

HABITAT FOR HUMANITY SINGAPORE LTD

*Company Registration No.: 200201617W
(Registered under the Companies Act, Cap. 50, and
Charities Act, Cap. 37, Singapore)*

FINANCIAL STATEMENTS FOR THE
FINANCIAL YEAR ENDED
30 JUNE 2020

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HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

DIRECTORS' STATEMENT

For the financial year ended 30 June 2020

The directors are pleased to present their statement to the members together with the audited financial statements of Habitat for Humanity Singapore Ltd (the "Company") for the financial year ended 30 June 2020.

1 OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position of the Company as at 30 June 2020 and the financial activities, changes in funds and cash flows of the Company for the financial year ended on that date; and
- (ii) 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.

2 DIRECTORS

The directors at the date of this report are:

Chan Bing Hung Ivan
Choo Chin Tuan Theodore
Christine Lee Yip Yin
Foo Chai Yee
Joseph Junior Scaria
Khoo Su Yin Adeline
Lim Cheng Huang
Ng Siew Geck
Sharon Cheah Ui Hoon
Thomas Lim Kia Hwee
Timothy Paul Nichols
Usha Murli Menon

3 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

The Company is limited by guarantee and has no share capital. As such, none of the directors holding office at the end of the financial year are a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares and debentures of the Company or any other body corporate.

4 DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

DIRECTORS' STATEMENT

For the financial year ended 30 June 2020

5 SHARE OPTIONS

As the Company is limited by guarantee and does not have a share capital, matters relating to the issue of shares or share options are not applicable.

6 INDEPENDENT AUDITOR

Helmi Talib & Co has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors

DocuSigned by:
Mr Foo Chai Yee
4B36662EE24D44C...

FOO CHAI YEE

Director

DocuSigned by:
Lim Cheng Huang
4C0731579D76441...

LIM CHENG HUANG

Director

31 August 2020

Helmi Talib & Co



Registration No.: S92PF0459G

Chartered Accountants of Singapore

An Independent Member Firm of IAPA

Audit and Assurance

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HABITAT FOR HUMANITY SINGAPORE LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **HABITAT FOR HUMANITY SINGAPORE LTD** (the "Company"), which comprise the balance sheet of the Company as at 30 June 2020, and the statement of financial activities, statement of changes in funds and statement of cash flow for the financial 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 Singapore Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Charities Accounting Standard ("CAS"), so as to give a true and fair view of the financial position of the Company as at 30 June 2020 and the financial performance and changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *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 Directors' Statement set out on pages 1 to 2.

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 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, 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 Directors for Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act, the Charities Act and Regulations and CAS, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.





Responsibilities of Management and Directors for Financial Statements (Continued)

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

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company'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 Company'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 Company 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 directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Helmi Talib & Co

Report on Other Legal and Regulatory Requirements

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

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

- (a) the Company 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 Company has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.

DocuSigned by:
Helmi Talib & Co.
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HELMI TALIB & CO
Public Accountants and
Chartered Accountants

Singapore

31 August 2020

Partner-in-charge : Suriyati binti Mohamed Yusof
PAB No. : 01627

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

BALANCE SHEET

As at 30 June 2020

	Note	<u>2020</u> \$	<u>2019</u> \$
Assets			
Current assets			
Cash and cash equivalents	5	4,034,262	5,748,670
Receivables	6	336,112	45,566
Total current assets		<u>4,370,374</u>	<u>5,794,236</u>
Non-current assets			
Plant and equipment	7	121,323	193,674
Total non-current assets		<u>121,323</u>	<u>193,674</u>
Total assets		<u>4,491,697</u>	<u>5,987,910</u>
Liabilities and equity			
Liabilities			
Current liabilities			
Payables	8	1,081,198	2,605,351
Total current liabilities		<u>1,081,198</u>	<u>2,605,351</u>
Total liabilities		<u>1,081,198</u>	<u>2,605,351</u>
Funds			
Unrestricted funds			
General fund		1,591,369	1,237,648
Reserve fund		1,100,000	1,100,000
Total unrestricted funds		<u>2,691,369</u>	<u>2,337,648</u>
Restricted funds			
Local program		554,261	799,199
Build program		164,869	245,712
Disaster project		-	-
Care & Share fund		-	-
Total restricted funds		<u>719,130</u>	<u>1,044,911</u>
Total funds	9	<u>3,410,499</u>	<u>3,382,559</u>
Total liabilities and funds		<u>4,491,697</u>	<u>5,987,910</u>

