

**HABITAT FOR HUMANITY SINGAPORE
LTD**

[UEN. 200201617W]

[A Company limited by guarantee and not having
share capital]

[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
30 JUNE 2022**

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Fiducia LLP

[UEN. T10LL0955L]

Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
Excalibur Centre #08-01
Singapore 408571
T: (65) 6846.8376
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DIRECTORS' STATEMENT

The directors 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 2022.

In the opinion of the directors,

- a) the 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 2022 and the financial performance, changes in funds and cash flows of the Company for the financial year then ended; 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.

Directors

The directors of the Company in office at the date of this statement are:

Chan Bing Hung Ivan	
Choo Chin Tuan Theodore	
Christine Lee Yip Yin	(Resigned on 4 May 2022)
Foo Chai Yee	
Khoo Su Yin, Adeline	
Lim Cheng Huang	(Resigned on 4 May 2022)
Ng Siew Geck	
Sharon Cheah Ui Hoon	
Thomas Lim Kia Hwee	
Timothy Paul Nichols	(Resigned on 4 May 2022)
Usha Murli Menon	
Richard Giam Kee Choo	(Appointed on 4 May 2022)
Christina Lu Qiuxia	(Appointed on 4 May 2022)
Low Wye Yee	(Appointed on 4 May 2022)
Chua Wee Kiong	(Appointed on 31 March 2022)
See Han Chiang Daniel	(Appointed on 31 March 2022)
Liew Tian Seng, Alvin	(Appointed on 31 March 2022)

Arrangements to enable directors to acquire shares or debentures

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 object 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.

Other matters

As the Company is limited by guarantee, matters relating to interest in shares, debenture or share options are not applicable.

DIRECTORS' STATEMENT (CONT'D)

Independent auditor

The independent auditor, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed its willingness to accept re-appointment.

On behalf of the Board of Directors,



Foo Chai Yee
Director

Singapore, 11 October 2022



Liew Tian Seng, Alvin
Director

Fiducia LLPPublic Accountants and
Chartered Accountants of Singapore71 Ubi Crescent
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Independent auditor's report to the member of:

Habitat For Humanity Singapore Ltd[UEN. 200201617W]
[A Company limited by guarantee and not having share
capital]
[Incorporated in the Republic of Singapore]**Report on the Audit of the Financial Statements****Opinion**

We have audited the financial statements of Habitat For Humanity Singapore Ltd (the "Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of financial activities, statement of changes in funds and statement of cash flows 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 1967 (the "Companies Act"), the Charities Act 1994 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 2022 and of the financial performance, changes in funds and cash flows of the Company for the financial year then 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 2 to 3), but does not include the financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information 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.

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(CONT'D)

Independent auditor's report to the member of:

Habitat For Humanity Singapore Ltd

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Responsibilities of Management and Those Charged with Governance 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 Companies 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.

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 comprises the directors. Their responsibilities include 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.

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Independent auditor's report to the member of:

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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required 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:

Fiducia LLP

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Fiducia LLP

Public Accountants and
Chartered Accountants

Singapore, 11 October 2022

Partner in charge: Gan Chek Huat
 PAB No.: 01939

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 S\$	2021 S\$
INCOME			
Incoming resources from generated funds			
- Voluntary income	4	883,185	1,131,531
- Fund generating activities	4	260	214
- Investment income	4	2,038	3,292
Income from charitable activities	4	928,567	2,653,978
Other income	4	11,583	0
		<u>1,825,633</u>	<u>3,789,015</u>
EXPENDITURE			
Cost of generating funds			
- Cost of generating voluntary income	7	16,971	33,460
- Cost of fund generating activities	7	114,140	85,429
Charitable activities	7	1,008,186	3,094,737
Governance and administrative costs	7	320,947	271,088
		<u>1,460,244</u>	<u>3,484,714</u>
NET INCOME FOR THE FINANCIAL YEAR		<u>365,389</u>	<u>304,301</u>

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

Habitat For Humanity Singapore Ltd
[UEN. 200201617W]

