

REACH COMMUNITY SERVICES SOCIETY
(Registered in the Republic of Singapore under the Societies Act, Chapter 311)
Unique Entity No. S98SS0144L

ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

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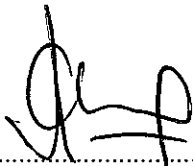
REACH COMMUNITY SERVICES SOCIETY
(Registered in the Republic of Singapore under the Societies Act, Chapter 311)

STATEMENT BY THE MANAGEMENT COMMITTEE

We, on behalf of the Management Committee, do hereby state that in our opinion, the financial statements set out on pages 3 to 13 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 December 2008 and the results, changes in funds and cash flows of the Society for the financial year ended on that date.

The Management Committee has, on the date of this statement, authorised these financial statements for issue.

On behalf of the Management Committee



HO SIEW CHEONG
President



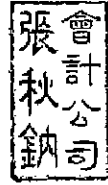
TEO TZE WEI
Honorary Treasurer

DATED: 16 FEBRUARY 2009

C. N. Tiew & Co.

Certified Public Accountants

CHAN KUM KIT CPA • TAN MUI SANG CPA



特許會計師

**AUDITORS' REPORT TO THE MEMBERS OF
REACH COMMUNITY SERVICES SOCIETY
Unique Entity No. S98SS0144L**

We have audited the financial statements of REACH COMMUNITY SERVICES SOCIETY, which comprise the balance sheet as at 31 December 2008, and the income statement, statement of changes in funds and cash flow statement for the financial year ended on that date, and a summary of significant accounting policies and other explanatory notes, as set out on pages 3 to 13.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Societies Act, Chapter 311 (the Act) and Singapore Financial Reporting Standards. This responsibility includes: devising and maintaining a system of internal controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair income statement and balance sheet and to maintain accountability of assets; 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 whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgements, 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 relevant to the entity's 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 entity's internal control. An audit also include evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

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

Opinion

In our opinion:

- (a) the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Society as at 31 December 2008 and the results, changes in funds and cash flows of the Society for the financial year ended on that date; and
- (b) the accounting and other records required by the Act to be kept by the Society have been properly kept in accordance with the provisions of the Act.

C. N. TIEW & CO.
Certified Public Accountants, Singapore

SINGAPORE, 16 FEBRUARY 2009

REACH COMMUNITY SERVICES SOCIETY
(Registered in the Republic of Singapore under the Societies Act, Chapter 311)

BALANCE SHEET AS AT 31 DECEMBER 2008

	Note	2008 S\$	2007 S\$
ASSETS			
Non-current asset			
Equipment	4	<u>3,561</u>	<u>7,852</u>
Current assets			
Deposits		581	581
Cash and cash equivalents	5	<u>1,374,072</u>	<u>933,684</u>
		<u>1,374,653</u>	<u>934,265</u>
TOTAL ASSETS		<u><u>1,378,214</u></u>	<u><u>942,117</u></u>
FUNDS AND LIABILITY			
Funds			
Designated fund for elderly care centre	6	150,000	150,000
Accumulated surplus		<u>1,195,063</u>	<u>737,224</u>
		<u>1,345,063</u>	<u>887,224</u>
Current liability			
Other payables	7	<u>33,151</u>	<u>54,893</u>
TOTAL FUNDS AND LIABILITY		<u><u>1,378,214</u></u>	<u><u>942,117</u></u>

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

REACH COMMUNITY SERVICES SOCIETY
(Registered in the Republic of Singapore under the Societies Act, Chapter 311)

INCOME STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 S\$	2007 S\$
INCOME	8	<u>1,065,173</u>	<u>912,617</u>
PROGRAMME EXPENSES		(95,621)	(58,926)
STAFF COSTS	9	(455,515)	(448,886)
OTHER OPERATING EXPENSES		<u>(56,198)</u>	<u>(49,183)</u>
		<u>(607,334)</u>	<u>(556,995)</u>
NET SURPLUS FOR THE YEAR	10	<u><u>457,839</u></u>	<u><u>355,622</u></u>

REACH COMMUNITY SERVICES SOCIETY
(Registered in the Republic of Singapore under the Societies Act, Chapter 311)