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

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

STATEMENT OF FINANCIAL ACTIVITIES

For the financial year ended 30 June 2020

	Note	<u>2020</u> \$	<u>2019</u> \$
INCOMING RESOURCES			
Incoming resources from generated fund			
- Voluntary income		717,198	679,542
- Fund generating activities		75	25,226
- Investment income		57,484	47,618
Income from charitable activities		2,504,724	2,643,104
Other incoming resources		11,242	2,730
TOTAL INCOMING RESOURCES		<u>3,290,723</u>	<u>3,398,220</u>
RESOURCES EXPENDED			
Cost of generating fund			
- Cost of generating voluntary income		(20,898)	(12,252)
- Cost of fund generating activities		(135,583)	(121,160)
Charitable activities		(2,796,272)	(2,866,324)
Governance costs		(310,030)	(322,975)
TOTAL RESOURCES EXPENDED		<u>(3,262,783)</u>	<u>(3,322,711)</u>
NET INCOMING RESOURCES	4	<u>27,940</u>	<u>75,509</u>

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

HABITAT FOR HUMANITY SINGAPORE LTD*Company Registration No.: 200201617W**(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)***STATEMENT OF CHANGES IN FUNDS***For the financial year ended 30 June 2020*

	Note	<u>2020</u> <u>Total Funds</u> \$
Balance as at 1 July 2019	9	3,382,559
Net incoming resources for the financial year	9	27,940
Balance as at 30 June 2020	9	<u>3,410,499</u>
		<u>2019</u> <u>Total Funds</u> \$
Balance as at 1 July 2018	9	3,307,050
Net incoming resources for the financial year	9	75,509
Balance as at 30 June 2019	9	<u>3,382,559</u>

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

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

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STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2020

	Note	<u>2020</u> \$	<u>2019</u> \$
Cash flows from operating activities			
Net incoming resources for the financial year		27,940	75,509
Adjustments for			
Depreciation of plant and equipment	7	75,071	74,391
Gain on disposal of plant and equipment	4	(2,000)	(2,730)
Interest income from bank	4	(57,484)	(47,618)
Operating grant		(258,651)	-
Total adjustments to profit or loss		<u>(243,064)</u>	<u>24,043</u>
Total operating cash flows before movement of working capital		(215,124)	99,552
Changes in working capital			
(Increase) decrease in receivables		(160,989)	299,330
(Decrease) increase in payables		(1,524,153)	571,526
Total changes in working capital		<u>(1,685,142)</u>	<u>870,856</u>
Cash (used in) generated from operations		(1,900,266)	970,408
Interest income from bank received		36,608	47,618
Jobs Support Scheme payout		130,332	-
Net cash flows (used in) generated from operating activities		<u>(1,733,326)</u>	<u>1,018,026</u>
Cash flows from investing activities			
Proceeds from disposal of plant and equipment		2,000	-
Purchase of plant and equipment	7	(2,720)	(78,769)
Net cash flows used in investing activities		<u>(720)</u>	<u>(78,769)</u>
Cash flows from financing activities			
Government grant received		19,638	-
Net cash flows generated from financing activities		<u>19,638</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents		(1,714,408)	939,257
Cash and cash equivalents at beginning of financial year		5,748,670	4,809,413
Cash and cash equivalents at end of financial year	5	<u>4,034,262</u>	<u>5,748,670</u>
Net cash flows			
Net cash flows (used in) generated from operating activities		<u>(1,733,326)</u>	<u>1,018,026</u>
Net cash flows used in investing activities		<u>(720)</u>	<u>(78,769)</u>
Net cash flows generated from financing activities		<u>19,638</u>	<u>-</u>

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

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

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

1 COMPANY INFORMATION

HABITAT FOR HUMANITY SINGAPORE LTD (the “Company”) is a public company limited by guarantee and incorporated in Singapore on 1 March 2002. Each ordinary member undertakes to contribute to the assets of the Company in the event of it being wound up while he is a member, or within one year after he ceases to be a member, for payment of the debts and liabilities of the Company contracted before he ceases to be a member and of the costs, charges and expenses of winding up, such amount as may be required but not exceeding \$100.

The Company is a registered charity under the Charities Act, Chapter 37 since 27 April 2004, and has been accorded the status of an Institution of Public Character (“IPC”) for the period from 9 March 2018 to 8 March 2021.

The Company’s registered office and the principal place of business is located at 56 Lorong 23 Geylang, #05-00, Century Technology Building, Singapore 388381.

The principal activities of the Company are that of promoting global habitat for humanity development by developing awareness and youth development programmes locally and beyond.

There have been no significant changes in the nature of these activities during the financial year.