Audited Financial Statements
Financial Year Ended 30 June 2022

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2022

	Note	2022 S\$	2021 S\$
ASSETS			
Current assets			
Cash and cash equivalents	9	4,176,965	4,106,550
Receivables	10	<u>149,518</u>	<u>271,293</u>
		<u>4,326,483</u>	<u>4,377,843</u>
Non-current assets			
Property, plant and equipment	11	<u>44,278</u>	<u>66,920</u>
Total assets		<u>4,370,761</u>	<u>4,444,763</u>
LIABILITIES			
Current liabilities			
Payables	12	<u>290,572</u>	<u>729,963</u>
Total liabilities		<u>290,572</u>	<u>729,963</u>
NET ASSETS		<u>4,080,189</u>	<u>3,714,800</u>
FUNDS			
Unrestricted funds			
General fund	13	2,575,841	2,342,403
Reserve fund	13	<u>1,100,000</u>	<u>1,100,000</u>
		<u>3,675,841</u>	<u>3,442,403</u>
Restricted funds			
Local programme	14	160,147	181,065
Build programme	14	244,201	91,332
Care & Share fund	14	<u>0</u>	<u>0</u>
		<u>404,348</u>	<u>272,397</u>
TOTAL FUNDS		<u>4,080,189</u>	<u>3,714,800</u>

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

STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Balance at beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	(Note 13) Transfers (from)/to S\$	Balance at end of financial year S\$
2022				
Unrestricted funds				
General fund	2,342,403	233,438	0	2,575,841
Reserve fund	1,100,000	0	0	1,100,000
	<u>3,442,403</u>	<u>233,438</u>	<u>0</u>	<u>3,675,841</u>
Restricted funds				
Local programme	181,065	(20,918)	0	160,147
Build programme	91,332	152,869	0	244,201
Care & Share fund	0	0	0	0
	<u>272,397</u>	<u>131,951</u>	<u>0</u>	<u>404,348</u>
Total funds	<u>3,714,800</u>	<u>365,389</u>	<u>0</u>	<u>4,080,189</u>
	Balance at beginning of financial year S\$	Net income/ (expenditure) for the financial year S\$	(Note 13) Transfers (from)/to S\$	Balance at end of financial year S\$
2021				
Unrestricted funds				
General fund	1,591,369	744,518	6,516	2,342,403
Reserve fund	1,100,000	0	0	1,100,000
	<u>2,691,369</u>	<u>744,518</u>	<u>6,516</u>	<u>3,442,403</u>
Restricted funds				
Local programme	554,261	(373,196)	0	181,065
Build programme	164,869	(73,537)	0	91,332
Care & Share fund	0	6,516	(6,516)	0
	<u>719,130</u>	<u>(440,217)</u>	<u>(6,516)</u>	<u>272,397</u>
Total funds	<u>3,410,499</u>	<u>304,301</u>	<u>0</u>	<u>3,714,800</u>

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

	Note	2022 S\$	2021 S\$
Cash flows from operating activities			
Net income for the financial year		365,389	304,301
Adjustments for:			
- Depreciation of property, plant and equipment	11	40,848	66,907
- Interest income	4	(2,038)	(3,292)
Operating cash flow before changes in working capital		404,199	367,916
Changes in working capital			
- Receivables		121,775	43,943
- Payables		(439,391)	(351,235)
Cash generated from operations		86,583	60,624
- Interest income received		2,038	24,168
Net cash generated from operating activities		<u>88,621</u>	<u>84,792</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	11	(18,206)	(12,504)
Net cash used in investing activities		<u>(18,206)</u>	<u>(12,504)</u>
Net increase in cash and cash equivalents		70,415	72,288
Cash and cash equivalents at beginning of financial year		<u>4,106,550</u>	<u>4,034,262</u>
Cash and cash equivalents at end of financial year	9	<u>4,176,965</u>	<u>4,106,550</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

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

1. General information

Habitat For Humanity Singapore Ltd (the "Company") is incorporated and domiciled in Singapore. The Company's registered office and principal place of business is located at 56 Lorong 23 Geylang, #05-00, Century Technology Building, Singapore 388381.

The Company is a registered charity under the Charities Act 1994 since 27 April 2004, and has been accorded the status of an Institutions of a Public Character ("IPC") for the period from 09 March 2018 to 08 March 2021. The Company has renewed its IPC status from 09 March 2021 to 08 March 2023.

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

The liability of the members is limited. 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. As at the reporting date, the Company has 14 members (2021: 11 members).

