

COMPASSION FUND LTD.
(Co. Reg. No. 200904371Z)

**FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 MARCH 2017**

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**BAKER TILLY
TFW**

Baker Tilly TFW LLP
Chartered Accountants of Singapore

An independent member of Baker Tilly International

COMPASSION FUND LTD.
(A public company limited by guarantee)

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 March 2017.

In the opinion of the directors:

- (i) the financial statements of the Company as set out on pages 5 to 14 are drawn up so as to give a true and fair view of the financial position of the Company at 31 March 2017 and of the financial performance, changes in funds and cash flows of the Company for the financial year ended in accordance with the provisions of the Companies Act, Chapter 50, Singapore Charities Accounting Standards and the Charities Act, Chapter 37 and other relevant regulations; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Chan Wai Ming
Chia Chiu Leng
Chitty Ramanathan Parvathi
Taylor Kay Mary

Ranganayaki D/O K. Thangavelu
Sheryn-Kaye Von Senden
Yeo Hui Hong
Low Aik Meng

Arrangement to enable directors to acquire benefits

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

Other matters

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

Independent auditor

The independent auditor, Baker Tilly TFW LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors



Chan Wai Ming
Director



Low Aik Meng
Director

21 September 2017



BAKER TILLY TFW

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPASSION FUND LTD.

(A public company limited by guarantee)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Compassion Fund Ltd. (the "Company") as set out on pages 5 to 14, which comprise the balance sheet as at 31 March 2017, and 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 Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Singapore Charities Accounting Standards ("CAS") so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in funds and cash flows of the Company for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the Directors' Statement as set out on page 1, 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.

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 on the other information obtained prior to the date of this auditor's report, 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COMPASSION FUND LTD. (cont'd)**
(A public company limited by guarantee)

Report on the Audit of the Financial Statements (cont'd)

Responsibilities of Management and Directors 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 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.

The directors' 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.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
COMPASSION FUND LTD. (cont'd)**
(A public company limited by guarantee)

Report on the Audit of the Financial Statements (cont'd)

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

Report on Other Legal and Regulatory Requirements

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

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

- i) the use of the donation moneys was not in accordance with the objectives of the Company as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- ii) the Company has not complied with the requirements of Regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations.

Baker Tilly TFW LLP
Public Accountants and
Chartered Accountants
Singapore

21 September 2017

COMPASSION FUND LTD.
(A public company limited by guarantee)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 March 2017

	Note	2017 \$	2016 \$
Income from generated funds			
- Voluntary income	3	578,980	388,964
- Interest income		38,844	28,970
Other income		413	10,279
Total income		<u>618,237</u>	<u>428,213</u>
Expenditures			
Cost of generating voluntary income	4	12	38,696
Charitable activities	5	124,912	23,365
Governance costs	6	20,253	17,666
		<u>145,177</u>	<u>79,727</u>
Surplus transferred to General Fund		473,060	348,486
(Deficit)/surplus for Restricted Fund			
Care and Share Matching Grant	9	(252,485)	403,849
Net surplus and total comprehensive income for the financial year		<u>220,575</u>	<u>752,335</u>

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

COMPASSION FUND LTD.
(A public company limited by guarantee)

BALANCE SHEET
At 31 March 2017

	Note	2017 \$	2016 \$
Current assets			
Inventories		1,125	755
Interest receivables		20,323	7,348
Other receivables		1,431	15,692
Fixed deposits	7	2,820,015	2,320,010
Cash and bank balances		11,108	301,416
Total assets		2,854,002	2,645,221
Current liability			
Payables	8	6,432	18,226
Net assets		2,847,570	2,626,995
Funds			
General Fund		2,689,996	2,216,936
Care and Share Matching Grant (Restricted Fund)	9	157,574	410,059
Total Funds		2,847,570	2,626,995

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

COMPASSION FUND LTD.
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STATEMENT OF CASH FLOWS
For the financial year ended 31 March 2017

	2017	2016
	\$	\$
Cash flows from operating activities		
Surplus for the year	473,060	348,486
Receivables	1,286	(14,942)
Payables	(11,794)	7,218
Inventories	(370)	830
Cash generated from operations	462,182	341,592
Net cash (used in)/generated from Care and Share Matching Grant	(252,485)	403,849
Net cash from operating activities	209,697	745,441
Cash and cash equivalents at beginning of financial year	2,621,426	1,875,985
Cash and cash equivalents at end of financial year	2,831,123	2,621,426
Cash and cash equivalents comprise:		
Fixed deposits	2,820,015	2,320,010
Cash and bank balances	11,108	301,416
	2,831,123	2,621,426

