

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

(Unique Entity No: S93SS0148C)

(Registered under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

Statement by Directors and Financial Statements

Year Ended 31 December 2018

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600

F +65 6594 7811

Audit@RSMSingapore.sg

www.RSMSingapore.sg

UEN: T09LL0008J

RSM Chio Lim LLP is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

Business Advisors to Growing Businesses



BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

Statement by the Directors and Financial Statements

Contents	Page
Statement by Directors.....	1
Independent Auditor's Report	2
Statement of Financial Activities	5
Statement of Financial Position.....	7
Statement of Changes in Accumulated Funds.....	8
Statement of Cash Flows.....	9
Statement of Financial Activities – Supplementary Schedules	10
Notes to the Financial Statements	17

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

Statement by Directors

In the opinion of the directors,

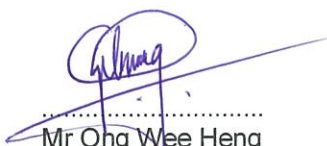
- (a) the accompanying financial statements are drawn up so as to present fairly, in all material respects, the state of affairs of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (the "Foundation") as at 31 December 2018 and of the results, changes in accumulated funds and cash flows of the Foundation for the reporting year then ended; 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.

The board of directors approved and authorised these financial statements for issue.

On behalf of the directors



.....
Ms Toh Kim Kiat
President



.....
Mr Ong Wee Heng
Honorary Treasurer



.....
Ms Yan Su Yuan
Honorary Secretary

Singapore

10 June 2019

RSM Chio Lim LLP

8 Wilkie Road, #03-08
Wilkie Edge, Singapore 228095

T +65 6533 7600

F +65 6594 7811

Audit@RSMSingapore.sg

www.RSMSingapore.sg

**Independent Auditor’s Report to the Members of
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore)**

Report on the financial statements

Opinion

We have audited the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (the “Foundation”), which comprise the statement of financial position as at 31 December 2018, and the statement of financial activities, statement of changes in accumulated funds and statement of cash flows for the reporting year then ended, and notes to the financial statements, including the significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Act), Charities Act, Chapter 37 and other relevant regulations (the Charities Act and Regulations) and the Singapore Financial Reporting Standards (SFRSs) so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2018 and of the results, changes in accumulated funds and cash flows of the Foundation for the year ended on that date.

Basis for opinion

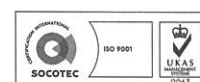
We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation in accordance with 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 a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we will 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 identified above when it becomes available 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 Members of the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore)**

– 2 –

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the provisions of the Societies Act, Charities Act and FRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Those charged with governance are responsible for 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 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:

- a) 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.
- b) 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.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

**Independent Auditor's Report to the Members of the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore)**

– 3 –

Auditor's responsibilities for the audit of the financial statements (cont'd)

- e) 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 those charged with governance 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,

- (a) The accounting and other records required to be kept by the Foundation have been properly kept in accordance with the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) The fund-raising appeals held during the reporting year has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (a) the Foundation has not used the donation moneys in accordance with its objectives 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 of the Charities (Institutions of a Public Character) Regulations.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

Partner-in-charge of audit: Goh Swee Hong
Effective from year ended 31 December 2017

10 June 2019

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2018**

	Unrestricted funds			Restricted funds					Total
	General Fund	Local Relief Fund	Designated Fund	Sub-Total	GYM Tonic Fund	Ingot PCC Fund	Home Care Fund	Local Building Fund	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOMING RESOURCES									
Voluntary income	3,118,684	5,185,340	-	8,304,024	-	-	-	-	8,304,024
Charitable activities income	1,435,278	2,039,119	-	3,474,397	-	-	-	-	3,474,397
Funds generating activities	68,333	123,463	-	191,796	-	-	-	-	191,796
Interest income	78,653	131,342	-	209,995	-	-	-	34,403	244,398
Sundry income	113,148	34,607	-	147,755	-	-	-	-	147,755
Government grant	35,461	2,122	286,640	324,223	-	-	-	-	324,223
Other funding	-	809,395	-	809,395	211,000	140,000	-	-	1,160,395
Amortisation of deferred capital grants	40,873	10,102	186,277	237,252	-	-	-	-	237,252
Total incoming resources	4,890,430	8,335,490	472,917	13,698,837	211,000	140,000	-	34,403	14,084,240
RESOURCES EXPENDED									
Costs of generating voluntary income: fund raising	233,662	11,157	-	244,819	-	-	-	-	244,819
Costs of charitable activities: welfare services, homeware support expenses and cultural activities	1,775,850	5,993,061	341,110	8,110,021	-	-	-	-	8,110,021
Administrative costs	1,824,015	574,209	131,807	2,530,031	-	-	-	50,030	2,580,061
Total resources expended	3,833,527	6,578,427	472,917	10,884,871	-	-	-	50,030	10,934,901
Surplus/(deficit) for the reporting year	1,056,903	1,757,063	-	2,813,966	211,000	140,000	-	(15,627)	3,149,339
Balance at 1 January 2018	7,855,714	10,582,698	-	18,438,412	-	-	-	3,167,150	21,605,562
Fund re-designated during the year (Note 15 (v))	-	(1,800,000)	-	(1,800,000)	-	-	1,800,000	-	-
Balance at 31 December 2018	8,912,617	10,539,761	-	19,452,378	211,000	140,000	1,800,000	3,151,523	24,754,901

A further analysis of the above items is presented in the supplementary schedules.

