

ADVENTIST HOME FOR THE ELDERS
(Society Registration Number: 0139/1980WEL)

AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008



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ADVENTIST HOME FOR THE ELDERS
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ADVENTIST HOME FOR THE ELDERS

STATEMENT BY THE BOARD OF MANAGEMENT

The members of the Board of Management duly authorised by, **Adventist Home for the elders (the “Home”)**, hereby state that in our opinion, the accompanying balance sheet, income and expenditure statement, statement of changes in funds and the cash flow statement together with the notes thereon are drawn up in accordance with the Provisions of the Societies Act. And the Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Home as at **31 December 2008** and of the results, changes in funds and cash flows of the Home for the financial year then ended.

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

On behalf of the Board of Management

Wan Kwong Weng
Chairman

Yeoh Keng Swee
Vice Treasurer

Singapore

Date: 20 April 2009

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADVENTIST HOME FOR THE ELDERS (Society Registration Number: 0139/1980WEL)

We have audited the accompanying financial statements of the **ADVENTIST HOME FOR THE ELDERS** (the "Home"), which comprise the balance sheet as at **31 December 2008**, the income and expenditure statement, statement of changes in funds and cash flow statement for the year ended **31 December 2008**, and a summary of significant accounting policies and other explanatory notes, as set out on pages **8 to 12**.

Board of Management's responsibility for the financial statements

The Board of Management of the Home is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Societies Act (Cap.311) ("the Act") and Singapore Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

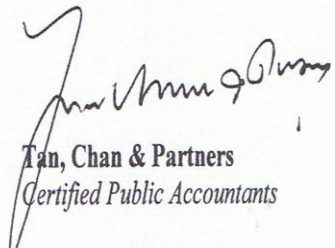
An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control of the Home relevant to preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

- a. The financial statements are properly drawn up in accordance with the provisions of the Societies Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Home as at **31 December 2008** and the results of operations, changes in funds and cash flows of the Home for the year ended on that date.
- b. The accounting and other records required by the Act to be kept by the Home have been properly kept in accordance with the By-laws of the Home and the provisions of the Societies Act.
- c. During the course of our audit, nothing has come to our attention to cause us to believe that the Home has not complied with the requirements of regulation 15 (Fund-raising expenses) of the Charities (Institutions of a Public Character) Regulations 2008.
- d. During the course of audit, nothing came to our notice that caused us to believe that the receipts, expenditure and the acquisition and disposal of assets by the Home during the financial year have not been made in accordance with the Act.


Tan, Chan & Partners
Certified Public Accountants

Singapore

Date: 20 APR 2009

Ref: 30 - 1921/WYX

ADVENTIST HOME FOR THE ELDERS

**BALANCE SHEET
AS AT 31 DECEMBER 2008**

| | Note | 2008 \$ | 2007 \$ |
|----------------------------------|------|-----------------------|----------------|
| FUNDS | | | |
| Accumulated fund | | 510,305 | 475,833 |
| Maintenance and development fund | 3 | 41,874 | 30,418 |
| | | <u>552,179</u> | <u>506,251</u> |
| REPRESENTED BY: - | | | |
| PLANT AND EQUIPMENT | 4 | 68,199 | 76,833 |
| CURRENT ASSETS | | | |
| Deposit and prepayments | | 5,439 | 5,111 |
| Fixed deposits | 5 | 354,915 | 349,924 |
| Cash and bank balance | 5 | 175,028 | 123,455 |
| | | <u>535,382</u> | <u>478,490</u> |
| LESS: CURRENT LIABILITIES | | | |
| Deposits received from residents | | 42,300 | 34,646 |
| Accrued operating expenses | | 9,102 | 14,426 |
| | | <u>51,402</u> | <u>49,072</u> |
| NET CURRENT ASSETS | | 483,980 | 429,418 |
| NET ASSETS | | <u>552,179</u> | <u>506,251</u> |

The annexed notes form an integral part of these financial statements and should be read in conjunction therewith.

