

**FOUNDATION FOR THE ARTS  
AND  
SOCIAL ENTERPRISE LIMITED  
Reg No: 201303721C  
(Incorporated in the Republic of Singapore)**

**FINANCIAL STATEMENTS  
FOR THE FINANCIAL YEAR ENDED  
31 DECEMBER 2019**

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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CONTENTS	PAGES
DIRECTORS' STATEMENT	1
INDEPENDENT AUDITOR'S REPORT	3
STATEMENT OF FINANCIAL ACTIVITIES	7
STATEMENT OF FINANCIAL POSITION	8
STATEMENT OF CHANGES IN FUND	9
STATEMENT OF CASH FLOWS	10
NOTES TO THE FINANCIAL STATEMENTS	11

## **DIRECTORS' STATEMENT**

The directors present their statement to the member of Foundation for the Arts and Social Enterprise Limited (the "Foundation"), together with the audited financial statements of the Foundation for the financial year ended 31 December 2019.

### **1. Opinion of the directors**

In the opinion of the directors,

- (a) the financial statements of the Foundation set out on pages 7 to 23 are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2019 and of the financial activities, changes in fund and cash flows of the Foundation for the financial year ended on that date; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

### **2. Directors**

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

Tay Cheow Ann, Michael  
Ronnie Wee Eng Hock  
Goh Ching Lee

### **3. Arrangements to enable directors to acquire shares or debentures**

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose object is to enable the directors of the Foundation to acquire benefits by means of the acquisitions of shares or debentures of the Foundation or any other body corporate.

### **4. Directors' interests in shares or debentures**

The Foundation is limited by guarantee and has no share capital. The Foundation has not issued any debentures and does not have any shares in related corporation. By virtue of the provision of Section 164 of the Singapore Companies Act, Cap.50, no director who holds office at the end of the financial year has any interest in the Foundation.

### **5. Share options**

As the Foundation is limited by guarantee, matters relating to share options are not applicable.

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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**6. Auditors**

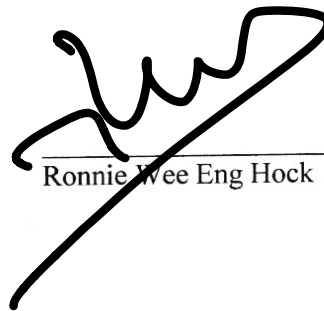
The auditors, Precursor Assurance PAC, have expressed their willingness to accept re-appointment.

On behalf of the board of directors,



Tay Cheow Ann Michael

Date : 24 AUG 2020



Ronnie Wee Eng Hock

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**

**Report on the Audit of the Financial Statements**

*Opinion*

We have audited the financial statements of Foundation of Arts and Social Enterprise Limited (the "Foundation"), which comprise the statement of financial position of the Foundation as at 31 December 2019, the statement of financial activities, statement of changes in fund 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 provision of the Singapore Companies Act, Chapter 50 (the "Act"), the Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and Financial Reporting Standards in Singapore (the "FRSs"), so as to give a true and fair view of the financial position of the Foundation as at 31 December 2019 and of the financial activities, changes in funds and cash flows of the Foundation for the financial year ended on that date.

*Basis of 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 Foundation 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 for our opinion.

*Other Information*

Management is responsible for the other information. The other information comprises the Directors' Statement as set out on pages 1 to 2.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED  
("CONTINUED")**

*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 Companies Act, the Charities Act and Regulations and FRSS, 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 that 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Foundation'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 it 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 Foundation's internal control.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED  
("CONTINUED")**

- Evaluate on the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as 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 Foundation 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 Companies Act and the Charities Act and Regulations to be kept by the Foundation 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, we noted that the Foundation has failed to meet the fund-raising efficiency ratio of below 30% for the financial year ended 31 December 2019 as required under Regulation 15 (fund-raising expenses) of the Charities (Institute of a Public Character) Regulations.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF  
FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED  
("CONTINUED")**

Other than the above, nothing has come to our attention that causes us to believe that:

- (a) the use of donation money was not in accordance with the objectives of the Foundation as required under Regulation 11 of the Charities (Institution of a Public Character) regulations; and
- (b) the Foundation has not complied with the requirements of Regulation 15 (fund raising expenses) of the Charities (Institution of a Public Character) Regulations.



