



The Courage Fund
Charity Registration Number: 001711
UEN No: T03CC1711A

Statements of Account
Year ended 31 December 2010

Independent auditors' report

The Board of Trustees of the Fund
The Courage Fund

We have audited the accompanying Statements of Account of The Courage Fund (the Fund), which comprise the balance sheet as at 31 December 2010, the statement of comprehensive income and expenditure and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages FS1 to FS10.

Working Committee's responsibility for the financial statements

The Working Committee is responsible for the preparation and fair presentation of these Statements of Account in accordance with the Charities Act, Chapter 37 (the Act) and Singapore Financial Reporting Standards.

The Working Committee has acknowledged that its responsibility includes 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' responsibility

Our responsibility is to express an opinion on these Statements of Account 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 about whether the Statements of Account are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statements of Account. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Statements of Account, 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 Statements of Account 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 includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Working Committee, as well as evaluating the overall presentation of the Statements of Account.



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, the Statements of Account of the Fund are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to present fairly, in all material respects, the state of affairs of the Fund as at 31 December 2010 and the results and cash flows of the Fund for the year ended on that date.

A handwritten signature in black ink that reads 'KPMG LLP' in a cursive, stylized font.


KPMG LLP
*Public Accountants and
Certified Public Accountants*

Singapore
14 March 2011

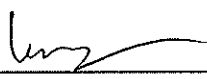
Balance sheet
As at 31 December 2010

	Note	2010 \$	2009 \$
Asset			
Financial assets	3	-	1,744,309
Total non-current assets		-	1,744,309
Financial assets	3	1,747,373	-
Interest receivables		59,154	51,935
Cash and cash equivalents	4	17,825,158	18,420,516
Total current assets		19,631,685	18,472,451
Total assets		19,631,685	20,216,760
Accumulated fund		18,384,841	18,833,278
Liabilities			
Other payables		3,800	19,000
Provision for education grant	5	26,200	48,748
Total current liabilities		30,000	67,748
Provision for education grant	5	1,216,844	1,315,734
Total non-current liabilities		1,216,844	1,315,734
Total liabilities		1,246,844	1,383,482
Total fund and liabilities		19,631,685	20,216,760

The Statements of Account on pages FS1 to FS10 were approved by:



Kuok Oon Kwong
Chairman, Board of Trustees



Chee Yam Cheng
Chairman, Working Committee

14 March 2011

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

Statement of comprehensive income and expenditure
Year ended 31 December 2010

	Note	2010 \$	2009 \$
Income			
Interest income		176,736	286,021
Total income		176,736	286,021
Expenditure			
Grants made:			
Healthcare humanity awards and related expenses	6	145,009	119,840
Courage Fund bursary awards	7	526,000	414,000
Other charitable donations made	8	10,000	5,491
Write-back of provision for education grant	5	(130,115)	(463,135)
Total charitable expenses		550,894	76,196
Administration and operating expenses			
Manpower cost		21,523	18,680
Administrative charges paid to Singapore Nursing Association		15,000	15,000
Bank charges		228	267
Others		3,561	3,935
Total administration and operating expenses		40,312	37,882
Finance expenses			
Unwinding of discount on provision for education grant	5	37,031	40,746
Amortisation of bonds (discount)/premium on financial assets		(3,064)	34,549
Total finance expenses		33,967	75,295
(Deficit)/surplus for the year		(448,437)	96,648
(Deficit)/surplus and total comprehensive income/(expenditure) for the year		(448,437)	96,648
Accumulated fund brought forward		18,833,278	18,736,630
Accumulated fund carried forward		18,384,841	18,833,278

The above expenditure relates to approved projects for the year ended 31 December 2010 and does not include any projects approved subsequent to the financial year.

A separate statement of changes in fund has not been prepared as the total comprehensive income and expenditure for the year would be the only component of this statement.

