

HEARTWARE NETWORK

(Registered in Singapore under the Charities Act, Chapter 37 and Societies Act, Chapter 311)
(Registration No: T00SS0109G)
(Institutions of a Public Character Number: IPC00016)

Statement by the Board and Financial Statements

Reporting Year Ended 31 December 2020

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HEARTWARE NETWORK

Statement by the Board of Management and Financial Statements

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HEARTWARE NETWORK


Statement by the Board of Management

In the opinion of the Board of Management,

- (a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Heartware Network (the "Society") as at 31 December 2020 and the results, changes in funds and cash flows of the Society for the reporting year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

The Board of Management approved and authorised these financial statements for issue.

On Behalf of the Board of Management,



.....
Ting Seng Kiong
Chairman

16 June 2021



.....
Vikas Arora
Honorary Treasurer

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**Independent Auditor's Report to the Members of
HEARTWARE NETWORK**

(Registered in Singapore under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

Report on the audit of the financial statements**Opinion**

We have audited the accompanying financial statements of Heartware Network (the "Society"), which comprise the statement of financial position as at 31 December 2020, and the statement of financial activities, and statement of cash flows for the reporting year then ended, and notes to the financial statements, including a summary of the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the "Societies Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and the Charities Accounting Standards ("CAS") so as to present fairly, in all material respects, the state of affairs of the Society as at 31 December 2020 and of the results, changes in funds and cash flows of the Society for the reporting 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 Society 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 matter

The financial statements of the Society for the reporting year ended 31 December 2019 were audited by another independent auditor who expressed an unqualified opinion on those financial statements on 29 July 2020.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the Board of Management and the annual report but does not include the financial statements and our auditor's report thereon.

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

**Independent Auditor's Report to the Members of
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Other information (cont'd)

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available 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 those charged with governance for the financial statements

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

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

The Board of Management is responsible for overseeing the Society'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:

- a) 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.

**Independent Auditor's Report to the Members of
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Auditor's responsibilities for the audit of the financial statements (cont'd)

- b) 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 Society's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Society'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 Society to cease to continue as a going concern.
- e) 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,

- (a) the accounting and other records required to be kept by the Society have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund raising appeals held during the reporting year have been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeals.

**Independent Auditor's Report to the Members of
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(Registered in Singapore under the Charities Act, Chapter 37 and Societies Act, Chapter 311)**

Report on other legal and regulatory requirements (cont'd)

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

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

The engagement partner on the audit resulting in this independent auditor's report is Tan Wei Ling.

RSM CHIO LIM LLP

RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

16 June 2021

HEARTWARE NETWORK
Statement of Financial Activities
Reporting Year Ended 31 December 2020

	Notes	2020			2019		
		Unrestricted Funds \$	Restricted Funds \$	Total \$	Unrestricted Funds \$	Restricted Funds \$	Total \$
Income							
Voluntary income	4	584,321	182,492	766,813	112,691	239,706	352,397
Fund raising events		–	–	–	667,144	–	667,144
Interest income		27,712	–	27,712	32,805	–	32,805
Other income	5	253,635	–	253,635	89,027	16,524	105,551
Total income		865,668	182,492	1,048,160	901,667	256,230	1,157,897
Expenditure							
Fund raising expenditure	6	–	–	–	93,190	–	93,190
Charitable activities expenditure	7	739,143	405,354	1,144,497	618,491	445,832	1,064,323
Governance costs	8	11,372	–	11,372	7,829	–	7,829
Total expenditure		750,515	405,354	1,155,869	719,510	445,832	1,165,342
Net surplus / (deficit)		115,153	(222,862)	(107,709)	182,157	(189,602)	(7,445)
Reconciliation of funds:							
Total funds at beginning of the year		2,464,698	341,673	2,806,371	2,355,770	458,046	2,813,816
Inter-fund transfer		(122,624)	122,624	–	(73,229)	73,229	–
Total funds at end of the year		2,457,227	241,435	2,698,662	2,464,698	341,673	2,806,371