The financial statements of the Company for the financial year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors as at the date of the Directors’ Statement.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with the provisions of the Companies Act, Chapter 50 (the “Act”), Charities Act (Chapter 37) and Charities Accounting Standard (“CAS”). The financial statements are prepared under the historical cost basis, except as disclosed in the accounting policies below.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. All these judgments, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may ultimately differ from those estimates.

The financial statements are expressed in Singapore Dollar (“SGD” or “\$”) which is the functional currency of the Company.

The accounting policies adopted are consistent with those used in the previous financial year.

HABITAT FOR HUMANITY SINGAPORE LTD*Company Registration No.: 200201617W**(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2020***2 SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.2 Plant and equipment**

Plant and equipment are stated at cost less accumulated depreciation. All items of plant and equipment are initially recorded at cost.

The initial cost of plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Any trade discounts and rebates are deducted in arriving at purchase price. Expenditure incurred after the plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of financial activities in the period in which the costs are incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of plant and equipment beyond its originally assessed standard of performance, the expenditure is capitalised as an additional cost of plant and equipment.

Depreciation is calculated on a straight line basis to allocate the cost of the assets less residual values over their estimated useful lives. The estimated useful lives are as follows:

	<u>Years</u>
Furniture and fittings	- 5 - 10
Renovation	- 10
Vehicles	- 5
Computers	- 3
Software development	- 3

The residual values, useful life and depreciation method are reviewed at the end of each reporting period and adjusted prospectively, if appropriate.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the statement of financial activities in the year the plant and equipment is derecognised.

2.3 Financial assets

Financial assets are any asset that is either cash or equity instrument of another entity of which the Company has a contractual right:

- To receive cash or another financial asset from another entity; or
- To exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the Company.

Financial assets are recognised on the balance sheet when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets are measured initially at the transaction price excluding transaction costs. Transaction costs shall be recognised as expenditure in the statement of financial activities as incurred. Subsequent to initial measurement, financial assets are measured at cost less any accumulated impairment losses.

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Financial assets (Continued)

The Company classifies its financial assets into the following categories:

(a) Receivables

Receivables are initially recognized at their transaction price, excluding transaction costs, if any. Transaction costs are recognized as expenditure in the statement of financial activities.

Receivables comprise of government funding receivables, deposits and other receivables.

Deposits are placed for the rental of premises, utilities and use of service. These will be refunded when facilities are cancelled or returned. Government funding receivables and other receivables comprise of receivables where amounts are recognised as income for the year but received subsequent to the financial year end.

(b) Cash and cash equivalents

Cash and cash equivalents comprise of cash in hand, bank balances and fixed deposits placed with financial institutions.

2.4 Impairment of financial assets

At the end of each reporting period, the Company shall assess whether there is objective evidence of impairment of its financial assets. If there is objective evidence of impairment (including significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates), the Company shall recognise an impairment loss (i.e. expenditure) immediately in the statement of financial activities.

Objective evidence that a financial asset or group of financial assets is impaired includes observable data that comes to the attention of the Company about the following loss events:

- (i)* Significant financial difficulty of the debt/bond issuer or obligor.
- (ii)* A breach of contract, such as a default or delinquency in interest or principal payments.
- (iii)* The creditor, for economic or legal reasons relating to the debtor's financial difficulty, granting to the debtor a concession that the creditor would not otherwise consider.
- (iv)* It has become probable that the debtor will enter bankruptcy or other financial re-organisation.
- (v)* Observable data indicating that there has been a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, even though the decrease cannot yet be identified with the individual financial assets in a group, such as adverse national or local economic conditions or adverse changes in industry conditions.

An impairment loss is only reversed to the extent that the assets' carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not previously been recognised. The Company shall recognise the amount of the reversal in the statement of financial activities immediately.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)**2.5 Financial liabilities**

Financial liabilities are recognised as soon as there is a present legal or constructive obligation to the expenditure. Liabilities arise when there is a present obligation to make a transfer of value to another party as a result of past transaction or event.

2.6 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events where it is probable that it will result in an outflow of economic benefits to settle the obligation and the amount of the obligation can be estimated reliably. The amount of provision recognised is the best estimate of the expenditure required to settle the obligation at the reporting date. The best estimate of the expenditure required to settle the obligation is the amount that would rationally be paid to settle the obligation at the reporting date or to transfer it to a third party.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation at the reporting date. Any adjustments to the amounts previously recognised shall be recognised as expenditure in the Statement of Financial Activities unless the provision was originally recognised as part of the cost of an asset.