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

	Designated fund for elderly care S\$	Accumulated surplus S\$	Total S\$
Balance at 1 January 2008	150,000	737,224	887,224
Net surplus for the year	-	457,839	457,839
Balance at 31 December 2008	<u>150,000</u>	<u>1,195,063</u>	<u>1,345,063</u>

	Designated fund for elderly care S\$	Accumulated surplus S\$	Total S\$
Balance at 1 January 2007	150,000	381,602	531,602
Net surplus for the year	-	355,622	355,622
Balance at 31 December 2007	<u>150,000</u>	<u>737,224</u>	<u>887,224</u>

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

REACH COMMUNITY SERVICES SOCIETY
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CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	Note	2008 S\$	2007 S\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Net surplus for the year		457,839	355,622
Adjustments for:			
Depreciation charges	4	6,389	5,969
Interest income	8	(8,492)	(3,493)
Operating cash flows before movements in working capital		455,736	358,098
Other payables		(21,742)	857
Net Cash From Operating Activities		433,994	358,955
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		8,492	3,493
Payments for purchase of equipment	4	(2,098)	(1,181)
Net Cash From Investing Activities		6,394	2,312
Net Increase in Cash and Cash Equivalents		440,388	361,267
CASH AND CASH EQUIVALENTS			
At beginning of the year		933,684	572,417
At end of the year	5	1,374,072	933,684

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

REACH COMMUNITY SERVICES SOCIETY
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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

The financial statements were authorised for issue by the Management Committee on 16 February 2009.

The Society is registered and domiciled in the Republic of Singapore. The registered office is located 355, Tanglin Road, Singapore 247960. The principal place of operations is located at 187, Bishan Street 13, #01-475, Singapore 570187.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements are prepared in accordance with Singapore Financial Reporting Standards (FRS). The financial statements are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires management to make judgements, 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 judgements 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 recognised in the period in which the estimate is revised, if the revision only affects that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

The adoption of the following new FRS that is applicable in the current financial year and relevant to the Society does not have material impact on the accounting policies and figures presented in the financial statements for the financial year ended 31 December 2008:

- FRS 107 Financial Instruments: Disclosures

The Society has not applied any new or revised FRS or interpretations that have been issued as of the balance sheet date but are not yet effective. The initial application of these standards and interpretations are not expected to have any material impact on the Society's financial statements. The Society has not considered the impact of the accounting standards issued after the balance sheet date.

2.2 Functional and presentation currency

Items included in the financial statements of the Society are measured using the currency of the primary economic environment in which the Society operates (functional currency). The financial statements are presented in Singapore Dollars (S\$), which is the Society's functional currency.

2.3 Equipment

Equipment is stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is calculated on a straight-line basis so as to write-off the cost of the assets over their estimated useful lives, as follows:

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Equipment (continued)

	Number of years
Computers	3
Furniture, fittings and equipment	5
Renovation	3

The residual values and useful lives of equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

Subsequent expenditure relating to 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 was made, will flow to the Society and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

On disposal of an item of equipment, the difference between the net disposal proceeds and its carrying amount is taken to the income statement.

2.4 Financial assets

Financial assets within the scope of FRS 39 are classified as loans and receivables. Financial assets are recognised on the balance sheet when, and only when, the Society becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus directly attributable transactions costs. The Society determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

The Society assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are recognised in the income statement.

The carrying amounts of current receivables are assumed to approximate their fair values at the reporting date.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks and unpledged fixed deposits.

2.6 Payables

Payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method.

The carrying amounts of current payables are assumed to approximate their fair values at the reporting date.

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Revenue recognition

Donations, including offerings, pledges, and other charitable contributions are recognised when received.

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

Revenue from rendering of services is recognised when services are rendered.

Government grants are recognised in the income statement on a systematic and rational basis over the periods necessary to match them with related costs. They are recognised when there is reasonable assurance that the Society will comply with the conditions attached to it and that the grants will be received. Grants related to income are deducted in reporting the related expenses in the income statement. Grants related to assets, including non-monetary grants at fair value, are presented in the balance sheet either by setting up the grant as deferred income or by deducting the grant in arriving at the carrying amount of the asset.

2.8 Impairment of non-financial assets

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

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs to. If the recoverable amount of the asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the income statement unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation reserve.

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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset is recognised in the income statement, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

2.9 Operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are taken to the income statement on a straight-line basis over the period of the lease.