2. Significant accounting policies**2.1 Basis of preparation**

The financial statements have been prepared in accordance with the Charities Accounting Standard ("CAS") and the disclosure requirements of the Companies Act 1967 and Charities Act 1994. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("S\$"), which is the Company's functional currency.

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenditure. All these judgements, 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 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.

2. Significant accounting policies (Cont'd)**2.2 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.

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.

2.3 Expenditure recognition

Expenditure 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, charitable activities and governance and administrative costs.

(a) Cost 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.

2. Significant accounting policies (Cont'd)

2.3 Expenditure recognition (Cont'd)

(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 and administrative costs

Governance costs include the cost of governance arrangement, which related to the general running of the Company, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements and an apportionment of overhead and shared costs.

2.4 Financial assets

2.4.1 Recognition and measurement

Receivables, excluding prepayments, are initially recognised at their transaction price, excluding transaction costs, if any. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Prepayments are initially recognised at the amount paid in advance for the economic resources expected to be received in the future.

Receivables in financial assets are subsequently measured at cost less accumulated impairment losses.

2.4.2 Derecognition

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

2.4.3 Impairment

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

An allowance for impairment of other receivables is recognised when there is objective evidence that the Company 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 "Governance and administrative costs".

Subsequently, if the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss will be reversed. The reversal will not result in any 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 amount of reversal is recognised in the statement of financial activities.

2. Significant accounting policies (Cont'd)

2.5 Property, plant and equipment

2.5.1 Measurement

All property, plant and equipment are stated at cost less accumulated depreciation. All items of property, plant and equipment are initially recorded at cost. Fully depreciated assets still in use are retained in the financial statements.

The cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:

- It is probable that future economic benefits associated with the item will flow to the Company; and
- The cost of the item can be measured reliably.

The cost of an item of property, plant and equipment comprises all of the following:

- a) Its purchase price, including legal and brokerage fees, import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;
- b) Any costs 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. These can include the costs of site preparation, initial delivery and handling, installation and assembly, and testing of functionality; and
- c) The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during the period.

Property, plant and equipment are not revalued and are not required to be assessed for impairment under CAS.

2.5.2 Depreciation

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 to 10
Renovation	10
Vehicles	5
Computers	3
Software development	3

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each reporting date. The effects of any revision are recognised in the statement of financial activities in the financial year in which the changes arise.

Fully depreciated assets still in use are retained in the financial statements.

2. Significant accounting policies (Cont'd)**2.5 Property, plant and equipment (Cont'd)****2.5.3 Disposal**

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

2.6 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with a financial institution which are stated at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2.7 Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities includes "Payables".

Financial liabilities is derecognised when the obligations under the liability is discharged or cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability or are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.8 Other payables

Other payables excluding accruals, are recognised at their transaction price, excluding transaction cost, if any, both at initial recognition and at subsequent measurement. Transaction costs are recognised as expenditure in the statement of financial activities as incurred. Accruals are recognised at the best estimate of the amount payable.

2.9 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company 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. 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. Significant accounting policies (Cont'd)

2.10 Employee benefits

(a) Defined contribution plan

As required by law, the Company contributes to the employee's 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.

2.11 Operating leases as lessee

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 statement of financial activities 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 recognised as an expense in the period in which termination takes place.

Rental on operating lease is charged to the statement of financial activities.

2.12 Funds

(a) Unrestricted funds

The Company classifies the following funds as unrestricted assets:

- 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 funds

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 programme
- Build programme

2. Significant accounting policies (Cont'd)**2.13 Foreign currencies**

Transactions in foreign currencies are measured in Singapore Dollar and recorded at exchange rates approximating those ruling at the transaction dates. Foreign currency monetary assets and liabilities are measured using the exchange rates ruling at the reporting date. All exchange differences are recognised in the statement of financial activities.

2.14 Contingencies

Contingent liabilities are not recognised in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognised in the financial statements but disclosed when an inflow of economic benefit is probable.

2.15 Events after the reporting date

Events after the reporting date that provide additional information about the Company's position at the reporting date (adjusting events) are reflected in the financial statements. Events after the reporting date that are not adjusting events are disclosed in the notes to the financial statements when material.