2.7 Employee benefits**(a) *Defined contribution plan***

As required by law, the Company contributes to the employees' Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to CPF contributions are recognised as compensation expenses in the same period as the employment that gives rise to the contribution.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

2.8 Operating leases

Leases are classified as operating leases when the lessor effectively retains substantially all the risks and benefits of ownership of the leased item. Operating lease payments are recognised as an expense in the statement of financial activities on a straight-line basis over the lease term.

The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

HABITAT FOR HUMANITY SINGAPORE LTD

Company Registration No.: 200201617W

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Funds

(a) Unrestricted fund

The Company classifies the following funds as unrestricted funds:

- General Fund
- Reserve Fund

General fund is used for the general purposes of the Company as set out in its governing document. If part of an unrestricted fund is earmarked for a particular project, it may be designated as a separate fund (known as "Designated Fund"). The designation has an administrative purpose only, and does not legally restrict the Board of Directors' discretion from applying the fund.

(b) Restricted fund

Restricted funds are funds subject to specific funded programmes by government, donors and charity bodies, but still within the wider objects of the Company.

Restricted funds may only be utilised in accordance with the purposes established by the sources of such funds and are in contrast with unrestricted funds over which the board of directors retains full control to use in achieving its institutional purposes.

The Company classifies the following funds as restricted funds:

- Care & Share Fund
- Local Program
- Build Program
- Disaster Response

2.10 Income recognition

Income shall be recognised in the statement of financial activities when the effect of a transaction or other event results in an increase in the Company's net assets.

The following factors must also be met before income is recognised:

(a) Entitlement

The Company has control over the rights or other access to the resource, enabling the Company to determine its future application;

(b) Certainty

It is probable that the income will be received; and

(c) Measurement

The amount of the income can be measured by the Company with sufficient reliability.

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NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2020

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Income recognition (Continued)

The following specific recognition criteria must also be met before income is recognised:

(a) *Income from generated funds*

- Voluntary income in the form of donations and activities for generating funds are recognised when received with unconditional entitlement to the receipts.
- Fund generating activities include income generated by fundraising events specifically to raise funds for the Company.
- Investment income comprised of interest earned from fixed deposits placed with banks, recognised on accrual basis.

(b) *Income from charitable activities*

Comprised of government subventions and grants for the programmes run by the Company. These are recognised as income according to the terms of the funding agreements, on an accrual basis with unconditional entitlement to the receipts.

(c) *Other income*

Comprised of government credits, refunds, reimbursements, services rendered and are recognised as and when received.

2.11 Recognition of expenditures

Expenditures are recognised in the statement of financial activities once the goods or services have been received unless the expenditure qualifies for capitalisation as assets such as inventory and property, plant and equipment. Expenditure on performance-related grants are recognised to the extent the specified service or goods have been provided. Expenditures in the statement of financial activities are classified under the cost of generating funds, cost of charitable activities and governance costs.

(a) *Costs of generating funds*

These costs are directly attributable to the fund-raising activities, separate from those costs incurred in undertaking charitable activities. These costs are met by contributions in the form of cash sponsorships and grants.

(b) *Charitable activities*

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Company. The total costs of charitable expenditure include an apportionment of overhead and shared costs.

(c) *Governance costs*

Includes costs of preparation and examination of statutory accounts, costs of governing board meetings, strategic planning processes that contribute to future development of the Company and cost of any legal advice on governance or constitutional matters.

HABITAT FOR HUMANITY SINGAPORE LTD*Company Registration No.: 200201617W**(Registered under the Companies Act, Cap. 50, and Charities Act, Cap. 37, Singapore)***NOTES TO THE FINANCIAL STATEMENTS***For the financial year ended 30 June 2020***3 RELATED PARTY DISCLOSURES**

The following are significant transactions between the Company and its related party that took place during the financial year. The effects of these transactions are reflected in the financial statements on the basis determined between the parties.

Habitat for Humanity International, Inc. ("HFHI") through various agreements and covenants has an ability to exercise significant influence over the financial and operating decisions of the Company. The directors therefore regard HFHI as a related party.

HFHI under the Memorandum of Understanding signed with the Company agrees to:

- (a) Provide technical assistance, strategic consulting services and program review as mutually agreed; and
- (b) Provide funding support through cooperative fundraising efforts in response to specific approved Company's proposal.

Significant related party transactions

	<u>2020</u>	<u>2019</u>
	\$	\$
<i><u>Related party, Habitat for Humanity International, Inc.</u></i>		
Management fee	94,170	96,167
Payment of management fee	<u>(59,345)</u>	<u>(129,218)</u>

As at 30 June 2020, the Company has payables amounting to \$47,790 (2019: \$12,965) due to its related party, Habitat for Humanity International, Inc.