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2017**

2017

	Unrestricted funds		Restricted funds		Total
	General Fund	Local Relief Fund	Designated Fund	Sub-Total	
	\$	\$	\$	\$	\$
INCOMING RESOURCES					
Voluntary income	1,368,265	5,427,022	-	6,795,287	-
Charitable activities income	1,412,603	1,742,107	-	3,154,710	-
Funds generating activities	120,232	-	-	120,232	-
Interest income	64,681	104,778	-	169,459	33,971
Sundry income	71,301	69,961	-	141,262	-
Government grant	7,318	182,272	272,000	461,590	-
Amortisation of deferred capital grants	40,873	11,595	137,280	189,748	-
Total incoming resources	3,085,273	7,537,735	409,280	11,032,288	33,971
RESOURCES EXPENDED					
Costs of generating voluntary income: fund raising	227,586	-	-	227,586	-
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,514,433	5,729,245	425,180	7,668,858	-
Administrative costs	1,341,736	577,562	73,287	1,992,585	50,030
Total resources expended	3,083,755	6,306,807	498,467	9,889,029	50,030
Surplus/(deficit) for the reporting year	1,518	1,230,928	(89,187)	1,143,259	(16,059)
Balance at 1 January 2017	7,854,196	9,351,770	89,187	17,295,153	3,183,209
Balance at 31 December 2017	7,855,714	10,582,698	-	18,438,412	3,167,150
					21,605,562

A further analysis of the above items is presented in the supplementary schedules.

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Position
As at 31 December 2018**

	<u>Notes</u>	<u>2018</u> \$	<u>2017</u> \$
Assets			
<u>Non-current assets</u>			
Plant and equipment	8	2,552,881	1,567,560
Other assets	11	650,000	700,000
Total non-current assets		<u>3,202,881</u>	<u>2,267,560</u>
<u>Current assets</u>			
Inventories	9	78,259	88,774
Other receivables	10	919,442	492,458
Other assets	11	120,603	124,952
Cash and cash equivalents	12	22,852,074	20,284,854
Total current assets		<u>23,970,378</u>	<u>20,991,038</u>
<u>Current liabilities</u>			
Trade and other payables	13	780,049	664,672
Other liabilities	14	1,638,309	988,364
Total current liabilities		<u>2,418,358</u>	<u>1,653,036</u>
Net assets		<u>24,754,901</u>	<u>21,605,562</u>
The accumulated funds of the Foundation			
<u>Unrestricted funds</u>			
General fund	15	8,912,617	7,855,714
Local relief fund	15	10,539,761	10,582,698
Total unrestricted funds		<u>19,452,378</u>	<u>18,438,412</u>
<u>Restricted funds</u>			
Gym Tonic fund	15	211,000	-
IngoT PCC fund	15	140,000	-
Home Care fund	15	1,800,000	-
Local building fund	15	3,151,523	3,167,150
Total restricted funds		<u>5,302,523</u>	<u>3,167,150</u>
Total accumulated funds		<u>24,754,901</u>	<u>21,605,562</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Changes in Accumulated Funds
For the Reporting Year Ended 31 December 2018**

	<u>2018</u> \$	<u>2017</u> \$
Balance at beginning of the year	21,605,562	20,478,362
Net surplus for the reporting year	3,149,339	1,127,200
Balance at end of the year	<u>24,754,901</u>	<u>21,605,562</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Cash Flows
For the Reporting Year Ended 31 December 2018**

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the reporting year	3,149,339	1,127,200
Adjustments for:		
Depreciation of plant and equipment	591,666	609,065
Amortisation of deferred capital grants	(237,252)	(189,748)
Losses on disposal of plant and equipment	59,211	6,693
Gift in kind received	(14,732)	–
Interest income	(244,398)	(203,430)
Operating cash flow before changes in working capital	<u>3,303,834</u>	<u>1,349,780</u>
Inventories	10,515	(2,162)
Other receivables	(309,983)	(19,491)
Other assets	4,349	12,185
Trade and other payables	115,377	83,073
Other liabilities	887,197	(362,116)
Net cash flows from operating activities	<u>4,011,289</u>	<u>1,061,269</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Note 8)	(1,621,466)	(633,247)
Interest income received	177,397	188,634
Cash restricted in use	(1,871,064)	406,411
Net cash flows used in investing activities	<u>(3,315,133)</u>	<u>(38,202)</u>
Net increase in cash and cash equivalents	696,156	1,023,067
Cash and cash equivalents, cash flow statement, beginning balance	<u>10,372,282</u>	<u>9,349,215</u>
Cash and cash equivalents, cash flow statement, ending balance (Note 12A)	<u>11,068,438</u>	<u>10,372,282</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018**