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

HEARTWARE NETWORK

Statement of Financial Position As at 31 December 2020

	<u>Notes</u>	<u>2020</u> \$	<u>2019</u> \$
ASSETS			
<u>Non-current assets</u>			
Plant and equipment	11	233,874	328,040
Intangible asset	12	9,744	19,470
Total non-current assets		<u>243,618</u>	<u>347,510</u>
<u>Current assets</u>			
Loans granted under Youth Business Singapore	13	3,900	3,900
Receivables	14	28,542	206,192
Other assets	15	7,341	6,756
Cash and cash equivalents	16	2,555,243	2,364,205
Total current assets		<u>2,595,026</u>	<u>2,581,053</u>
Total assets		<u>2,838,644</u>	<u>2,928,563</u>
Less:			
<u>Current liabilities</u>			
Payables	17	104,630	122,192
Other liabilities	18	35,352	–
Total current liabilities / total liabilities		<u>139,982</u>	<u>122,192</u>
Net assets		<u>2,698,662</u>	<u>2,806,371</u>
Represented by:			
FUNDS			
<u>Unrestricted funds</u>			
General Fund	19,21	2,305,262	2,217,392
Designated Income Fund	19,21	151,965	247,306
Total unrestricted funds		<u>2,457,227</u>	<u>2,464,698</u>
<u>Restricted funds</u>			
Other Restricted Funds	20,21	241,435	341,673
Total funds		<u>2,698,662</u>	<u>2,806,371</u>

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

HEARTWARE NETWORK

Statement of Cash Flows Reporting Period Ended 31 December 2020

	<u>2020</u>	<u>2019</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Net deficit for the period	(107,709)	(7,445)
Adjustment for:		
Amortisation of intangible assets	9,726	14,529
Depreciation of plant and equipment	104,170	103,554
Donation-in-kind	(4,697)	–
Interest income	(27,712)	(32,805)
Loss on disposal of plant and equipment	256	–
Operating cash flows before changes in working capital	<u>(25,966)</u>	<u>77,833</u>
Receivables	179,099	(176,141)
Payables	(17,562)	29,427
Other assets	(585)	(1,117)
Other liabilities	35,352	–
Cash restricted in use	18,633	248,238
Net cash flows from operating activities	<u>188,971</u>	<u>178,240</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Note 11)	(5,563)	(7,834)
Interest income received	26,263	62,672
Net cash flow from investing activities	<u>20,700</u>	<u>54,838</u>
<u>Cash flows from financing activities</u>		
Repayment of loans granted	–	50
Net cash flow from financing activities	<u>–</u>	<u>50</u>
Net increase in cash and cash equivalents	209,671	233,128
Cash and cash equivalents, beginning balance	<u>2,273,610</u>	<u>2,040,482</u>
Cash and cash equivalents, ending balance (Note 16A)	<u>2,483,281</u>	<u>2,273,610</u>

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

HEARTWARE NETWORK

Notes to the Financial Statements 31 December 2020

1. General

Heartware Network (the “Society”) was established in Singapore on 12 April 2000 as a Society under the Societies Act, Chapter 311. The Society is also a charity registered under the Charities Act, Chapter 37. The Society was conferred the Institution of Public Character under the Charities Act, Chapter 37. The financial statements are presented in Singapore Dollar.

The Board of Management approved and authorised these financial statements for issue on the date of the Statement by the Board of Management.

The Society’s vision is to be trusted youth developer, enabling youths to become resilient and active community champions. The mission is to ignite the hearts of youth and impart them with values, character and skills to make a real difference to the community.

The Society seeks to instill positive values and build strong character in youth between ages 14 and 35. The Society engages youth to be resilient, innovative in serving others, and to be entrepreneurs rooted to Singapore as their home. The Society is committed to transforming the lives of under-served children and youth by empowering them with greater confidence in their abilities, so as to achieve a brighter future.