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NOTES TO THE FINANCIAL STATEMENTS
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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES

	2020					2019	
	UNRESTRICTED FUNDS	RESTRICTED FUNDS			TOTAL	TOTAL	
	General Fund	Care & Share Fund	Local Program	Build Program	Total Restricted Funds		
	\$	\$	\$	\$	\$	\$	\$
INCOMING RESOURCES							
Incoming resources from generated funds							
Voluntary income	597,737	-	-	-	-	597,737	529,906
Tax deductible donations – in cash	114,011	-	-	-	-	114,011	139,636
Non-tax deductible donations – in cash	-	-	5,450	-	5,450	5,450	10,000
Donations – in kind	711,748	-	5,450	-	5,450	717,198	679,542
Fund generating activities							
Fundraising							
- Courts and Bar Bar Fundraise	-	-	-	-	-	-	2,708
- LittleRally 2019	-	-	-	-	-	-	21,493
- Sales of Merchandise	75	-	-	-	-	75	1,025
	75	-	-	-	-	75	25,226
Investment income							
Interest income from banks	57,484	-	-	-	-	57,484	47,618
Income from charitable activities							
Tax-deductible programme income	-	-	86,108	2,125,433	2,211,541	2,211,541	2,046,586
Non-tax deductible programme income	-	-	78,890	-	78,890	78,890	119,116
Government subvention	-	194,655	19,638	-	214,293	214,293	477,402
	-	194,655	184,636	2,125,433	2,504,724	2,504,724	2,643,104
Other incoming resources							
Gain on disposal of plant and equipment	-	-	2,000	-	2,000	2,000	2,730
Exchange Gain	9,242	-	-	-	-	9,242	-
	9,242	-	2,000	-	2,000	11,242	2,730
TOTAL INCOMING RESOURCES	778,549	194,655	192,086	2,125,433	2,512,174	3,290,723	3,398,220

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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	2020					2019 TOTAL
	UNRESTRICTED FUNDS		RESTRICTED FUNDS			
	General Fund	Total Unrestricted Funds	Care & Share Fund	Local Program	Build Program	Total Restricted Funds
	\$	\$	\$	\$	\$	\$
RESOURCES EXPENDED						
Costs of generating funds						
Cost of generating voluntary income	(20,898)	(20,898)	-	-	-	(20,898)
Use of Habitat Brand	(20,898)	(20,898)	-	-	-	(20,898)
Cost of fund generating activities						
Salaries, benefits and related costs	(120,886)	(120,886)	-	-	-	(90,363)
Event expenses	(316)	(316)	-	-	-	(16,077)
Other expenses	(3,637)	(3,637)	-	-	-	(8,559)
Office rental expenses	(7,295)	(7,295)	-	-	-	(4,237)
Depreciation	(3,449)	(3,449)	-	-	-	(1,924)
	(135,583)	(135,583)	-	-	-	(121,160)

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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	UNRESTRICTED FUNDS		RESTRICTED FUNDS			2020		2019	
	General Fund	Total Unrestricted Funds	Care & Share Fund	Local Program	Build Program	Total Restricted Funds	TOTAL	TOTAL	
	\$	\$	\$	\$	\$	\$	\$	\$	
RESOURCES EXPENDED (Continued)									
Charitable activities									
Programme cost	-	-	(49,048)	(25,847)	(1,795,821)	(1,870,716)	(1,870,716)	(1,794,784)	
Salaries, benefits and related costs	-	-	(62,273)	(263,280)	(271,191)	(596,744)	(596,744)	(677,444)	
CPF	-	-	(13,073)	(31,964)	(36,364)	(81,401)	(81,401)	(87,711)	
Use of Habitat Brand	-	-	-	(10,058)	(63,214)	(73,272)	(73,272)	(83,915)	
Depreciation	-	-	-	(50,015)	(6,420)	(56,435)	(56,435)	(61,883)	
General expenses	-	-	(9,854)	(8,069)	(1,696)	(19,619)	(19,619)	(20,653)	
Office rental expenses	-	-	-	(25,528)	(11,776)	(37,304)	(37,304)	(57,201)	
Transportation	-	-	(2,695)	(1,351)	(564)	(4,610)	(4,610)	(9,022)	
Other staff benefits	-	-	(8,236)	(10,689)	(8,265)	(27,190)	(27,190)	(28,811)	
Travelling	-	-	(4,003)	3	(6,213)	(10,213)	(10,213)	(14,011)	
Repair and maintenance	-	-	(4,811)	(1,651)	(725)	(7,187)	(7,187)	(12,324)	
Utilities	-	-	-	(2,388)	(1,113)	(3,501)	(3,501)	(5,310)	
Bank charges & exchange difference	-	-	-	(1,969)	(1,808)	(3,777)	(3,777)	(4,048)	
Training	-	-	(2,005)	185	43	(1,777)	(1,777)	(2,041)	
Telephone and fax	-	-	(20)	(1,140)	(544)	(1,704)	(1,704)	(2,540)	
Office supplies	-	-	-	(184)	(57)	(241)	(241)	(716)	
Postage & courier	-	-	-	(87)	(39)	(126)	(126)	(215)	
Printing	-	-	-	(149)	(66)	(215)	(215)	(982)	
Equipment expenses	-	-	(210)	(21)	(9)	(240)	(240)	(2,713)	
	-	-	(156,228)	(434,202)	(2,205,842)	(2,796,272)	(2,796,272)	(2,866,324)	