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Employee benefits

As required by law, the Society makes contributions to the Central Provident Fund (CPF). CPF contributions are recognised as compensation expenses in the same period as employment that gives rise to the contributions.

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

These expenses are charged to the income statement as and when they arise and are disclosed as part of staff costs.

2.11 Taxation

The Society is a registered charity under the Charities Act and is exempted from income tax under the Singapore Income Tax Act, Chapter 134.

3. PRINCIPAL ACTIVITIES

The principal activities of the Society are to initiate, assist and organise activities and schemes of social and community activities for individuals and families for the development of their physical, mental and emotional well being.

4. EQUIPMENT

	Computers	Furniture, fittings and office equipment	Renovation	Total
	S\$	S\$	S\$	S\$
Cost				
At 1 January 2008	53,000	98,488	300,645	452,133
Addition		2,098	-	2,098
At 31 December 2008	53,000	100,586	300,645	454,231
Accumulated depreciation				
At 1 January 2008	52,389	91,248	300,644	444,281
Charges for the year	300	6,089	-	6,389
At 31 December 2008	52,689	97,337	300,644	450,670
Carrying amount				
At 31 December 2008	311	3,249	1	3,561

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

4. EQUIPMENT (CONTINUED)

	Computers	Furniture, fittings and office equipment	Renovation	Total
	S\$	S\$	S\$	S\$
Cost				
At 1 January 2007	52,107	98,200	300,645	450,952
Additions	893	288	-	1,181
At 31 December 2007	<u>53,000</u>	<u>98,488</u>	<u>300,645</u>	<u>452,133</u>
Accumulated depreciation				
At 1 January 2007	52,089	85,579	300,644	438,312
Charges for the year	300	5,669	-	5,969
At 31 December 2007	<u>52,389</u>	<u>91,248</u>	<u>300,644</u>	<u>444,281</u>
Carrying amount				
At 31 December 2007	<u>611</u>	<u>7,240</u>	<u>1</u>	<u>7,852</u>

5. CASH AND CASH EQUIVALENTS

	2008	2007
	S\$	S\$
Cash and bank balances	1,070,220	633,684
Fixed deposits	303,852	300,000
	<u>1,374,072</u>	<u>933,684</u>

6. DESIGNATED FUND FOR ELDERLY CARE CENTRE

The fund is to provide for the capital outlay required for the proposed setting up of Elderly Care Centre.

7. OTHER PAYABLES

	2008	2007
	S\$	S\$
Accruals	32,881	51,718
Sundry payables	270	3,175
	<u>33,151</u>	<u>54,893</u>

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

8. INCOME

	2008	2007
	S\$	S\$
Donations - others	15,378	3,657
Donations - tax exempt donations	167,065	181,040
Fundings - CDC	290,093	274,072
Fundings - MCYS/NCSS	46,864	58,383
Fundings - STB/NCSS	368,542	288,418
Interest income	8,492	3,493
Programme revenue	166,669	96,782
Sponsor fund raising	-	6,716
Sundry income	2,070	56
	<u>1,065,173</u>	<u>912,617</u>

9. STAFF COSTS

	2008	2007
	S\$	S\$
Salaries and related remuneration	392,402	391,210
CPF contributions	56,041	52,394
Other staff costs	7,072	5,282
	<u>455,515</u>	<u>448,886</u>

	2008	2007
Number of key executive drawn:		
between S\$50,000 to S\$100,000	1	1
more than \$100,000	-	-
	<u>-</u>	<u>-</u>

10. NET SURPLUS FOR THE YEAR

	2008	2007
	S\$	S\$
This is determined after charging:		
Rental of equipment	1,840	1,586
Rental of premises	8,189	8,122
	<u>8,189</u>	<u>8,122</u>

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

11. OPERATING LEASE COMMITMENTS

At the balance sheet date, the Society has the following future minimum lease payments under non-cancellable operating leases:

	2008	2007
	S\$	S\$
Payable not later than 1 year	2,160	1,865
Payable later than 1 year but not later than 5 years	7,380	-
	9,540	1,865

12. FINANCIAL RISK MANAGEMENT

The main risks arising from the Society's financial instruments are interest rate risk, liquidity risk and credit risk. The policies for managing each of these risks are summarised as follows:

12.1 Interest rate risk

The Society's income and operating cash flows are substantially independent of changes in market interest rates.