The Society’s commitment is to transform youths to discover their sense of purpose in life through 3 key thrusts – Youth Development, Youth Leadership and Youth Entrepreneurship.

Youth Development – Inducts Youth into the world of volunteerism by instilling in them a “Make a Difference” attitude through sustainable actions.

Youth Leadership – Empower and equip Youth with leadership skills to plan, lead and execute large-scale community projects.

Youth Entrepreneurship – Develop life skills for the workspace through entrepreneurship opportunities, instilling a “Can Do, Will Do” attitude.

The Society’s registered office and place of activities is located at 568 Ganges Avenue, #02-100, Singapore 160568.

The Covid-19 pandemic and its aftermath

Management has reviewed the estimated potential impact and plausible downside scenarios, along with its responses as a result of the Covid-19 pandemic. No material uncertainties were identified in connection with the Society’s ability to continue in operational existence for the foreseeable future.

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention in accordance with the Charities Accounting Standards (“CAS”) as issued by the Singapore Accounting Standards Council. The Society is also subject to the provisions of the Charities Act, Chapter 37 and the Societies Act, Chapter 311.

HEARTWARE NETWORK

1. General (cont'd)

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Society's accounting policies. The areas requiring management's most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2C below, where applicable.

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Income recognition

(a) Donations

Donations and income from fund-raising events are recognised as and when received.

(b) Government grants

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received.

(c) Rendering of services

Income from services rendered is recognised when the the services are provided.

(d) Interest Income

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

Donation-in-kind

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

HEARTWARE NETWORK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Employee benefits

Contributions to defined contribution retirement benefit plans are recorded as an expense as they fall due. The Society's legal or constructive obligation is limited to the amount that it agrees to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the Society is contractually obliged or where there is constructive obligation based on past practice.

Income tax

As an approved charity under the Charities Act, Cap. 37, the Society is exempted from income tax under Section 13(1)(zm) of the Income Tax Act, Cap 134.

Plant and equipment

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses.

Cost also includes acquisition cost, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent cost are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the Society and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets over their estimated useful lives of each part of an item of these assets. The useful lives of the assets are as follows:

Computers	–	33%
Furniture and office equipment	–	20%
Renovations	–	20%

An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ significantly from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

The gain or loss arising from the derecognition of an item of plant and equipment is recognised in statement of financial activities.

HEARTWARE NETWORK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Intangible asset

An identifiable non-monetary asset without physical substance is recognised as an intangible asset at acquisition cost if it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. After initial recognition, an intangible asset shall be measured at cost less accumulated amortisation.

The amortisable amount of an intangible asset with finite useful life is allocated on a systematic basis over the best estimate of its useful life from the point at which the asset is ready for use. The useful lives are as follows:

Website portal development	– 20%
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Receivables

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

After initial recognition, receivables excluding prepayments shall be measured at cost less any accumulated impairment losses. Prepayments shall be measured at the amount paid less the economic resources received or consumed during the financial period.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in statement of financial activities on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in statement of financial activities as an integral part of the total lease expense.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, and on demand deposits. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction, if any.

Payables

Payables excluding accruals shall be recognised at their transaction price, excluding transaction costs, if any, both at initial recognition and at subsequent measurement. Transaction costs shall be recognised as expenditure in the Statement of Financial Activities as incurred. Accruals shall be recognised at the best estimate of the amount payable.

HEARTWARE NETWORK

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes if any by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

The critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements and the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities currently or within the next reporting year are discussed below. These estimates and assumptions are periodically monitored to ensure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

Allocation of employees benefits expense to restricted funds

Management's assumption is required to allocate the employees benefits expense to the restricted funds. Assumptions made include the time spent by each staff on each programme under restricted funds, based on their knowledge with the programmes. Such assumption is subject to judgements and may develop materially differently than expected and therefore resulting in significant impact on the restricted fund balances at the reporting year end. The restricted fund balances at the reporting year end are disclosed in Note 20.