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4 DETAILED STATEMENT OF FINANCIAL ACTIVITIES (Continued)

	2020					2019	
	UNRESTRICTED FUNDS		RESTRICTED FUNDS			TOTAL	TOTAL
	General Fund	Total Unrestricted Funds	Care & Share Fund	Local Program	Build Program		
\$	\$	\$	\$	\$	\$	\$	
RESOURCES EXPENDED (Continued)							
Governance costs							
Salaries, benefits and related costs	(123,894)	(123,894)	(27,651)	-	-	(27,651)	(231,293)
CPF	(58,190)	(58,190)	-	-	-	-	(5,435)
Audit fee	(6,500)	(6,500)	-	(211)	(103)	(314)	(13,000)
Office rental expenses	(37,732)	(37,732)	-	-	-	-	(23,304)
Other staff benefits	(8,145)	(8,145)	-	-	-	-	(7,174)
Depreciation	(15,187)	(15,187)	-	-	-	-	(10,584)
General expenses	(929)	(929)	(7,548)	-	-	(7,548)	(3,409)
Insurance	(994)	(994)	(52)	(2,611)	(331)	(2,994)	(6,917)
Professional fees	(572)	(572)	-	-	-	-	(1,999)
Transportation	(182)	(182)	(23)	-	-	(23)	(224)
Travelling	(11)	(11)	(1,333)	-	-	(1,333)	(240)
Printing	(91)	(91)	-	-	-	-	(390)
Repair and maintenance	(5,020)	(5,020)	(819)	-	-	(819)	(4,592)
Utilities	(3,140)	(3,140)	-	-	-	-	(2,163)
Telephone and fax	(1,284)	(1,284)	(45)	-	-	(45)	(905)
Training	(2,360)	(2,360)	139	-	-	139	(827)
Bank charges and exchange difference	(4,444)	(4,444)	-	-	-	-	(9,588)
Office supplies	(650)	(650)	-	-	-	-	(137)
Postage and courier	(35)	(35)	-	-	-	-	(71)
Equipment expenses	(8)	(8)	(74)	-	-	(74)	(723)
	<u>(269,368)</u>	<u>(269,368)</u>	<u>(37,406)</u>	<u>(2,822)</u>	<u>(434)</u>	<u>(40,662)</u>	<u>(322,975)</u>
TOTAL RESOURCES EXPENDED	(425,849)	(425,849)	(193,634)	(437,024)	(2,206,276)	(2,836,934)	(3,322,711)

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5 CASH AND CASH EQUIVALENTS

	<u>2020</u>	<u>2019</u>
	\$	\$
Fixed deposits	2,720,721	4,477,821
Cash at banks	1,307,332	1,264,429
Cash in hand	6,209	6,420
	<u>4,034,262</u>	<u>5,748,670</u>

Cash at banks are held in non-interest bearing banks.

Fixed deposits earn interest at a fixed rate of 1.40% to 1.65% (2019: 0.90% to 1.50%) per annum and mature in July 2020.

Included in the cash and cash equivalents is \$548,985 (2019: \$756,972) which is restricted in use for specific projects.

For the purpose of the statement of cash flows, cash and cash equivalent comprised of the balances as shown above.

6 RECEIVABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Accrued income - Care and Share Grant	239,013	-
Jobs Support Scheme (Note 8)	41,707	-
Interest receivables	20,876	19,919
Deposits	18,440	18,880
Receivables from outside parties	16,076	6,767
Total receivables	<u>336,112</u>	<u>45,566</u>

Jobs Support Scheme is a grant receivable which pertains to the committed amounts made by the Inland Revenue Authority of Singapore ("IRAS") that aims to provide wage support to employers due to the COVID-19 pandemic. The related deferred grant income is recognised under Payables and will be recognised as income on a systematic basis over the remaining period of economic uncertainty (Note 8).