The Society's exposure to risk for changes in interest rates relates primarily to its fixed deposits. If interest rate increased/decreased by 0.25% (2007: 0.25%), with all other variables being constant, the surplus of the Society will be increased/decreased by S\$760 (2007: S\$750).

12.2 Liquidity risk

The Management Committee exercises prudent liquidity and cash flow risk management policy and aims at maintaining a high level of cash and cash equivalents at all times.

All payables are due and payable within twelve months from the balance sheet date.

12.3 Credit risk

The Society has minimal exposure to credit risks due to the nature of its activities.

The Society does not hold any collateral. Bank deposits that are neither past due nor impaired are mainly deposits with banks licensed by the Monetary Authority of Singapore. Deposits that are neither past due nor impaired are for services renewed/continued after the balance sheet date.

13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the balance sheet when the Society becomes a party to the contractual provisions of the instrument.

The Management Committee is of the view that the fair values of the financial assets and liabilities as at the balance sheet date approximate their carrying amounts as disclosed in the balance sheet and in the notes to the financial statements.

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NOTES TO THE FINANCIAL STATEMENTS, 31 DECEMBER 2008

14. RESERVES POLICY

The Society's reserves position at the balance sheet date were as follow:

	2008	2007	Increase / (Decrease)
	S\$	S\$	
Unrestricted Funds	1,195,063	737,224	62.10%
Restricted/Designated Funds:			
- Elderly care centre	<u>150,000</u>	<u>150,000</u>	0.00%
Total Funds	<u><u>1,345,063</u></u>	<u><u>887,224</u></u>	
 Ratio of reserves to annual operating expenditure	 <u><u>2.21</u></u>	 <u><u>1.59</u></u>	

The reserves that the Society has set aside provide financial stability and the means for the development of its principal activities. The Society intends to maintain its reserves at a level which is at least equivalent to 2 to 4 years of its annual operating expenditure. The principal sources of income are derived mainly from MCYS funding (40%), Tote board funding (40%), programmes revenue (10%) and donation income (10%). The risk of losing the Tote board funding and donation income, which are non-guaranteed, may result in possible deficit of approximately \$500,000 in one financial year. Thus, a reserve level that can sustain the continual operations of the Society for a period of 2 to 4 years will give ample time for the Management Committee to develop fund raising strategies to achieve financial stability.

The Society intends to use the reserves in the following manner within the next 2 years:

- a. REACH 10th anniversary related projects (2009)
- b. REACH FSC renovations (2009)
- c. Operational needs of REACH

The Management Committee will review the amount of reserves that are required to ensure that they are adequate to fulfil the Society continuing obligations on a yearly basis, in tandem with the yearly budget exercise.

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DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2008

	2008	2007
	S\$	S\$
INCOME		
Donations - others	15,378	3,657
Donations - tax exempt donations	167,065	181,040
Fundings	705,499	620,873
Interest income	8,492	3,493
Programme revenue	166,669	96,782
Sponsor fund raising	-	6,716
Sundry income	2,070	56
	<u>1,065,173</u>	<u>912,617</u>
Less:		
EXPENDITURE		
Programme expenses	<u>95,621</u>	<u>58,926</u>
Staff costs		
CPF contributions	56,041	52,394
Medical and dental expenses	1,152	734
SDL contributions	358	319
Staff salaries and bonuses	392,402	391,210
Staff training	3,901	3,841
Staff welfare	1,661	388
	<u>455,515</u>	<u>448,886</u>
Other operating expenses		
Bank charges	464	456
Depreciation charges	6,389	5,969
Insurance	3,847	3,104
Miscellaneous expenses	4,804	26
Newspaper and periodicals	255	407
Postage, courier, printing and stationery	5,335	7,062
Professional fees	2,546	2,661
Rental of equipment	1,840	1,586
Rental of premises	8,189	8,122
Repairs and maintenance	4,198	4,745
Resource and decoration materials	977	1,213
Subscriptions	140	653
Telecommunications	4,824	3,095
Transport and travelling	353	703
Volunteers' development and appreciation	1,658	958
Water and electricity	10,379	8,423
	<u>56,198</u>	<u>49,183</u>
	<u>607,334</u>	<u>556,995</u>
NET SURPLUS FOR THE YEAR	<u>457,839</u>	<u>355,622</u>

This schedule does not form part of the financial statements.