ADVENTIST HOME FOR THE ELDERS

**INCOME AND EXPENDITURE STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

| | Note | 2008 \$ | 2007 \$ |
|---------------------------------|------|----------------------|----------------------|
| INCOME | | | |
| Contribution from residents | | 200,480 | 190,897 |
| Fund raising concert | | - | 32,665 |
| Donation from public | 6 | 16,936 | 19,891 |
| Public assistance & SJF | | 31,400 | 30,680 |
| Interest received | | 5,176 | 4,599 |
| Other income | | 6,586 | 3,893 |
| | | <u>260,578</u> | <u>282,625</u> |
| LESS: EXPENDITURE | | | |
| Audit fee | | 2,950 | 1,000 |
| Bank charge | | 24 | 114 |
| Bonus | | 9,633 | 12,473 |
| Bookkeeping service fee | | 1,200 | 1,200 |
| Fund raising concert expenses | | - | 10,059 |
| CPF | | 6,401 | 9,543 |
| Depreciation | | 12,530 | 12,142 |
| Food expense | | 22,539 | 19,485 |
| Foreign work levy | | 8,699 | 5,760 |
| Insurance | | 630 | 2,953 |
| Living allowance | | 2,880 | 3,390 |
| Medical expenses | | 2,198 | 1,416 |
| Minor fixed assets expensed off | | 3,729 | 258 |
| Miscellaneous expense | | 3,563 | 5,597 |
| Printing and stationery | | 1,161 | 2,661 |
| Rent | | 13,906 | 13,776 |
| Repair & maintenance | | 2,801 | 4,556 |
| Salaries | | 97,158 | 82,669 |
| Staff welfare | | 5,205 | 3,996 |
| Subcontractor work | | 105 | 1,323 |
| Subsidy paid by Adventist Home | | 2,820 | 9,178 |
| Telecommunication | | 1,864 | 1,019 |
| Transport | | 1,009 | 818 |
| Upkeep of Motor vehicle | | 4,815 | 3,422 |
| Utilities charge | | 18,286 | 15,650 |
| | | <u>226,106</u> | <u>224,458</u> |
| NET SURPLUS FOR THE YEAR | | <u><u>34,472</u></u> | <u><u>58,167</u></u> |

The annexed notes form an integral part of these financial statements and should be read in conjunction therewith.

ADVENTIST HOME FOR THE ELDERS

**STATEMENT OF CHANGES IN FUNDS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

| | Maintenance and Development Fund | Accumulated Fund | Total |
|-------------------------------|---|-----------------------------|----------------|
| | \$ | \$ | \$ |
| As at 1 January 2007 | 25,103 | 417,666 | 442,769 |
| Net surplus for the year | - | 58,167 | 58,167 |
| Donations received | 5,315 | - | 5,315 |
| As at 31 December 2007 | 30,418 | 475,833 | 506,251 |
| Net surplus for the year | - | 34,472 | 34,472 |
| Donations received | 11,456 | - | 11,456 |
| As at 31 December 2008 | 41,874 | 510,305 | 552,179 |

The annexed notes form an integral part of these financial statements and should be read in conjunction therewith.

ADVENTIST HOME FOR THE ELDERS

**CASH FLOWS STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008**

| | Note | 2008 \$ | 2007 \$ |
|---|------|-----------------------|------------------------|
| Cash Flow From Operating Activities | | | |
| Surplus for the year | | 34,472 | 58,167 |
| Adjustment for:- | | | |
| Depreciation of plant and equipment | | 12,530 | 12,142 |
| Operating surplus before working capital changes | | <u>47,002</u> | <u>70,309</u> |
| Adjustments for changes in working capital: | | | |
| Deposits and prepayments | | (328) | 1,819 |
| Deposits received from residents | | 7,654 | 9,540 |
| Accrued operating expenses | | (5,324) | 3,362 |
| Cash generated from operating activities | | <u>49,004</u> | <u>85,030</u> |
| Movement in maintenance and development fund balance | | 11,456 | 5,315 |
| Net cash generated from operating activities | | <u><u>60,460</u></u> | <u><u>90,345</u></u> |
| Cash Flow From Investing Activity | | | |
| Purchase of plant and equipment | | <u>(3,896)</u> | <u>(58,128)</u> |
| Net cash used in investing activity | | <u><u>(3,896)</u></u> | <u><u>(58,128)</u></u> |
| Net Increase in Cash and Cash Equivalents | | 56,564 | 32,217 |
| Cash and Cash Equivalents at Beginning of the Year | | 473,379 | 441,162 |
| Cash and Cash Equivalents at End of the Year | 5 | <u><u>529,943</u></u> | <u><u>473,379</u></u> |

The annexed notes form an integral part of these financial statements and should be read in conjunction therewith.