**Precursor Assurance PAC  
Public Accountants and  
Chartered Accountants**

Singapore

Date: 24 AUG 2020



**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

STATEMENT OF FINANCIAL ACTIVITIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019			2018		
		Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		Fund	Fund	Funds	Fund	Fund	Funds
		\$	\$	\$	\$	\$	\$
<b>Income</b>							
Voluntary income	3	328,221	-	328,221	394,631	-	394,631
Income from charitable activities	4	70,162	402,122	472,284	82,957	472,115	555,072
Total income		398,383	402,122	800,505	477,588	472,115	949,703
<b>Expenditure</b>							
Cost of charitable activities	5	(64,677)	(629,722)	(694,399)	(193,933)	(275,000)	(468,933)
Governance costs	6	(3,740)	(14,683)	(18,423)	(8,088)	(8,299)	(16,387)
Other expenses	7	(17,337)	(68,671)	(86,008)	(14,712)	(39,144)	(53,856)
Total expenditure		(85,754)	(713,076)	(798,830)	(216,733)	(322,443)	(539,176)
Surplus/(Deficit) before tax		312,629	(310,954)	1,675	260,855	149,672	410,527
Income tax	8	-	-	-	-	-	-
Surplus/(Deficit) for the year		312,629	(310,954)	1,675	260,855	149,672	410,527

The accompanying notes form an integral part of the financial statements

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2019**

	<b>Note</b>	<b>2019</b>	<b>2018</b>
		\$	\$
<b>ASSETS</b>			
<u>Non-current asset</u>			
Plant and equipment	9	180	1,330
<u>Current assets</u>			
Cash and cash equivalents	10	641,546	299,318
Other receivables	11	372,730	634,416
		<u>1,014,276</u>	<u>933,734</u>
<b>Total assets</b>		<u><u>1,014,456</u></u>	<u><u>935,064</u></u>
<b>FUNDS</b>			
<b>Unrestricted Fund</b>			
General Fund		904,649	753,302
<b>Restricted Fund</b>			
Cultural Matching Fund	12	-	149,672
<b>Total Funds</b>		<u>904,649</u>	<u>902,974</u>
<b>LIABILITY</b>			
<u>Current liability</u>			
Other payables	13	109,807	32,090
<b>Total liability</b>		<u>109,807</u>	<u>32,090</u>
<b>Total reserve and liability</b>		<u><u>1,014,456</u></u>	<u><u>935,064</u></u>

The accompanying notes form an integral part of the financial statements

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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STATEMENT OF CHANGES IN FUND  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	<b>General Fund</b>	<b>Cultural Matching Fund</b>	<b>Total Funds</b>
	\$	\$	\$
Balance as at 01 January 2018	492,447	-	492,447
Surplus for the year	260,855	149,672	410,527
Balance as at 31 December 2018	<u>753,302</u>	<u>149,672</u>	<u>902,974</u>
Balance as at 01 January 2019	753,302	149,672	902,974
Surplus/(Deficit) for the year	312,629	(310,954)	1,675
Transfer of funds	(161,282)	161,282	-
Balance as at 31 December 2019	<u>904,649</u>	<u>-</u>	<u>904,649</u>

The accompanying notes form an integral part of the financial statements

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Surplus before tax	1,675	410,527
<i>Adjustment for:</i>		
- Depreciation	1,150	1,563
Operating cash flow before working capital changes	2,825	412,090
<i>Changes in operating asset and liability:</i>		
Other receivables	261,686	(286,549)
Other payables	77,717	11,254
Net cash generated from operations, representing net cash generated from operating activities	342,228	136,795
<b>Net increase in cash and cash equivalents</b>	342,228	136,795
<b>Cash and cash equivalents at beginning of the year</b>	299,318	162,523
<b>Cash and cash equivalents at end of the year</b>	641,546	299,318

The accompanying notes form an integral part of the financial statements

NOTES TO THE FINANCIAL STATEMENTS

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

**1. General**

The Foundation is an entity limited by guarantee and with no share capital and it is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is located at 27 Gilstead Road, Newton Mansion 309071 Singapore.

The principal activities of the Foundation are that of the promotion and support of the development of arts and culture environment in Singapore.

The Foundation is a registered charity under the Charities Act, Chapter 37 since 19 September 2014. The Foundation's application for Institute of Public Character (IPC) Status has been approved by Ministry of Culture, Community and Youth. The effective date of IPC status is from 21 February 2019 to 20 February 2020. Subsequent to the financial year end, the Foundation's IPC Status has been renewed from 21 February 2020 to 20 February 2021.

**2. Significant accounting policies**

Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") under the historical cost convention and are drawn up in accordance with the provisions of the Singapore Companies Act, Charities Act, Chapter 37 except as disclosed in the accounting policies below.

The Foundation has adopted all the new/revised FRS and Interpretations to FRS ("INT FRS") that are relevant to its operations and are mandatory for the financial period beginning on or after 01 January 2019. The adoption of these standards did not result in material changes to the Foundation's financial statements.