3. Significant accounting judgements and estimates

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of income, expenditure, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting date. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1. Judgement made in applying accounting policies

The key critical judgements in applying the entity's accounting policies concerning the future at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Government grants

Government grants to meet operating expenses are recognised as income in the statement of financial activities on the accrual basis in the financial year these operating expenses were incurred and there is reasonable assurance that the Company will comply with the conditions attached to it. For certain grants, the government agencies reserve the right to withdraw, withhold or reduce the amount of any funds approved but not yet disbursed or to call for the refund of all funds which have been disbursed to the Company if the conditions are not met.

At the reporting date, the management assessed the Company has met the conditions attached to the grants.

3. Significant accounting judgements and estimates (Cont'd)**3.2. Key sources of estimation uncertainty**

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting date are discussed below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Useful lives of property, plant and equipment

Management determines the estimated useful lives and the related depreciation for its property, plant and equipment based on the period over which the property, plant and equipment are expected to provide economic benefits. Management's estimation of the useful lives of property, plant and equipment is based on collective assessment of industry practice, internal technical evaluation and experience with similar assets.

The estimation of the useful lives of the property, plant and equipment could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of property, plant and equipment. The depreciation charge is increased where useful lives are less than previously estimated lives.

The carrying value of property, plant and equipment as of 30 June 2022 and 2021 are disclosed in Note 11 of the financial statements.

Based on Management's assessment, no change in the estimated useful lives of property, plant and equipment is required as of 30 June 2022 and 2021.

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4. Income

		2022						2021
		Unrestricted Funds			Restricted Funds			
Note	General Fund S\$	Total Unrestricted Fund S\$	Care & Share Fund S\$	Local Programme S\$	Build Programme S\$	Total Restricted Funds S\$	Total funds S\$	Total funds S\$
Incoming resources from generated funds								
<u>Voluntary income</u>								
- Donations-in-cash	5	668,438	668,438	0	0	0	668,438	723,175
- Government grants	6	0	0	0	214,747	0	214,747	408,356
		<u>668,438</u>	<u>668,438</u>	<u>0</u>	<u>214,747</u>	<u>0</u>	<u>214,747</u>	<u>1,131,531</u>
<u>Fund generating activities</u>								
- Sales of merchandise		<u>260</u>	<u>260</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>260</u>	<u>214</u>
<u>Investment income</u>								
- Interest income from banks		<u>2,038</u>	<u>2,038</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,038</u>	<u>3,292</u>
Income from charitable activities								
Programme income	5	<u>0</u>	<u>0</u>	<u>0</u>	<u>431,175</u>	<u>497,392</u>	<u>928,567</u>	<u>2,653,978</u>
Other income								
Net foreign exchange gain		<u>11,583</u>	<u>11,583</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>11,583</u>	<u>0</u>
TOTAL INCOME		<u>682,319</u>	<u>682,319</u>	<u>0</u>	<u>645,922</u>	<u>497,392</u>	<u>1,143,314</u>	<u>3,789,015</u>

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Audited Financial Statements
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	2022 S\$	2021 S\$
Tax deductible donations	868,645	833,384
Non-tax deductible donations	<u>728,360</u>	<u>2,943,769</u>
	<u>1,597,005</u>	<u>3,777,153</u>
	2022 S\$	2021 S\$
The donations were allocated as follows:		
- Voluntary income	668,438	1,123,175
- Programme income	<u>928,567</u>	<u>2,653,978</u>
	<u>1,597,005</u>	<u>3,777,153</u>

During the financial year, the Company issued tax-exempt receipts for donations collected amounting to S\$844,315 (2021: S\$830,384) pursuant to its Institutions of a Public Character ("IPC") status.