HEARTWARE NETWORK

3. Related party relationships and transactions

CAS defines a related party as the board/office bearers and key management of the Society.

The members of the Board of Management are volunteers and receive no monetary remuneration for their contribution. There are no paid staff who are close members of the family of the members of Board of Management.

3A. Key management compensation

	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and other short-term employee benefits	<u>149,879</u>	<u>179,813</u>

The above amounts are included under employee benefits expense.

Key management personnel included the Directors who have the authority and responsibility for planning, directing and controlling the activities of the Society, directly or indirectly.

4. Voluntary income

	<u>2020</u>	<u>2019</u>
	\$	\$
Donations	200,644	148,354
Donation-in-kind	4,697	–
Government grants ^(a)	<u>561,472</u>	<u>204,043</u>
	<u>766,813</u>	<u>352,397</u>

^(a) Government grants are allocated and recorded in the respective specific funds based on the projects which the grants are utilised to fund. The major government grants received during the current reporting year included The Bicentennial Community Fund and Ministry of Culture, Community & Youth - Growing Youth Volunteerism in Singapore.

5. Other income

	<u>2020</u>	<u>2019</u>
	\$	\$
Fees and recovery of costs	63,102	79,117
Government grants – Jobs Support Scheme ^(b)	161,601	–
Government grants – Others	28,893	26,366
Others	<u>39</u>	<u>68</u>
	<u>253,635</u>	<u>105,551</u>

^(b) The purpose of the Jobs Support Scheme is to provide wage support to employers to help them retain their local employees during this period of economic uncertainty amid Covid-19 for 17 months from April 2020 to August 2021.

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6. Fund raising expenditure

	<u>2020</u>	<u>2019</u>
	\$	\$
Employees benefits expense (Note 9)	–	39,081
Fund raising expenses	–	54,109
	<u>–</u>	<u>93,190</u>

7. Charitable activities expenditure

	<u>2020</u>	<u>2019</u>
	\$	\$
Employees benefits expense (Note 9)	810,490	691,925
Rental expenses	61,852	71,980
Depreciation of plant and equipment (Note 11)	104,170	103,554
Amortisation of intangible assets	9,726	14,529
Others including volunteers related expenses	158,259	182,335
	<u>1,144,497</u>	<u>1,064,323</u>

8. Governance cost

	<u>2020</u>	<u>2019</u>
	\$	\$
Audit fees to the independent auditor of the Society	11,372	7,829

9. Employees benefits expense

	<u>2020</u>	<u>2019</u>
	\$	\$
Salaries and other employee benefits	697,145	629,047
Contributions to defined contribution plan	113,345	101,959
Total employees benefits expense	<u>810,490</u>	<u>731,006</u>

Allocated within profit or loss as follows:

Fund raising expenditure	–	39,081
Charitable activities expenditure	810,490	691,925
Total employee benefits expense	<u>810,490</u>	<u>731,006</u>

10. Tax deductible donation receipts

The Society enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 times tax deduction for the donations made to the Society. This status is effective for the period from 1 January 2020 to 31 December 2021 under the Institutions of a Public Character (IPC) Scheme.

	<u>2020</u>	<u>2019</u>
	\$	\$
Tax deductible receipts issued for donations collected	<u>197,490</u>	<u>810,010</u>