Standards issued but not yet effective

The Foundation has not adopted the following standards, interpretations and amendments that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to References to the Conceptual Framework in FRS Standards	01 January 2020
Amendments to FRS 1 and FRS 8: <i>Definition of Material</i>	01 January 2020
Amendments to FRS 110 and FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The Foundation expects that the adoption of the above standards and interpretations will not have material impact on the financial statements in the period of initial application.

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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Functional and presentation currency

The financial statements of the Foundation are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Singapore Dollar (“\$”), which is the Foundation’s functional and presentation currency.

Foreign currency transactions

Transactions in currencies other than the Foundation’s functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of the reporting period, monetary items denominated in foreign currencies are translated to Singapore Dollar at the exchange rates prevailing on the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured at fair values are translated at the exchange rates ruling at the dates on which the fair values were determined. Foreign exchange differences arising from translation are recognised in profit or loss.

Plant and equipment

(a) Measurement

All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

The cost of plant and equipment includes expenditure that is directly attributable to the acquisition of the items.

(b) Depreciation

Depreciation on plant and equipment is calculated using the straight line method to allocate their depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	<b>Useful lives (years)</b>
Computers	3

The useful lives of plant and equipment are reviewed, and adjusted as appropriate, at the end of each reporting period.

(c) Subsequent expenditure

Subsequent expenditure relating to plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure made, will flow to the Foundation and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

(d) Disposal

On disposal of an item of plant and equipment, the difference between the net disposal proceeds and its carrying amount is taken to profit or loss.

(e) Impairment

Plant and equipment are reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

If the recoverable amount of the 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 recognised in profit or loss.

An impairment loss for an asset is reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in profit or loss.

Financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument.

(a) Financial assets

The Foundation classifies its financial assets into one of the following categories: (i) amortised cost, (ii) fair value through other comprehensive income, (iii) fair value through profit or loss, depending on the Foundation's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. The Foundation shall reclassify its affected financial assets when the Foundation changes its business model for managing these financial assets. Other than financial assets in a qualifying hedging relationship, the Foundation's accounting policy for each category is as follows:

(i) Financial asset at amortised cost (debt instruments)

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Interest income from these financial assets is recognised using the effective interest rate method.

Impairment provisions for trade receivables are recognised based on the simplified approach within FRS 109 *Financial Instruments* ("FRS 109") using the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether at each reporting date, there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

(ii) Financial assets at fair value through other comprehensive income (“FVOCI”)

A financial asset that is an investment in debt instrument is subsequently measured at FVOCI if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial asset and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest. Gains or losses are recognised in other comprehensive income, except for impairment gains or losses, foreign exchange gains or losses and interest which are recognised in profit or loss.

At initial recognition, the Foundation may make an irrevocable election to classify its investment in equity instrument, for which the equity instrument is neither held for trading nor contingent consideration recognised by an acquirer in a business combination under FRS 103 *Business Combination*, as subsequently measured at FVOCI so as to present subsequent changes in fair value in other comprehensive income. The election is made on an investment-by-investment basis.

Upon derecognition, other than the aforementioned equity instrument for which their subsequent cumulative fair value changes would be transferred to accumulated profits, the cumulative fair value changes recognised in other comprehensive income is recycled to profit or loss.

Dividends from equity instrument are recognised in profit or loss only when the Foundation’s right to receive payment of the dividend is established, it is probable that the economic benefits associated with the dividend will flow to the Foundation and the amount of the dividend can be measured reliably.

(iii) Financial assets at fair value through profit or loss (“FVTPL”)

Debt instruments that are held for trading as well as those that do not meet the criteria for classification as amortised cost or FVOCI are classified as FVTPL. Movement in fair values and interest income is recognised in profit or loss in the period in which it arises.

For equity instruments that are either held for trading or irrevocable election to measure the fair value changes through other comprehensive income has not been made, the fair value changes is recognised in profit or loss.

*Derecognition of financial assets*

The Foundation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.



**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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(b) Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by the Foundation are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

(i) Financial liabilities

Financial liabilities are recognised initially at fair value, plus, which is normally represented by the transaction costs.

Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method.

A financial liability is derecognised when the obligation under the liability is extinguished. For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(ii) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Foundation after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issuance costs. The Foundation classifies ordinary shares as equity instruments. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

(c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits with financial institutions.

Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Foundation has a 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 a reliable estimate of the amount can be made.

Funds

a) Unrestricted Fund

Unrestricted Fund is used for the general purposes of the Foundation as set out in its governing document.