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

Statement of cash flows
Year ended 31 December 2010

	Note	2010	2009
		\$	\$
Operating activities			
(Deficit)/surplus for the year		(448,437)	96,648
Adjustment for:			
Unwinding of discount		37,031	40,746
Amortisation of bonds (discount)/premium on financial assets		(3,064)	34,549
Interest income		(176,736)	(286,021)
		<u>(591,206)</u>	<u>(114,078)</u>
Changes in working capital:			
Decrease in other receivables		-	16,000
(Decrease)/increase in other payables		(15,200)	10,074
Decrease in provision for education grant		(158,469)	(497,596)
Cash flows from operating activities		<u>(764,875)</u>	<u>(585,600)</u>
Investing activities			
Interest received		169,517	301,992
Proceeds from redemption of debt securities		-	7,800,000
Cash flows from investing activities		<u>169,517</u>	<u>8,101,992</u>
Net (decrease)/increase in cash and cash equivalents		(595,358)	7,516,392
Cash and cash equivalents at beginning of the year		<u>18,420,516</u>	<u>10,904,124</u>
Cash and cash equivalents at end of the year	4	<u>17,825,158</u>	<u>18,420,516</u>

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

Notes to the statements

These notes form an integral part of the statements of account.

The statements of account were authorised for issue by the Board of Trustees on 14 March 2011.

1 Domicile and activities

The Courage Fund (“the Fund”) was established on 10 April 2003. The objects of the Fund are to receive contributions and donations to be applied for the following purposes:

- (a) promoting the protection of health;
- (b) relief of healthcare workers and any persons affected by Severe Acute Respiratory Syndrome (“SARS”);
- (c) promoting any charitable purposes for the benefit of the community of healthcare workers and community in general in Singapore; and
- (d) promoting the advancement of education and the relief of poverty, distress and sickness.

With effect from 22 July 2003, The Courage Fund was registered as a charity under the Charities Act, 1994.

2 Summary of significant accounting policies

2.1 Basis of preparation

The Statements of Account have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

The Statements of Account have been prepared on the historical basis except as disclosed in the accounting policies below.

The Statements of Account are presented in Singapore dollars which is the Fund’s functional currency. All financial information are presented in Singapore dollars unless otherwise stated.

The preparation of Statements of Account requires the Working Committee to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.2 Financial assets

Financial assets comprise investment in debt securities, other receivables and cash and cash equivalents.

The Fund classifies its financial assets in the following categories: loans and receivables and held-to-maturity investments.

(a) Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise interest receivables and cash and cash equivalents. Cash and cash equivalents comprise cash balances and bank deposits. Subsequent to initial recognition, these financial assets are measured at amortised cost.

(b) Held-to-maturity financial assets

If the Fund has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Fund from classifying investment securities as held-to-maturity for the current and the following two financial years.

Impairment of financial assets

A financial asset not carried at fair value through the income statement is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Fund on terms that the Fund would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The Fund considers evidence of impairment for receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together receivables and held to maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Fund uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the statement of comprehensive income and expenditure.

2.3 Financial liabilities

Financial liabilities comprise grant and other payables. A financial liability is recognised initially on the trade date at which the Fund becomes a party to the contractual provisions of the instrument. The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Fund has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. A financial liability is recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

2.4 Provisions

A provision is recognised in the balance sheet when the Fund has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefit will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflect current market assessments of the time value of money and where appropriate, the risk specific to the liability.

2.5 Income recognition

Donations

Donations are recognised as income in the accounting period in which they were received.

Interest income

Interest income from fixed deposits is accrued on an effective interest rate on the principal outstanding and at the rate applicable.

3 Financial assets

	2010	2009
	\$	\$
Quoted debt securities, held-to-maturity		
Current	1,747,373	-
Non-current	-	1,744,309
	1,747,373	1,744,309

The weighted average interest rates of quoted debt securities at the balance sheet date and the period in which they mature are as follows:

	Effective interest rate %	Fixed interest rate maturing		Total \$
		Within 1 year \$	1 to 5 years \$	
2010				
Quoted debt securities	3.82	1,747,373	-	1,747,373
2009				
Quoted debt securities	3.82	-	1,744,309	1,744,309

4 Cash and cash equivalents

	2010	2009
	\$	\$
Fixed deposits	17,215,943	17,935,603
Cash at bank	609,215	484,913
Cash and cash equivalents in the cash flow statement	17,825,158	18,420,516

The weighted average effective interest rate per annum relating to bank deposits at the date of balance sheet is 0.40% to 0.75% (2009: 0.40% to 0.95%). Interest rate is re-priced every month.