HEARTWARE NETWORK

11. Plant and equipment

	<u>Computer</u> \$	<u>Furniture and office equipment</u> \$	<u>Renovation</u> \$	<u>Total</u> \$
<u>Cost:</u>				
At 1 January 2019	42,875	127,469	396,440	566,784
Additions	7,385	449	–	7,834
Written off	(2,018)	–	–	(2,018)
At 31 December 2019	<u>48,242</u>	<u>127,918</u>	<u>396,440</u>	<u>572,600</u>
Additions	5,563	4,697	–	10,260
Written off	(12,810)	(28,231)	–	(41,041)
At 31 December 2020	<u>40,995</u>	<u>104,384</u>	<u>396,440</u>	<u>541,819</u>
<u>Accumulated depreciation:</u>				
At 1 January 2019	31,799	53,429	57,796	143,024
Depreciation for the year	6,560	17,706	79,288	103,554
Written off	(2,018)	–	–	(2,018)
At 31 December 2019	<u>36,341</u>	<u>71,135</u>	<u>137,084</u>	<u>244,560</u>
Depreciation for the year	7,702	17,180	79,288	104,170
Written off	(12,810)	(27,975)	–	(40,785)
At 31 December 2020	<u>31,233</u>	<u>60,340</u>	<u>216,372</u>	<u>307,945</u>
<u>Net book value:</u>				
At 1 January 2019	<u>11,076</u>	<u>74,040</u>	<u>338,644</u>	<u>423,760</u>
At 31 December 2019	<u>11,901</u>	<u>56,783</u>	<u>259,356</u>	<u>328,040</u>
At 31 December 2020	<u>9,762</u>	<u>44,044</u>	<u>180,068</u>	<u>233,874</u>

The depreciation expense is charged under charitable activities expenditure.

12. Intangible asset

	<u>Homes</u> \$	<u>Website and Youthbank Portal</u> \$	<u>Total</u> \$
<u>Cost:</u>			
At 1 January 2019	51,940	72,644	124,584
Written off	(51,940)	–	(51,940)
At 31 December 2019 and 31 December 2020	<u>–</u>	<u>72,644</u>	<u>72,644</u>
<u>Accumulated amortisation:</u>			
At 1 January 2019	51,940	38,645	90,585
Amortisation for the year	–	14,529	14,529
Written off	(51,940)	–	(51,940)
At 31 December 2019	<u>–</u>	<u>53,174</u>	<u>53,174</u>
Amortisation for the year	–	9,726	9,726
At 31 December 2020	<u>–</u>	<u>62,900</u>	<u>62,900</u>
<u>Net book value:</u>			
At 1 January 2019	<u>–</u>	<u>33,999</u>	<u>33,999</u>
At 31 December 2019	<u>–</u>	<u>19,470</u>	<u>19,470</u>
At 31 December 2020	<u>–</u>	<u>9,744</u>	<u>9,744</u>

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13. Loans granted under Youth Business Singapore

These loans were granted to approved applicants under the Youth Business Singapore loan scheme to assist young entrepreneurs in starting up their business. These loans are unsecured, interest-free and are repayable in 12 or 24 monthly instalments from the second year of granting the loans.

Movement in the loans are as follows:

	<u>2020</u>	<u>2019</u>
	\$	\$
Balance at beginning of year	3,900	3,950
Loans repaid	–	(50)
Balance at end of year	<u>3,900</u>	<u>3,900</u>

14. Receivables

	<u>2020</u>	<u>2019</u>
	\$	\$
Grant receivables	27,000	172,837
Accrued interest income	1,542	93
Other receivables	–	33,262
	<u>28,542</u>	<u>206,192</u>

15. Other assets

	<u>2020</u>	<u>2019</u>
	\$	\$
Deposits	5,750	5,650
Prepayments	1,591	1,106
	<u>7,341</u>	<u>6,756</u>

16. Cash and cash equivalents

	<u>2020</u>	<u>2019</u>
	\$	\$
Not restricted in use	<u>2,555,243</u>	<u>2,364,205</u>

The rates of interest for the cash on interest earning balances amounting to \$1,650,000 (2019: \$1,867,644) ranged between 0.4% to 0.6% (2019: 1.6% to 2.05%) per annum.