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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b) Restricted Fund

Restricted Fund is funds subject to specific funded programmes by government but still within the wider objects of the Foundation.

Restricted Funds may only be utilised in accordance with the purposes established by the sources of such funds whereas Unrestricted Fund can be used in a manner the Foundation sees fit in achieving its institutional purposes.

Income recognition

Revenues including donations and grants that provide core funding or are of general nature are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Foundation has unconditional entitlement. The income is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the period arising from the course of the ordinary activities of the Foundation.

a) Voluntary income

Voluntary income in the form of donation is recognised when received with unconditional entitlement to the receipts. This will include:

- Gifts and donations received including legacies
- Donation-in-kind and donated services or facilities
- Grants of a general nature for core funding

b) Income from charitable activities

Income from charitable activities comprise of grants and income from activities run by the Foundation.

- i) Grant income is recognised at their fair value when there is reasonable assurance that the grant will be received and all terms and conditions relating to the grants have been complied with. Government grants that are receivable for the purpose of giving immediate financial support to the Foundation with no future related costs are recognised in profit or loss in the period in which they become receivable.
- ii) The income from activities run by Foundation involve an element of exchange, and are recognised when the Foundation receives income in return for providing goods, services or an entry to an event.

Expenditures

All expenditures are accounted for on an accrual basis, aggregated under the respective areas as soon as there is a legal or constructive obligation committing the Foundation to make payment. Direct costs are attributed to the activity where possible. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

a) Governance costs

Includes costs of preparation and examination of statutory accounts, costs of governing board meetings and cost of any legal advice on governance or constitutional matters.

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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b) Costs of charitable activities

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

Leases

As lessee

The Foundation applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Foundation recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

(i) Right-of-use assets

The Foundation recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Foundation at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

(ii) Lease liabilities

At the commencement date of the lease, the Foundation recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Foundation and payments of penalties for terminating the lease, if the lease term reflects the Foundation exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Income taxes

As a charity, the Foundation is exempt from tax on income and gains falling within Section 13(1)zm of the Singapore Income Tax Act to the extent that these are applied to its charitable objects.

Related parties

Related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Foundation if that person:
  - (i) Has control or joint control over the Foundation;
  - (ii) Has significant influence over the Foundation; or
  - (iii) Is a member of the key management personnel of the Foundation or of a parent of the Foundation.
  
- (b) An entity is related to the Foundation if any of the following conditions applies:
  - (i) The entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of the group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the Foundation;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Financial risk management

The Foundation's overall business strategies, its tolerance of risks and its risk management philosophy are determined by the management in accordance with prevailing economic and operating conditions.

The main risks arising from the Foundation's operations are credit risk, liquidity risk and foreign currency risk. The Foundation is not exposed to interest rate risk and price risk. The Board reviews and agrees policies for their risks and they are summarised below:

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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*Credit risk*

Credit risk is the potential financial loss resulting from the failure of a counterparty to settle in financial contractual obligation to the Foundation as when they fall due.

The carrying amounts of cash and cash equivalents and other receivables represent the Foundation's maximum exposure to credit risk in relation to financial assets. No other financial assets carry a significant exposure to credit risk.

The Foundation places its cash and cash equivalents with a financial institution with high credit ratings and no history of default.

Grant receivables of \$365,668 (2018: \$630,862) recorded under other receivables are expected to be received subsequent to the financial year.

*Liquidity risk*

Liquidity risk arises in the general funding of the Foundation's operating activities. It includes the risks of not being able to fund operating activities at settlement dates and liquidate positions in a timely manner at a reasonable price.

In the management of liquidity risk, the Foundation monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Foundation's operations and mitigate the effect of the fluctuations in cash flows.

All financial liabilities of the Foundation are expected to mature within 12 months from the end of the reporting period.

*Foreign currency risk*

The Foundation is exposed to foreign currency risk, primarily with respect to United States Dollar. The Foundation did not engage in any hedging activities to mitigate exposure to foreign currency risk.

The Foundation's currency exposure on its financial assets and liabilities are disclosed in the respective notes to the financial statements.

*Sensitivity analysis*

	S\$ equivalents (\$)	Impact on surplus before tax arising from +/- 5% change in the exchange rate (S\$) (Note 1)
<b>2019</b>		
<u>Cash and cash equivalents</u>		
United States Dollar	95,802	+/- 4,790
<b>2018</b>		
<u>Cash and cash equivalents</u>		
United States Dollar	96,924	+/- 4,846

*Note 1: Assuming all other variables held constant*

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

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Fair value of financial assets and financial liabilities

The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

*Cash and cash equivalents, other receivables and other payables*

The fair values of these financial instruments approximate their carrying amounts at the end of the reporting period because of their short-term maturity.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Foundation's accounting policies. It also requires the use of certain accounting estimates and assumptions. There are no areas involving higher degree of judgement or complexity, or areas where estimates and assumptions are significant to the financial statements.