ADVENTIST HOME FOR THE ELDERS

Notes to the Financial Statements – 31 December 2008

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

1. General Information

The Adventist Home for the Elders (the “Home”) is a Society registered under the Societies Act in Singapore. It is also an approved Institution of Public Character (IPC) and Central Fund Member. Its Charity Registration Number is 00358.

The principal activities of the Home are to provide accommodation and care to the destitute aged.

The registered address of the Home is located at Blk.195 Kim Keat Avenue, #01-294 Singapore 310195.

The income of the Home is exempted from income tax subject to compliance with certain provision of the Singapore Income Tax Act.

2. Significant Accounting Policies

(a) Basis of accounting

The financial statements, expressed in Singapore dollars, are prepared under the historical cost convention except as disclosed in the accounting policies below, and in accordance with Singapore Financial Reporting Standards (“FRS”) as required by the Society Act.

In the financial year 2008, the Home has adopted all the new and revised FRSs that are relevant to its operations and are effective for the financial years beginning on or after 1 January 2008. The adoptions of these new and revised FRSs have no material effect on the financial statements

The preparation of financial statements in conformity with FRSs requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Judgments made by the management in the application of FRSs have no significant effect on the financial statements.

ADVENTIST HOME FOR THE ELDERS

Notes to the Financial Statements – 31 December 2008

2. Significant Accounting Policies (Cont'd)

(b) Plant and equipment

Plant and equipment are stated at cost less accumulated depreciation. Depreciation is calculated on a straight-line basis so as to write off the cost of the plant and equipment over their estimated useful lives.

| | |
|-----------------------|----------|
| Furniture & equipment | 10 years |
| Motor vehicle | 10 years |
| Renovation | 5 years |

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

(c) Revenue recognition

Income from contributions, donations, public assistance and concert contributions are taken into financial statements at the point of receipt.

Interest income from fixed deposit is taken up in the financial statements on maturity basis.

(d) Impairment of assets

At each balance sheet date, the Home reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extents of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. The impairment loss is recognized in the income and expenditure statement.

(e) Employee benefits

As required by law, the Home makes contribution to the state pension scheme known as Central Provident Fund (CPF). CPF contributions are recognized as expense in the same period as the employment that gives rise to the contribution.

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to balance sheet date.

(f) Cash and cash equivalents

For the purposes of the cash flows statement, cash and cash equivalents comprise cash and bank balances and fixed deposits.

ADVENTIST HOME FOR THE ELDERS

Notes to the Financial Statements – 31 December 2008

3. Maintenance and Development Fund

The fund is set up for the purpose of financing future expansion of the Home.

4. Plant and Equipment

| | Furniture & Equipment \$ | Motor Vehicle \$ | Renovation \$ | Total \$ |
|--|--------------------------------|-----------------------------|------------------------------|------------------------------|
| <u>Cost</u> | | | | |
| At 01 January 2007 | 84,688 | 40,766 | 354,478 | 479,932 |
| Additions | 4,228 | 53,900 | - | 58,128 |
| At 31 December 2007 | <u>88,916</u> | <u>94,666</u> | <u>354,478</u> | <u>538,060</u> |
| Additions | 3,896 | - | - | 3,896 |
| Disposal | - | (40,766) | - | (40,766) |
| At 31 December 2008 | <u><u>92,812</u></u> | <u><u>53,900</u></u> | <u><u>354,478</u></u> | <u><u>501,190</u></u> |
| <u>Accumulated depreciation</u> | | | | |
| At 01 January 2007 | 61,291 | 40,766 | 347,028 | 449,085 |
| Depreciation for 2007 | 5,260 | 5,392 | 1,490 | 12,142 |
| At 31 December 2007 | <u>66,551</u> | <u>46,158</u> | <u>348,518</u> | <u>461,227</u> |
| Depreciation for 2008 | 5,650 | 5,390 | 1,490 | 12,530 |
| Disposal | - | (40,766) | - | (40,766) |
| At 31 December 2008 | <u><u>72,201</u></u> | <u><u>10,782</u></u> | <u><u>350,008</u></u> | <u><u>432,991</u></u> |
| <u>Net Book Value</u> | | | | |
| At 31 December 2008 | <u><u>20,611</u></u> | <u><u>43,118</u></u> | <u><u>4,470</u></u> | <u><u>68,199</u></u> |
| At 31 December 2007 | <u>22,365</u> | <u>48,508</u> | <u>5,960</u> | <u>76,833</u> |