The Company recognised grant income of \$99,645 for the salaries subsidised for periods April 2020 to June 2020 and was deducted against the salaries, benefits and related costs.

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7 PLANT AND EQUIPMENT

	<u>Vehicles</u>	<u>Renovation</u>	<u>Furniture and fittings</u>	<u>Computers</u>	<u>Software development</u>	<u>Total</u>
	\$	\$	\$	\$	\$	\$
Cost						
At 30.06.2018	221,398	47,720	74,883	55,190	38,520	437,711
Additions	-	20,779	26,249	8,791	25,680	81,499
Disposals	-	(47,720)	(3,748)	(33,792)	-	(85,260)
Reclassification	-	-	(10,787)	10,787	-	-
At 30.06.2019	221,398	20,779	86,597	40,976	64,200	433,950
Additions	-	1,699	-	1,021	-	2,720
Disposals	(41,878)	-	-	-	-	(41,878)
At 30.06.2020	179,520	22,478	86,597	41,997	64,200	394,792
Accumulated Depreciation						
At 30.06.2018	96,342	47,720	42,194	52,049	12,840	251,145
Charge for the financial year	35,904	2,078	10,508	4,501	21,400	74,391
Disposals	-	(47,720)	(3,748)	(33,792)	-	(85,260)
Reclassification	-	-	(10,787)	10,787	-	-
At 30.06.2019	132,246	2,078	38,167	33,545	34,240	240,276
Charge for the financial year	35,904	2,078	10,848	4,841	21,400	75,071
Disposals	(41,878)	-	-	-	-	(41,878)
At 30.06.2020	126,272	4,156	49,015	38,386	55,640	273,469
Net Carrying Amount						
At 30.06.2019	89,152	18,701	48,430	7,431	29,960	193,674
At 30.06.2020	53,248	18,322	37,582	3,611	8,560	121,323

8 PAYABLES

	<u>2020</u>	<u>2019</u>
	\$	\$
Deferred income	928,810	2,573,537
Jobs Support Scheme (Note 6)	72,394	-
Related party (Note 3)	47,790	12,965
Accruals	32,204	18,849
	<u>1,081,198</u>	<u>2,605,351</u>

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9 FUNDS	<u>Unrestricted Funds</u>			Care & Share Fund	<u>Restricted Funds</u>			<u>Total</u>
	General Fund	Reserve Fund	Total Unrestricted Funds		Local Program	Build Program	Disaster Response	
	\$	\$	\$	\$	\$	\$	\$	\$
Balance as at 30 June 2018	834,723	1,100,000	1,934,723	-	1,042,521	329,806	-	1,372,327
Net incoming (outgoing) for the year	321,425	-	321,425	81,500	(243,322)	(84,094)	-	(245,916)
Transfer of fund	81,500	-	81,500	(81,500)	-	-	-	(81,500)
Balance as at 30 June 2019	1,237,648	1,100,000	2,337,648	-	799,199	245,712	-	1,044,911
Net incoming (outgoing) for the year	352,700	-	352,700	1,021	(244,938)	(80,843)	-	(324,760)
Transfer of fund	1,021	-	1,021	(1,021)	-	-	-	(1,021)
Balance as at 30 June 2020	1,591,369	1,100,000	2,691,369	-	554,261	164,869	-	719,130

(a) **Unrestricted Funds**

Reserve Fund

This fund is set aside to meet urgent operating expenses in the event where there is a shortfall of current donations to enable the Company to meet current operating liabilities. The use of the reserve must be approved by the Board of the Company.

(b) **Restricted Funds**

(i) Local Program

This is a program to help old folks by cleaning and repairing their 1-room and 2-room rental flats in Singapore and reaching out to youth at risk.

(ii) Build Program

This fund is received from volunteers participating in overseas build programs conducted by the Company.

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9 FUNDS (Continued)

(c) **Restricted Funds** (Continued)

(iii) Disaster Response

This fund is set up to receive donations for disaster response work.

(iv) Care & Share Fund

The Care & Share Fund is the matching grant paid out by the Singapore Government as part of the national fund-raising and volunteerism movement for the social service sector launched in October 2013. The matching grant will be used to develop Voluntary Welfare Organisation ("VWO") and programmes to better serve beneficiaries and communities.

This fund can be utilised for following categories:

- (i) Capability building for both organisational and manpower development,
- (ii) Capacity building in area of physical infrastructure and IT investment,
- (iii) Rolling out of new programmes to meet emerging needs and
- (iv) Enhancement of existing services, and funding of critical operational needs.