6. Government grants

	2022 S\$	2021 S\$
Bicentennial Community Fund	0	400,000
Care & Share Fund	0	8,356
Toteboard	<u>214,747</u>	<u>0</u>
	<u>214,747</u>	<u>408,356</u>

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7. Expenditure

		2022						2021
		Unrestricted Funds		Restricted Funds				
	Note	General Fund S\$	Total Unrestricted Fund S\$	Care & Share Fund S\$	Local Programme S\$	Build Programme S\$	Total Restricted Funds S\$	Total funds S\$
Cost of generating funds								
Cost of generating voluntary income								
- Use of Habitat brand	16	16,971	16,971	0	0	0	0	33,460
Cost of fund generating activities								
- Salaries, benefits and related costs	8	72,757	72,757	0	0	0	0	61,788
- CPF	8	17,591	17,591	0	0	0	0	9,009
- Event expenses		2,512	2,512	0	0	0	0	2,271
- Other expenses		9,818	9,818	0	0	0	0	4,379
- Office rental expenses		8,965	8,965	0	0	0	0	5,696
- Depreciation		2,497	2,497	0	0	0	0	2,286
		114,140	114,140	0	0	0	0	85,429
		131,111	131,111	0	0	0	0	118,889

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7. Expenditure (Cont'd)

		2022						2021	
		Unrestricted Funds		Restricted Funds					
	Note	General Fund S\$	Total Unrestricted Fund S\$	Care & Share Fund S\$	Local Programme S\$	Build Programme S\$	Total Restricted Funds S\$	Total funds S\$	Total funds S\$
Cost of charitable activities									
Salaries, benefits and related costs	8	0	0	0	403,602	188,413	592,015	592,015	537,037
CPF	8	0	0	0	64,604	24,910	89,514	89,514	93,985
Other staff benefits	8	0	0	0	17,750	4,216	21,966	21,966	22,444
Use of Habitatat brand	16	0	0	0	19,377	14,913	34,290	34,290	79,168
Bank charges and net foreign exchange losses		0	0	0	3,254	1,449	4,703	4,703	6,435
Depreciation		0	0	0	30,488	3,162	33,650	33,650	56,123
Equipment expenses		0	0	0	215	110	325	325	0
General expenses		0	0	0	9,414	2,013	11,427	11,427	14,453
Office rental expenses		0	0	0	47,187	11,348	58,535	58,535	50,392
Office supplies		0	0	0	411	97	508	508	156
Photocopies		0	0	0	238	44	282	282	251
Postage and courier		0	0	0	140	32	172	172	95
Programme cost		0	0	0	45,119	71,615	116,734	116,734	2,212,502
Repairs and maintenance		0	0	0	11,385	4,047	15,432	15,432	12,125
Telephone and fax		0	0	0	2,323	594	2,917	2,917	2,445
Training		0	0	0	92	21	113	113	773
Transportation		0	0	0	3,560	32	3,592	3,592	2,375
Travelling		0	0	0	2,424	15,714	18,138	18,138	0
Utilities		0	0	0	3,122	751	3,873	3,873	3,978
		0	0	0	664,705	343,481	1,008,186	1,008,186	3,094,737

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Financial Year Ended 30 June 2022

7. Expenditure (Cont'd)

		2022						2021
		Unrestricted Funds		Restricted Funds				
	General Fund	Total Unrestricted Fund	Care & Share Fund	Local Programme	Build Programme	Total Restricted Funds	Total funds	Total funds
Note	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Governance and administrative costs								
Salaries, benefits and related costs	8	241,469	241,469	0	0	0	241,469	131,454
CPF	8	28,115	28,115	0	0	0	28,115	26,043
Other staff benefits	8	9,397	9,397	0	0	0	9,397	11,468
Audit fee		8,634	8,634	0	0	0	8,634	8,133
Depreciation		4,701	4,701	0	0	0	4,701	8,499
General expenses		383	383	0	0	0	383	578
Insurance		1,169	1,169	0	2,135	1,042	3,177	4,493
Office rental		16,875	16,875	0	0	0	16,875	14,022
Professional fees		0	0	0	0	0	0	2,827
Transportation		38	38	0	0	0	38	32
Travelling		1,076	1,076	0	0	0	1,076	0
Photocopies		66	66	0	0	0	66	70
Repairs and maintenance		3,595	3,595	0	0	0	3,595	2,507
Utilities		1,116	1,116	0	0	0	1,116	106
Telephone and fax		780	780	0	0	0	780	680
Training		38	38	0	0	0	38	77
Bank charges and net foreign exchange losses		53	53	0	0	0	53	60,029
Office supplies		223	223	0	0	0	223	44
Postage and courier		42	42	0	0	0	42	26
		317,770	317,770	0	2,135	1,042	3,177	271,088
TOTAL EXPENDITURE		448,881	448,881	0	666,840	344,523	1,460,244	3,484,714