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16. Cash and cash equivalents (cont'd)

16A. Cash and cash equivalents in the statement of cash flows

	<u>2020</u>	<u>2019</u>
	\$	\$
Amount as shown above	2,555,243	2,364,205
Cash held under restricted funds (Note 20)	<u>(71,962)</u>	<u>(90,595)</u>
Cash and cash equivalents for statement of cash flows purposes at end of the year	<u>2,483,281</u>	<u>2,273,610</u>

17. Payables

	<u>2020</u>	<u>2019</u>
	\$	\$
Accrued expenses	102,625	87,570
Other payables	<u>2,005</u>	<u>34,622</u>
	<u>104,630</u>	<u>122,192</u>

18. Other liabilities

	<u>2020</u>	<u>2019</u>
	\$	\$
Government grant unamortised	<u>35,352</u>	<u>—</u>

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19. Unrestricted funds

	Balance at beginning of the year	Income	Expenditure	Net income/ (expenditure)	Inter-fund transfer	Balance at end of the year
	\$	\$	\$	\$	\$	\$
2020						
General fund	2,217,392	791,165	(329,922)	461,243	(373,373)	2,305,262
<u>Designated income funds</u>						
Youth Development	-	63,147	(234,358)	(171,211)	171,211	-
Youth Leadership	247,306	11,355	(106,696)	(95,341)	-	151,965
Youth Entrepreneurship	-	-	(79,538)	(79,538)	79,538	-
Sub-total	247,306	74,502	(420,592)	(346,090)	250,749	151,965
Total	2,464,698	865,667	(750,514)	115,153	(122,624)	2,457,227
2019						
General fund	1,996,380	824,547	(307,062)	517,485	(296,473)	2,217,392
<u>Designated income funds</u>						
Youth Development	(1,693)	15	(142,893)	(142,878)	144,571	-
Youth Leadership	362,768	77,105	(192,567)	(115,462)	-	247,306
Youth Entrepreneurship	(1,685)	-	(76,988)	(76,988)	78,673	-
Sub-total	359,390	77,120	(412,448)	(335,328)	223,244	247,306
Total	2,355,770	901,667	(719,510)	182,157	(73,229)	2,464,698

During the reporting year, \$250,749 was transferred from General Fund to Designated Income Funds:

- (i) to finance Youth Development Projects which are National Day Parade Project, President's Challenge Volunteer Drive Project, School Engagement and other youth development projects under Youth Development Fund; and
- (ii) to finance Youth Entrepreneurship Project which is Youth Business Singapore under Youth Entrepreneurship Fund.

In the previous reporting year, \$223,244 was transferred from General Fund to Designated Income Funds:

- (i) to finance National Day Parade Project and Youth Development Project under Youth Development Fund; and
- (ii) to finance Youth Business Singapore Projects under Youth Entrepreneurship Fund.

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20. Restricted Income funds

	Balance at beginning of the year	Income	Expenditure	Net expenditure	Inter-fund transfer	Balance at end of the year
	\$	\$	\$	\$	\$	\$
<u>2020</u>						
Youth Development	90,595	147,292	(165,925)	(18,633)	–	71,962
Youth Leadership	–	35,200	(157,064)	(121,864)	121,864	–
Asset Fund	251,078	–	(82,365)	(82,365)	760	169,473
	<u>341,673</u>	<u>182,492</u>	<u>(405,354)</u>	<u>(222,862)</u>	<u>122,624</u>	<u>241,435</u>
<u>2019</u>						
Youth Development	280,443	26,855	(216,703)	(189,848)	–	90,595
Youth Leadership	620	32,568	(142,320)	(109,752)	109,132	–
Asset Fund	176,983	196,807	(86,809)	109,998	(35,903)	251,078
	<u>458,046</u>	<u>256,230</u>	<u>(445,832)</u>	<u>(189,602)</u>	<u>73,229</u>	<u>341,673</u>

During the reporting year, \$121,864 was transferred from General Fund to finance Youth Leadership projects such as Heartware Academy and We Love Our Teachers' Project under Youth Leadership Fund. An amount of \$760 was transferred to Asset Fund due to reclassification of the depreciation expenses from General Fund.

