful lives of property, plant and equipment*

The Society reviews annually the estimated useful lives of property, plant and equipment based on factors such as business plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

**4. Administrative and governance costs**

	2010 S\$	2009 S\$
Air tickets	210	0
Accounting fees	16,848	7,200
Bank charges	595	544
Audit fees	6,203	4,001
Insurance	3,679	1,998
Subscription	0	1
Staff costs	0	600
Upkeep of motor vehicles	6,929	8,543
Course fees	0	2,289
Computer lease	0	1,009
Membership fees	469	0
	<u>34,933</u>	<u>26,185</u>

**5. Income tax**

The Society is a charity registered under the Charities Act since 13 October 2004. Consequently, the income of the Society is exempted from tax under the provisions of Section 13 of the Income Tax Act Cap. 134.

**6. Cash and bank balances**

	2010 S\$	2009 S\$
Cash on hand	2,549	800
Cash at bank	930,399	359,360
	<u>932,948</u>	<u>360,160</u>

At the date of statement of financial position, the carrying amounts of cash and bank balances approximated their fair values.

**7. Receivables, deposits and prepayment**

	2010 S\$	2009 S\$
Other receivables	5,151	0
Deposits	19,531	11,584
Grant receivables	95,805	27,276
Prepayment	13,324	12,234
	<u>133,811</u>	<u>51,094</u>

At the date of the statement of financial position, the carrying amounts of receivables, deposits and prepayment approximated their fair values.

**8. Property, plant and equipment**

	Computer S\$	Furniture & fittings S\$	Motor vehicles S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At beginning of year	8,578	7,443	85,421	4,730	106,172
Additions	0	3,900	0	4,330	8,230
At end of year	<u>8,578</u>	<u>11,343</u>	<u>85,421</u>	<u>9,060</u>	<u>114,402</u>
<b>Accumulated depreciation</b>					
At beginning of year	5,434	5,495	47,850	2,966	61,745
Charge for the year	1,715	1,065	28,473	1,898	33,151
At end of year	<u>7,149</u>	<u>6,560</u>	<u>76,323</u>	<u>4,864</u>	<u>94,896</u>
Net book value As at 31.12.2010	<u>1,429</u>	<u>4,783</u>	<u>9,098</u>	<u>4,196</u>	<u>19,506</u>

	Computer S\$	Furniture & fittings S\$	Motor vehicles S\$	Renovation S\$	Total S\$
<b>Cost</b>					
At beginning of year	4,291	7,443	85,421	4,730	101,885
Additions	4,287	0	0	0	4,287
At end of year	<u>8,578</u>	<u>7,443</u>	<u>85,421</u>	<u>4,730</u>	<u>106,172</u>
<b>Accumulated depreciation</b>					
At beginning of year	3,418	4,120	19,376	1,389	28,303
Charge for the year	2,016	1,375	28,474	1,577	33,442
At end of year	<u>5,434</u>	<u>5,495</u>	<u>47,850</u>	<u>2,966</u>	<u>61,745</u>
Net book value As at 31.12.2009	<u>3,144</u>	<u>1,948</u>	<u>37,571</u>	<u>1,764</u>	<u>44,427</u>

**9. Other payables**

At the date of the statement of financial position, the carrying amounts of other payables approximated their fair values.

**10. Unrestricted fund**

The General Fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Society.

**11. Restricted fund**

New Hope Shelter

The Shelter Home for Men has been in operation since 2003. On 1 April 2004, it was formally set up as an extension arm of New Hope Community Services to reach out to the less fortunate, particularly the homeless and men in crisis. It also reaches out to destitute ex-offenders and recovered drug abusers who have no place to turn to upon their release from Prisons/ Drug Rehabilitation Centres (DRCs).

Transitional Shelter for Families in Crisis

This is a pilot project in collaboration with MCYS, NCSS and HDB and has been approved in December 2006. This project aims to provide temporary accommodation for families in crisis, in particular those who have been evicted by HDB for various reasons. These families will be housed in the 33 (2009:18) approved HDB units allocated to NCSS in this pilot. As part of the agreed service model, New Hope Community Services would need to provide counselling services as well as basic life-skills programmes depending on the needs of the families.

Capital expenditure

The Capital Expenditure fund was set up from the donation received from a donor, for the purchase of a lorry for thrift shop business.

The fund balances are not represented by any specific accounts but are represented by all assets and liabilities of the Association.