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Financial Year Ended 30 June 2022

8. Staff costs

	Note	2022 S\$	2021 S\$
Employer's CPF contribution		135,220	129,037
Foreign worker levy		0	297
Fringe benefits		33,086	34,530
Salaries, allowances and bonuses		902,727	878,540
Skill development fund		1,791	1,858
Total staff costs		1,072,824	1,044,262
Less: Job Support Scheme income		0	(151,034)
		<u>1,072,824</u>	<u>893,228</u>
The staff costs were allocated as follows:			
• Costs of generating funds	7	90,348	70,797
• Charitable activities	7	703,495	653,466
• Governance and administrative costs	7	278,981	168,965
		<u>1,072,824</u>	<u>893,228</u>

9. Cash and cash equivalents

	2022 S\$	2021 S\$
Fixed deposits	1,870,606	1,868,568
Cash at bank	2,299,781	2,235,547
Cash on hand	6,578	2,435
	<u>4,176,965</u>	<u>4,106,550</u>

Fixed deposits earn interest at a fixed rate of 0.40% (2021: 0.22%) per annum and mature in July 2022 (2021: July 2021).

10. Receivables

	2022 S\$	2021 S\$
Grant receivables		
- Care and Share Grant	0	247,368
- Toteboard	128,848	0
Deposits	17,970	17,970
Receivables from third parties	2,700	5,955
	<u>149,518</u>	<u>271,293</u>

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11. Property, plant and equipment

	Vehicles S\$	Renovation S\$	Furniture and fittings S\$	Computers S\$	Software development S\$	Total S\$
Cost						
At 1 July 2020	179,520	22,478	86,597	41,997	64,200	394,792
Additions	0	0	0	12,504	0	12,504
Reclassification	0	(1,699)	1,699	0	0	0
At 30 June 2021	179,520	20,779	88,296	54,501	64,200	407,296
Additions	0	0	0	18,206	0	18,206
At 30 June 2022	179,520	20,779	88,296	72,707	64,200	425,502
Accumulated depreciation						
At 1 July 2020	126,272	4,156	49,015	38,386	55,640	273,469
Depreciation	35,904	4,155	10,849	7,439	8,560	66,907
At 30 June 2021	162,176	8,311	59,864	45,825	64,200	340,376
Depreciation	17,344	2,079	10,848	10,577	0	40,848
At 30 June 2022	179,520	10,390	70,712	56,402	64,200	381,224
Carrying amount						
30 June 2021	17,344	12,468	28,432	8,676	0	66,920
30 June 2022	0	10,389	17,584	16,305	0	44,278

12. Payables

	2022 S\$	2021 S\$
Deferred income	242,852	684,819
Related party	39,298	18,405
Accruals	8,422	26,739
	<u>290,572</u>	<u>729,963</u>

Deferred income relates to the unrecognised income for the projects of the Company locally and overseas. These projects are the Cambodia Grace Project, Batam Build, Global Village and Project HomeWorks. This pertains to the funding received from Habitat for Humanity International and from various corporate entities.

13. Unrestricted funds

General Fund

This is a general-purpose fund to be used for non-specific purpose at the discretion of the directors in furtherance of the Company's objects.

During the financial year, the Company transferred the funds of S\$NIL (2021: S\$6,516) from Care and Share fund to General fund in respect of acquisition of property, plant and equipment.

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.

14. Restricted funds

(i) Local Programme

This is a programme 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 Programme

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

(iii) 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.

15. Income tax

The Company is a registered Charity under the Charities Act 1994 since 27 April 2004. Consequently, the income is exempted from income tax under provision of Section 13(1) of the Income Tax Act, Chapter 1947.

16. Related party transactions

- a) The following transactions took place between the Company and related party during the financial year at terms agreed between the parties:

		2022 S\$	2021 S\$
<u>Related party – Habitat for Humanity</u>			
<u>International, Inc.</u>			
Management fee – Use of Habitat brand	7	<u>(51,261)</u>	<u>(112,629)</u>

16. Related party transactions (Cont'd)

- a) The following transactions took place between the Company and related party during the financial year at terms agreed between the parties: (Cont'd)

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:

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

b) Key management personnel compensation

None of the directors received any compensation during the current and prior financial years.