In the previous reporting year, \$109,132 was transferred from General Fund to finance Heartware-Character & Citizen Education Leadership Programme and Heartware Academy under the Youth Leadership Fund.

The purposes of the restricted funds are as follows:

- (a) Youth Development restricted fund comprises the Heartware Support Our Pioneers fund, Heartware Tuition Programme fund and the Youthbank fund.
- (b) Youth Leadership restricted fund comprises funds set up to carry out the Heartware Acclaim Endowment Study Fund, an education awarded to approved students and Heartware-Character and Citizenship Education Leadership Programme.
- (c) Asset Fund – restricted is set up for the purpose of improving the Society's capacity through the investment in plant and equipment and the development of the website and the Youthbank portal. These investments are funded by the Care and Share Grant received from the national Council of Social Service ("NCSS").

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21. Columnar presentation of statement of financial position

	Unrestricted funds \$	Restricted income funds \$	Total \$
<u>2020</u>			
<u>Non-current assets</u>			
Plant and equipment	74,145	159,729	233,874
Intangible assets	–	9,744	9,744
Total non-current assets	74,145	169,473	243,618
<u>Current assets</u>			
Loans granted under Youth Business Singapore	3,900	–	3,900
Receivables	28,542	–	28,542
Other assets	7,341	–	7,341
Cash and cash equivalents	2,483,281	71,962	2,555,243
Total current assets	2,523,064	71,962	2,595,026
Total assets	2,597,209	241,435	2,838,644
Less:			
<u>Current liabilities</u>			
Payables	104,630	–	104,630
Other non-financial liabilities	35,352	–	35,352
Total current liabilities / total liabilities	139,982	–	139,982
Net assets	2,457,227	241,435	2,698,662
<u>2019</u>			
<u>Non-current assets</u>			
Plant and equipment	96,432	231,608	328,040
Intangible assets	–	19,470	19,470
Total non-current assets	96,432	251,078	347,510
<u>Current assets</u>			
Loans granted under Youth Business Singapore	3,900	–	3,900
Receivables	206,192	–	206,192
Other assets	6,756	–	6,756
Cash and cash equivalents	2,273,610	90,595	2,364,205
Total current assets	2,490,458	90,595	2,581,053
Total assets	2,586,890	341,673	2,928,563
Less:			
<u>Current liabilities</u>			
Payables	122,192	–	122,192
Total current liabilities / total liabilities	122,192	–	122,192
Net assets	2,464,698	341,673	2,806,371

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22. Reserve policy

The Society's reserves comprise the unrestricted funds and the restricted income funds. The reserves provide for financial stability and the means of development of the Society's principal activities. The intent is to have six months of the average monthly expenditure of the current year as reserve. The level of reserve will be reviewed annually.

The Society's reserve position is as follows:

	<u>2020</u> \$	<u>2019</u> \$
Unrestricted funds	<u>2,457,227</u>	<u>2,464,698</u>
Ratio of reserves to annual operating expenditure	<u>3.3</u>	<u>3.4</u>

23. Operating lease payment commitments – as lessee

At the end of the reporting year, the total future minimum lease payments under non-cancellable operating leases are as follows:

	<u>2020</u> \$	<u>2019</u> \$
Not later than one year	62,518	61,452
Later than one year but not later than five years	<u>121,109</u>	<u>8,413</u>
	<u>183,627</u>	<u>69,865</u>

The operating leases are in relation to the Society's office premises and a copier.

24. Reclassifications and comparative figures

Reclassifications have been made to enhance comparability with current year's financial statements.

The financial statements for the reporting year ended 31 December 2019 were audited by other independent auditor (other than RSM Chio Lim LLP) whose report dated 29 July 2020 expressed an unqualified opinion on those financial statements.