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

COMPASSION FUND LTD.
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STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 March 2017

	General Fund \$	Care and Share Matching Grant \$	Total Funds \$
Balance at 1 April 2015	1,868,450	6,210	1,874,660
Surplus and total comprehensive income for the financial year	348,486	403,849	752,335
Balance at 31 March 2016	2,216,936	410,059	2,626,995
Surplus/(deficit) and total comprehensive income/(loss) for the financial year	473,060	(252,485)	220,575
Balance at 31 March 2017	2,689,996	157,574	2,847,570

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

COMPASSION FUND LTD.
(A public company limited by guarantee)

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 March 2017

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

1 Corporate information

The Company (Co. Reg. No 200904371Z) is incorporated and domiciled in Singapore with its principal place of operations and registered office located at 4 Shenton Way, #17-01 SGX Centre 2, Singapore 068807.

The principal activity of the Company is that of providing social and welfare services for children, youths and families. The Company is registered as a charity under the Charities Act with effect from 28 August 2009 and is approved as an Institution of a Public Character ("IPC").

The Company is limited by its members' guarantee to contribute to the assets of the Company up to \$100 for each member in the event of it being wound up.

2 Summary of significant accounting policies

a) Basis of preparation

The financial statements, expressed in Singapore dollar which is the Company's functional currency, have been prepared in accordance with the provisions of the Companies Act, Chapter 50, Singapore Charities Accounting Standards ("CAS") and the Charities Act, Chapter 37 and other relevant regulations. The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with the CAS requires the use of 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 financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year, or in the year of the revision and future years if the revision affects both current and future years. There were no significant judgements and estimates made during the financial year.

b) Revenue recognition

Income is recognised on the following basis:

- | | |
|------------------|---|
| Donation - | when received in cash or when a firm commitment is received before year end and the cash is received before date of report. |
| Interest - | on a time proportion basis over the year of placement of deposits with banks. |
| Grant - | where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. |
| Other donation - | upon receipt. |

2 Summary of significant accounting policies (cont'd)

c) Other receivables

Other receivables are measured at initial recognition at transaction price, excluding transaction costs, if any. Transaction costs shall be recognised as expenditure in the statement of financial activities. 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, other receivables shall be measured at cost less any accumulated impairment losses.

At each balance sheet date, where there is objective evidence that a receivable is impaired, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of financial activities. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. When a receivable is uncollectible, it is written off against the allowance account for receivables. Subsequent recoveries of amounts previously written off are credited in the statement of financial activities.

d) Financial liabilities

Financial liabilities, which comprise payables are initially measured at 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.

e) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

f) Income taxes

The Company is a registered charity under the Charities Act and is exempted from income tax.

g) Provisions

Provisions are recognised when the Company has a present obligation as a result of past events, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at each balance sheet date, and are discounted to present value where the effect is material.

h) Expenditure

Cost of Generating Funds

The cost of generating funds are those costs attributable to generating income for the Company, other than those costs incurred in undertaking charitable activities in furtherance of the Company's object.

2 Summary of significant accounting policies (cont'd)

h) Expenditure (cont'd)

Charitable Activities

Expenditure on charitable activities comprises all costs incurred in undertaking work to meet the charitable objects of the Company. Such costs include the direct costs of the charitable activities of the Company together with those support costs incurred that enable these activities to be undertaken.

Governance Costs

Governance costs include the costs of governance arrangements, which relate to the general running of the Company as opposed to the direct management functions inherent in generating funds, service delivery and programme or project work. Governance costs will normally include both direct costs such as internal and external audit, legal advice for governing board members and costs associated with constitutional and statutory requirements, and related support costs which where material, would comprises apportionment of shared and indirect costs involved in supporting the governance activities.

i) Reserves policy

Reserves shall be built up continuously as much as the Directors shall in their absolute discretion deem necessary to achieve the Company's vision, and accordingly, that it shall not be necessary to set or fix a desired level of reserves. Investment of reserves shall be in Singapore Dollar-denominated bank deposits held with licensed bank/s within Singapore only. The reserves policy will be reviewed from time to time on a need basis and shall be disclosed in the annual report of the Company.

j) Unrestricted Fund

This represents fund received by the Company that are expendable for any activities within the Company at the discretion of the management furtherance of the Company's charitable objectives.

k) Restricted Fund

Restricted fund is fund subject to specific trusts, which may be declared by the donors or with their authority such as in the literature of a public appeal or created through legal process, but still within the wider objects of the Company.

l) Funds

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

m) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants for capital expenditure are taken to deferred capital fund account under Restricted Fund. The depreciation of the related property, plant and equipment funded by the grants are taken to the deferred capital fund account over the useful lives of the property, plant and equipment.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

2 Summary of significant accounting policies (cont'd)**n) Inventories**

Inventories which comprise vouchers are valued at the lower of cost and net realisable value, which cost is determined on first-in, first-out basis method. Net realisable value is the estimated selling price in the ordinary course of operations.