**3. Voluntary income**

	<b>2019</b>	<b>2018</b>
	\$	\$
Cash donations	328,221	394,631

**4. Income from charitable activities**

	<b>2019</b>	<b>2018</b>
	\$	\$
Cultural Matching Fund	402,122	472,115
Fund-raising income	70,162	82,957
	<u>472,284</u>	<u>555,072</u>

**5. Costs of charitable activities**

	<b>2019</b>	<b>2018</b>
	\$	\$
Event expenses	693,315	467,913
Transport and travelling expenses	1,084	1,020
	<u>694,399</u>	<u>468,933</u>

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

**6. Governance costs**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Audit fee	12,683	10,642
Accounting fee	4,800	4,500
Secretarial fee	940	1,245
	<u>18,423</u>	<u>16,387</u>

**7. Other expenses**

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Bank charges	784	736
Depreciation	1,150	1,563
Entertainment	3,117	2,189
Gifts and donations	9,000	2,000
Net exchange loss/(gain)	1,250	(183)
Printing and stationery	692	1,856
Professional fees	34,288	9,652
Lease expense for short-term leases	30,000	30,000
Telecommunication	903	599
Upkeep and maintenances	3,363	3,857
Utilities	1,461	1,366
Courier and postage	-	221
	<u>86,008</u>	<u>53,856</u>

**8. Income tax**

All registered and exempt charities enjoy automatic income tax exemption. The Foundation is a registered charity and the income tax is exempted under Section 13(1)zm of the Singapore Income Tax Act.

**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

**9. Plant and equipment**

	<u>Computers</u>
	\$
<b>2019</b>	
<u>Cost</u>	
Balance as at 01 January 2019, representing balance as at 31 December 2019	4,689
<u>Accumulated depreciation</u>	
Balance as at 01 January 2019	3,359
Depreciation charge	1,150
Balance as at 31 December 2019	4,509
Net carrying value at 31 December 2019	180
<b>2018</b>	
<u>Cost</u>	
Balance as at 01 January 2018, representing balance as at 31 December 2018	4,689
Accumulated depreciation	
Balance as at 01 January 2018	1,796
Depreciation charge	1,563
Balance as at 31 December 2018	3,359
Net carrying value at 31 December 2018	1,330

**10. Cash and cash equivalents**

	<u>2019</u>	<u>2018</u>
	\$	\$
Cash at bank	640,838	299,318
Cash on hand	708	-
	641,546	299,318

The cash and cash equivalents that are not denominated in the functional currency of the Foundation are as follows:

	<u>2019</u>	<u>2018</u>
	\$	\$
United States Dollar	95,802	96,924



**FOUNDATION FOR THE ARTS AND SOCIAL ENTERPRISE LIMITED**  
(Incorporated in the Republic of Singapore)

**11. Other receivables**

	<b>2019</b>	<b>2018</b>
	\$	\$
Deposits	2,800	2,800
Prepayments	4,262	754
Grant receivables	365,668	630,862
	<u>372,730</u>	<u>634,416</u>

**12. Restricted Fund**

*Cultural Matching Fund (“CMF”)*

The CMF provides dollar-for dollar matching grants for private cash donations to registered charities in the arts and heritage sector. The CMF aims to encourage giving to arts and heritage sector, to create a more sustainable arts and heritage scene in Singapore. The CMF will match monetary donations received by the eligible organisations, from individuals, foundations and corporations. The CMF doubles the value of every cash donation for the receiving organisation which can be put to various uses, including developing capabilities for the long-term sustainability of the organisation and the cultural sector as a whole.

**13. Other payables**

	<b>2019</b>	<b>2018</b>
	\$	\$
Accrued operating expenses	23,007	31,679
Other payables	86,800	411
	<u>109,807</u>	<u>32,090</u>

**14. Commitment**

At the end of the reporting period, the Foundation has outstanding commitment under non-cancellable lease which fall due as follows:

	<b>2019</b>	<b>2018</b>
	\$	\$
Within one year	<u>12,500</u>	<u>12,500</u>

**15. Authorisation of financial statements**

These financial statements were authorised for issue in accordance with a resolution of the board of directors of Foundation for the Arts and Social Enterprise Limited on 24 AUG 2020.