The remuneration of the key management personnel, other than the directors, for the financial year is as follows:

	2022 S\$	2021 S\$
Salaries, allowance and bonuses	207,394	196,743
CPF and SDL contributions	20,136	18,200
	<u>227,530</u>	<u>214,943</u>
	No. of key management personnel	No. of key management personnel
Remuneration band		
-S\$100,001 to S\$150,000	1	1
-S\$100,000 and below	<u>1</u>	<u>2</u>

17. Operating lease commitments

The Company has entered into commercial lease on office premises and warehouse usage. The rental expense amounted to S\$84,375 (2021: S\$70,111) for the financial year ended 30 June 2022. The lease for the office premises has a tenure of 2 years (2021: 3 years) and the Company has the option to renew for another two years at the same monthly rate. The lease for the warehouse usage has an 18 months (2021: 12 months). There is no contingent rent provision included in both contracts.

Future minimum lease payments payable under non-cancellable operating lease as at year-end are as follows:

	2022 S\$	2021 S\$
Within one financial year	74,472	37,236
Within two to five financial years	37,236	0
	<u>111,708</u>	<u>37,236</u>

18. Contingent assets

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

The Company has raised donations of S\$2,344,151 during the matching period and is eligible for Care and Share matched grant of up to S\$2,473,698. As at the end of the financial year, the Company has received an accumulated grant disbursement of S\$2,226,328 (2021: S\$2,226,328). The Company has not received a grant disbursement during the financial years ended 30 June 2022 and 2021. The Care and Share income recognised in the current financial year amounts to S\$NIL (2021: S\$8,356).

The Company has no contingent asset as at 30 June 2022 and 2021. The recognition is based on the grant matching criteria and quantum.

19. Reserve position and policy

The Company's reserve position for the financial years ended 30 June 2022 and 30 June 2021 are as follows:

		2022	2021	Increase/ (decrease)
		S\$'000	S\$'000	%
A	Unrestricted Funds			
	General Fund	2,576	2,343	9.94
	Reserve Fund	1,100	1,100	0.00
B	Restricted or Designated Funds			
	Local Programme	160	181	(11.60)
	Build Programme	244	91	168.13
C	Endowment Fund	N/A	N/A	N/A
D	Total Funds	4,080	3,715	9.83
E	Total Annual Operating Expenditure	1,460	3,485	(58.11)
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.79	1.07	

Reference:

- C. An endowment fund consists of assets, funds or properties that 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 direct Cost of Generating Funds, Charitable Activities and Governance and Administrative costs.

The Company's reserve policy is as follows:

The reserve of the Company provides financial stability and the means for the development of the Company's activities. The Board intends to maintain the reserves at a level sufficient for its operating needs. Management reviews the level of reserves regularly for the Company's continuing obligations.

20. Management of conflict interest

During the current and previous financial year, none of the Board members received any remuneration from the Company.

Board and Management members are required to disclose any interest that they may have, whether directly or indirectly, that the Company may enter into or in any organisations that the Company has dealings with or is considering dealing with; and any personal interest accruing to him as one of the Company's supplier, user of services or beneficiary. Should there be any potential conflict of interest, the affected members may not vote on the issue that was the subject matter of the disclosure. Detailed minutes will be taken on the disclosure as well as the basis for arriving at the final decision in relation to the issue at stake.

21. Impact of COVID-19 (Coronavirus Disease 2019)

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's significant operations are in Singapore and Asia Pacific which have been affected by the spread of COVID-19 since 2021. The nature of the Company's business are those of promoting global habitat for humanity development by developing awareness and youth development programmes locally and beyond. Summarise the impact of COVID-19 as below on the Company's financial performance reflected in this set of financial statements for the financial year ended 30 June 2022:

- i. The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. The Board of Directors is continuously monitoring the COVID-19 pandemic situation and will take further action as necessary in response to the service disruption.

As the global COVID-19 situation remains fluid as at the date these financial statements were authorised for issuance, the Company cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 30 June 2023. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

22. Authorisation of financial statements

The financial statements for the financial year ended 30 June 2022 were authorised for issue in accordance with a resolution of the Board of Director of the Company on 11 October 2022.