3 Voluntary income

	2017 \$	2016 \$
Portico Charity Auction	—	39,598
Share-A-Meal	127	179,564
Share-A-Meal sponsorship-in-kind	—	14,922
Donations	578,730	143,871
Other donation and sponsorship-in-kind	123	11,009
	<u>578,980</u>	<u>388,964</u>

Included in voluntary income is donation with tax deductible receipts issued of \$559,635 (2016: \$121,163).

4 Cost of generating voluntary income

	2017 \$	2016 \$
Share-A-Meal	12	5,567
Share-A-Meal expenses sponsored	—	14,918
Portico Charity Auction	—	15,537
Portico Charity Auction expenses sponsored	—	2,674
	<u>12</u>	<u>38,696</u>

5 Charitable activities

	2017 \$	2016 \$
Direct financial assistance	73,916	—
Other assistance	8,650	18,420
Staff costs and benefits	42,346	4,945
	<u>124,912</u>	<u>23,365</u>

6 Governance costs

	2017 \$	2016 \$
Professional fees	5,876	5,487
Others	14,377	12,179
	<u>20,253</u>	<u>17,666</u>

7 Fixed deposits

At the balance sheet date, the fixed deposits bear interest ranging from 0.05% to 1.90% (2016: 0.05% to 1.90%) per annum. The fixed deposits mature within 1 month to 12 months (2016: 1 month to 9 months) from the balance sheet date.

8 Payables

	2017 \$	2016 \$
Other payables	6,432	15,860
Unearned interest income	–	2,366
	<u>6,432</u>	<u>18,226</u>

9 Care and Share Matching Grant

The Grant which is given out under the Care and Share movement, is managed by the Ministry of Social and Family Development (“MSF”) and is called the Care and Share Matching Grant.

	2017 \$	2016 \$
Balance at 1 April	410,059	6,210
Income	131,660	700,521
Expenditure	(384,145)	(296,672)
(Deficit)/surplus for the financial year	(252,485)	403,849
Balance at 31 March	<u>157,574</u>	<u>410,059</u>

As per the Variation to the Funding Agreement dated 30 October 2015 (the “Agreement”), this represents a dollar and twenty-five cents for every eligible donation dollar for the first \$1,000,000 and a dollar for every eligible donation dollar for the subsequent \$1,000,000 that the Company raises between 1 December 2013 and 31 March 2016. The Grant shall be used by the Company to develop social service related programmes to better serve the beneficiaries in following areas:

- (i) Capability Building
- (ii) Capacity Building
- (iii) New Initiatives/Expansion of existing services
- (iv) Critical Existing Needs (up to 20% of the Grant)

The Company has up to 31 March 2019 to utilise the Grant.

The Company participates in the Care and Share Matching Grant Scheme and is subjected to the terms and conditions of the Agreement and the Operating Rules. During the financial year, the Grant received amounted to \$131,660 (2016: \$700,521).

10 Related party transactions

In addition to information disclosed elsewhere in the financial statements, the following transactions took place between the Company and a related party on terms agreed between the parties:

	2017 \$	2016 \$
A registered charity in which a certain director is a board member - MILK (Mainly I Love Kids) Fund (Until 28 September 2015)		
Cost sharing of salary	—	42,003
<hr/>		
A company in which the spouse of a certain director is Non-Executive Chairman and Independent Director		
Donation	73	7,929
Governance costs	4,867	7,929
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11 Commitments

At the balance sheet date, the Company has approved support to needy families of approximately \$205,075 (2016: \$61,055) that will be disbursed subsequent to the financial year end.

12 Governing board members' remuneration and benefits

None of the Company's governing board member nor any close member of the governing board members' family has received any such remuneration, benefits, allowances or other manner of compensation from the Company.

13 Authorisation of financial statements

The financial statements of the Company for the financial year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors dated 21 September 2017.