5. Cash and cash equivalent

Cash and cash equivalents in the cash flows statement comprise the following balance sheet amounts:-

| | 2008 | 2007 |
|------------------------|------------------------------|-----------------------|
| | \$ | \$ |
| Cash and bank balances | 175,028 | 123,455 |
| Fixed deposits | 354,915 | 349,924 |
| | <u><u>529,943</u></u> | <u><u>473,379</u></u> |

The fixed deposits have mature periods ranging from 3 to 11 months from the end of the financial year and bear effective interests ranging from 0.825% to 1% (2007: 0.8% to 1.8%) per annum.

ADVENTIST HOME FOR THE ELDERS

Notes to the Financial Statements – 31 December 2008

6. General donations

| | 2008 | 2007 |
|--------------------------|----------------------|----------------------|
| | \$ | \$ |
| Tax-deductible donations | 9,660 | 11,599 |
| Others* | <u>7,276</u> | <u>8,292</u> |
| | <u><u>16,936</u></u> | <u><u>19,891</u></u> |

* The amounts consist mainly of donations from anonymous donors and donations of which tax deductible receipts are not issued.

7. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

During the financial year, the Home has the following significant transactions with the related parties on terms agreed between the parties.

| | 2008 | 2007 |
|----------------------|---------------------|-----------------|
| | \$ | \$ |
| Sub Contract Work | 105 | - |
| Repair & Maintenance | 931 | - |
| Minor Fixed Assets | <u>344</u> | <u>-</u> |
| | <u><u>1,380</u></u> | <u><u>-</u></u> |

8. Key management personnel

Key management personnel of the Home are those persons having the authority and responsibility for planning directing and controlling the activities of the Home. The Board of Management and the senior management officers are considered as key management personnel of the Home.

The Board of Management is the final authority and is overall responsible for policy making and determination of all activities. They are volunteers and receive no monetary remuneration for their contribution.

9. Financial instruments and fair value

(a) Financial risk management objectives and policies

The main risks arising from the Home's financial instruments are credit risk and interest rate risk. The Home reviews and agrees policies for managing each of these risks and they are summarised as below:

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Notes to the Financial Statements – 31 December 2008

9. Financial instruments and fair value (Cont'd)

(a) Financial risk management objectives and policies (Cont'd)

Credit risk

Credit risk is the potential financial loss resulting from the failure of counterparty to settle its financial and contractual obligation to the Home, as and when they fall due.

Cash is placed with banks which are regulated.

The carrying amount of deposits and prepayments, fixed deposits and bank balances represents the Home's maximum exposure to credit risk.

At the balance sheet date, there is no significant concentration of credit risk.

Interest rate risk

The Home's exposure to changes in interest rates relates primarily to the Home's fixed deposits and bank balances.

The Home's policy is to place surplus funds in fixed deposits at favorable interest rates with financial institutions. The exposure to changes in value of its financial assets as a result of movements in interest rate is minimized as deposits are placed on short-term tenures on a fixed rate basis.

(b) Fair value

As at 31 December 2008, the carrying amounts of the financial assets and financial liabilities of the Home in the balance sheet approximated their fair values.

10. Approval of financial statements

The financial statements of Home for the year ended **31 December 2008** were authorised for issue in accordance with a resolution of the Board of Management on 20th April 2009.