Children's Choir

The New Hope Children's Choir is about transforming lives through music. By learning to perform together and in front of an audience, we hope to build in these children a deep sense of self-esteem, dignity and self-worth.

Project Hope

Hope Project is about changing lives through sports.

In 2009, we launched the project, "Team Hope" which is all about changing one's life through football. It is hoped that the dedication, commitment and teamwork involved in growing a football team will provide persons-in-crisis with the necessary tools to help them rebuild their lives and successfully reintegrate back into society.

We will be launching another project "Team Hope - Running" in 2011 to fulfil the same objective; to rebuild their lives.

**11. Restricted fund (cont'd)**

Research Project DAHF

The study aims to investigate how homeless families adjust to New Hope Transitional Shelter. Homeless families often face multiple problems related to finance, relationships and addictions. This pilot project looks at a sample of such families and through visits and interviews with family members; understand the role of the Shelter and its supportive services in reducing the burdens faced by homeless families. Included in the sample are families which have graduated from the Shelter. This second group will allow the researcher to understand the transitional dynamics involved as families struggle to cope with the loss of a home, the adjustment to the Shelter, and adjustment to a new home as the financial situation improves.

**12. Financial risk management**

New Hope community Services is primarily funded by grant from NCSS, donations and receipts from fund raising activities.

The Society's activities expose it to liquidity risk and credit risk.

(i) Liquidity risk

The Society manages its liquidity risk by monitoring and maintaining a level of cash and bank balances deemed adequate by the Management Committee to fund the Society's activities. It places its cash with a creditworthy institution.

(ii) Credit risk

As at 31 December 2010, the Society's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets.

Cash and bank balances are placed with a reputable financial institution.

The responsibility for managing the above risks is vested in the Management Committee.

Fair values

As at 31 December 2010, the carrying amounts of all financial assets and liabilities approximated their fair values.

**13. Related party transactions**

The Management Committee has significant related parties transactions with related parties on terms agreed with the parties as follows:

	2010 S\$	2009 S\$
Rental expense paid to Bethesda Christian Centre	<u>8,700</u>	<u>6,000</u>

Bethesda Christian Centre is a church in which one of the management committee, Daniel Sum, is a resident pastor. He had stepped down from the board on 04.07.2010.

**14. Operating lease commitment**

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the date of the financial position but not recognised as liabilities were as follows:

	2010 S\$	2009 S\$
Not later than one year	136,293	156,787
Later than one year but not later than five years	<u>50,340</u>	<u>186,633</u>

**15. Remuneration of key management personnel**

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

	2010 S\$	2009 S\$
Short-term benefits	<u>82,185</u>	<u>58,800</u>

	2010 No. of key management personnel	2009 No. of key management personnel
Remuneration band (S\$) S\$50,000 - S\$100,000	<u>1</u>	<u>1</u>

The remuneration of key management personnel is determined by the Management Committee.

**16. Comparative figures**

The financial statements for the financial year ended 31 December 2009 were audited by a firm of auditors other than Messrs Fiducia LLP. The audit opinion issued for the financial statement for the financial year ended 31 December 2009 was unqualified.

Certain comparative figures have been reclassified to conform to the current year's presentation.

**17. Reserve position and policy**

The Society's reserve position (excluding non-current assets) for financial year ended 31 December 2010 is as follows:

	2010 S\$'000	2009 S\$'000	Increase/ (decrease) %
A Unrestricted Funds			
Accumulated general funds	768	372	106.45
B Restricted or Designated Funds			
Designated Funds	N/A	N/A	N/A
Restricted Funds	257	66	289.39
C Endowment Funds	N/A	N/A	N/A
D Total Funds	1,025	439	133.49
E Total Annual Operating Expenditure	924	598	54.52
F Ratio of Funds to Annual Operating Expenditure (A/E)	0.83	0.62	33.87

**17. Reserve position and policy (Cont'd)**

Reference:

- C. An endowment fund consists of assets, funds or properties which are held in perpetuity which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Operating and Administration expenses.

The Society's Reserve Policy is as follows:

The Society's reserve policy requires it to build an operating reserve of three years to ensure that services can continue to function during lean years. Fund raising income usually reduces during the periods when the economy is not doing well but it is also during these periods that beneficiaries need help the most.

The Society will not keep a reserve fund that is more than three years of its operating budget. The Society's overall approach to management of reserves remains unchanged from 2008.

**18. Authorisation of financial statement**

These financial statements were authorised for issue in accordance with a resolution of the Management Committee on **13 MAY 2011**