5 Provision for education grant

	2010	2009
	\$	\$
At 1 January	1,364,482	1,821,332
Grants disbursed	(28,354)	(34,461)
Unwinding of discount	37,031	40,746
Write-back of provision for education grant	(130,115)	(463,135)
At 31 December	1,243,044	1,364,482

	2010	2009
	\$	\$
Current	26,200	48,748
Non-current	1,216,844	1,315,734
	1,243,044	1,364,482

Provision for education grant relates to the Fund's obligation in respect of education grants to be disbursed to children of victims who lost their lives to SARS and who were the income contributors of the family. The provision is calculated by estimating the amount of education costs that will be incurred over the schooling years of these children up to the level of a basic university education and is discounted at the rate of 3% (2009: 3%) to determine the present value.

Provision for education grant was written back during the year due to certain beneficiaries no longer being entitled to the education grant, and revision to the key assumptions used in estimating the education grant.

6 Healthcare humanity awards and related expenses

The Healthcare humanity awards and related expenses are awards given to honour and recognise outstanding healthcare workers who are inspirational role models exemplifying the values of courage, extraordinary dedication, selflessness, steadfastness in ethics, compassion and humanity.

7 Courage fund bursary awards

Courage Fund bursary awards are offered to nurses and Allied Health Professionals to enable them to pursue diploma, degree and post-graduate qualification in nursing and healthcare disciplines.

8 Other charitable donations made

Charitable donations made by the fund with the objective of supporting initiatives towards protecting Singapore's general population against widespread of infectious diseases.

9 Key management personnel compensation

Key management personnel of the Fund are those persons having the authority and responsibility for planning, directing and controlling the activities of the Fund. The members of the Working Committee are considered as key management personnel of the Fund. The members of the Working Committee did not receive any form of remuneration in the financial year.

10 Financial risk management

Overview

Risk management is integral to the operations of the Fund. The Fund has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Working Committee continually monitors the Fund's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Fund activities.

The Working Committee oversees how management monitors compliance with the Fund's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Fund.

Credit risk

Exposure to credit risk is monitored on an ongoing basis. Cash and fixed deposits are placed with financial institutions which are regulated.

At the balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

Liquidity risk

The Working Committee monitors the liquidity risk and maintains a level of cash and cash equivalents deemed adequate by the Working Committee to finance the Fund's operations and to mitigate the effects of fluctuations in cash flows.

The expected contractual undiscounted cash outflows of grant payables and other payables approximate the carrying value and are due within one year.

Interest rate risk

The Fund's exposure to market risk for changes in interest rates relate primarily to fixed deposits placed with various financial institutions. The Fund manages its interest rate risks by placing such balances on varying maturities and fixed interest rate terms.

At the balance sheet date, there were no concentrations of interest rate risk.

Sensitivity analysis

At the balance sheet date, there were no variable rate financial assets.

Foreign currency risk

The financial assets and financial liabilities of the Fund are denominated in Singapore dollars. The Fund has no exposure to foreign currency risk.

Effective interest rates and repricing analysis

In respect of interest-bearing financial assets, the following table indicates their weighted average effective interest rates per annum at the date of the balance sheet:

	Effective interest rate %	Fixed interest rate maturing within 1 year \$	Total \$
2010			
Financial asset			
Fixed deposits	0.40 - 0.75	17,215,943	17,215,943
2009			
Financial asset			
Fixed deposits	0.40 - 0.64	17,935,603	17,935,603

Fair values

The aggregate net fair values of recognised financial assets which are not carried at fair value in the balance sheet at 31 December are represented in the table below:

	Carrying amount 2010 \$	Fair value 2010 \$	Carrying amount 2009 \$	Fair value 2009 \$
Financial assets				
Held-to-maturity debt securities	1,747,373	1,780,590	1,744,309	1,679,475

The fair value of the held-to-maturity debt securities is determined by reference to their quoted closing bid price at the reporting date. The fair value of the held-to-maturity investment is determined for disclosure purposes only.

11 New accounting standards and interpretations not yet adopted

New standards, amendments to standards and interpretations that are not yet effective for the year ended 31 December 2010 have not been applied in preparing these financial statements. None of these are expected to have significant effect on the financial statements of the Fund.