The Company has up to 31 March 2021 to utilise the grant before it expires.

The grant quantum was enhanced on 1 January 2017. It was revised to 1.25 times matching for first \$1 million donations received followed by a dollar matched for next \$1 million and sixty-five cents for the subsequent \$1 million. Overall matching by the Government is capped at \$2.9 million for the \$3 million raised by VWO within the qualifying period.

Unless specifically indicated, the fund balances are not represented by any specific accounts, but are represented by all assets and liabilities of the Company.

10 INCOME TAX

The Company is a registered Charity under the Charities Act, Chapter 37 and its income is exempted from income tax under Section 13(1) of the Income Tax Act.

11 TAX-EXEMPT RECEIPTS

During the financial year, the Company issued tax deductible receipts for donations collected amounting to \$683,846 (2019: \$585,614).

12 OPERATING LEASE COMMITMENTS

The Company has entered into commercial lease on office premises and warehouse usage. The rental expense amounted to \$82,330 (2019: \$84,742) for the financial year ended 30 June, 2020. The lease for the office premises has a tenure of 3 years and will be renewed for another 2 years at the same monthly rate. The lease for the warehouse usage has a tenure of 1 year. There is no contingent rent provision included in both contracts.

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12 OPERATING LEASE COMMITMENTS (Continued)

Future minimum lease payments payable under non-cancellable operating leases as at 30 June are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Within one financial year	69,600	69,600
Within two to five financial years	34,800	34,800
	<u>104,400</u>	<u>104,400</u>

13 CONTINGENT ASSETS

The Company is eligible for \$2.9 million Care and Share grant issued by the Government when the accumulated \$3 million donations are raised between the period from 1 January 2015 to 31 March 2016 ("the matching period").

The Company has raised donations of \$2,344,151 during the matching period and is eligible for Care and Share matched grant of up to \$2,473,698. As at the end of the financial year, the Company has received an accumulated grant disbursement of \$2,226,328 (2019: \$2,226,328). The Company has not received a grant disbursement during the year (2019: \$742,109). The Care and Share income recognised in the current financial year amounts to \$194,655 (2019: \$477,402).

As at the end of the financial year, the Company has a contingent asset amounting to \$8,357 (2019: \$203,012). The recognition is based on the grant matching criteria and quantum.

14 MANAGEMENT OF RESERVES

The Company regards its unrestricted general fund as its reserves. The Company's reserve policy requires it to maintain sufficient reserve to ensure long term financial sustainability and continuity for the purpose of operating effective programmes. This includes transfer between funds.

Net cash resources of the Company are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Cash and cash equivalents (Note 5)	4,034,262	5,748,670
Receivables (Note 6)	55,392	45,566
Less: Payables (Note 8)	(79,994)	(31,814)
Net cash resources	<u>4,009,660</u>	<u>5,762,422</u>

The Company's overall strategy remains unchanged from the previous financial year.

The Company is not subject to any externally imposed capital reserve requirements.

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15 EVENT OCCURRING AFTER REPORTING PERIOD

The Coronavirus Disease (COVID-19) outbreak and the measures taken to contain the spread of the pandemic have created a high level of uncertainty to global economic prospects and this has impacted the Company's operations and its financial performance subsequent to the financial year end.

The Singapore Multi-Ministry Taskforce implemented an elevated set of safe distancing measures as a circuit breaker from 7 April 2020, to pre-empt the trend of increasing local transmission of COVID-19. Except for those providing essential services and selected economic sectors which are critical for our local and the global supply chains, all businesses are required to suspend all in-person activities and activities at the business location.

The Finance committee assured the Board of Directors that the Company will still be able to sustain the operations at least for the next two financial years. The Company has enough cash balance as at 30 June 2020, in addition to the reserve fund. Moreover, the Company expects incoming resources in the near future from the government grants such as the Bicentennial Community Fund, Jobs Support Scheme, and Care and Share Matching Grant.

With regards to the projects of the Company, the operations were ongoing, but it was slowed down due to the pandemic. Local projects, such as Project HomeWorks, is in progress but will be temporarily restricted to staff only to keep the vulnerable homeowners safe by limiting their exposure to external groups, including volunteers. The overseas projects, mainly in Cambodia and Indonesia, were also in progress with local laborers working on it. The Company deemed that they will be able to complete the projects within the set timeline.

As the situation continues to evolve with significant level of uncertainty, the Company maintains its position and does not foresee a negative financial impact due to the COVID-19 pandemic. The Company continuously monitors the situation closely to mitigate negative financial impact that may arise during the period of uncertainty.