	Notes	Unrestricted funds			Restricted funds					
		General Fund	Local Relief Fund	Designated Fund	Sub-Total	GYM Tonic Fund	Ingot PCC Fund	Home Care Fund	Local Building Fund	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOMING RESOURCES										
Voluntary income										
Tax deductible donations	4	2,777,496	4,410,273	-	7,187,769	-	-	-	-	7,187,769
Tax deductible donations (Save for a good cause)	4	-	79,058	-	79,058	-	-	-	-	79,058
Non-tax deductible donations		341,188	366,898	-	708,086	-	-	-	-	708,086
Non-tax deductible donations (Save for a good cause)		-	329,111	-	329,111	-	-	-	-	329,111
		<u>3,118,684</u>	<u>5,185,340</u>	<u>-</u>	<u>8,304,024</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,304,024</u>
Charitable income										
Children and youth classes		1,201,766	-	-	1,201,766	-	-	-	-	1,201,766
Continuing education center		68,250	-	-	68,250	-	-	-	-	68,250
Sales of goods		150,530	-	-	150,530	-	-	-	-	150,530
Donated assets		14,732	-	-	14,732	-	-	-	-	14,732
Free clinics, rehabilitation, and other clinic services		-	1,650,671	-	1,650,671	-	-	-	-	1,650,671
ILTC – MOH – subvented home medical, nursing, therapy and palliative care services		-	388,448	-	388,448	-	-	-	-	388,448
		<u>1,435,278</u>	<u>2,039,119</u>	<u>-</u>	<u>3,474,397</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,474,397</u>
Funds generating activities										
Flag Day		-	123,463	-	123,463	-	-	-	-	123,463
Placement of donation boxes		68,333	-	-	68,333	-	-	-	-	68,333
		<u>68,333</u>	<u>123,463</u>	<u>-</u>	<u>191,796</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>191,796</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

2018

	Notes	Unrestricted funds			Restricted funds					Total
		General Fund	Local Relief Fund	Designated Fund	Sub-Total	GYM Tonic Fund	IngoT PCC Fund	Home Care Fund	Local Building Fund	
		\$	\$	\$	\$	\$	\$	\$	\$	\$
INCOMING RESOURCES (cont'd)										
Others										
Interest income		78,653	131,342	-	209,995	-	-	-	34,403	34,403
Sundry income		113,148	34,607	-	147,755	-	-	-	-	147,755
Government grant		35,461	2,122	286,640	324,223	-	-	-	-	324,223
Other Funding		-	809,395	-	809,395	211,000	140,000	-	-	351,000
Amortisation of deferred capital grants		40,873	10,102	186,277	237,252	-	-	-	-	237,252
		268,135	987,568	472,917	1,728,620	211,000	140,000	-	34,403	385,403
Total incoming resources		4,890,430	8,335,490	472,917	13,698,837	211,000	140,000	-	34,403	385,403
RESOURCES EXPENDED										
Cost of generating voluntary income: fund raising										
Save for a Good Cause		-	7,837	-	7,837	-	-	-	-	7,837
Placement of donation boxes		-	1,000	-	1,000	-	-	-	-	1,000
Flag Day		-	2,320	-	2,320	-	-	-	-	2,320
Recycling activities		233,417	-	-	233,417	-	-	-	-	233,417
Recycling activities – depreciation		245	-	-	245	-	-	-	-	245
		233,662	11,157	-	244,819	-	-	-	-	244,819

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

2018	Notes	Unrestricted funds			Restricted funds				Sub-total	Total
		General Fund	Local Relief Fund	Designated Fund	GYM Tonic Fund	IngoT PCC Fund	Home Care Fund	Local Building Fund		
		\$	\$	\$	\$	\$	\$	\$	\$	
	RESOURCES EXPENDED (cont'd)									
	Costs of charitable activities:									
	Welfare services and homocare support expenses and cultural activities									
	Programme for the needy families	-	1,019,305	-	-	-	-	-	-	1,019,305
	Programme for the medical treatments	-	1,490,041	-	-	-	-	-	-	1,490,041
	Seed of hope programmes	-	105,789	-	-	-	-	-	-	105,789
	Free clinics, rehabilitation, and other clinic services	-	2,393,584	-	-	-	-	-	-	2,393,584
	ILTC – MOH – subvented home medical, nursing, therapy and palliative care services	-	804,553	-	-	-	-	-	-	804,553
	ILTC – MOH – subvented home medical, nursing, therapy and palliative care services - depreciation	-	8,320	-	-	-	-	-	-	8,320
	Losses on disposal of plant and equipment	-	511	-	-	-	-	-	-	511
	Depreciation	140,988	129,475	54,470	-	-	-	-	-	324,933
	Bursary scheme	-	-	286,640	-	-	-	-	-	286,640
	Children and youth classes	1,420,485	-	-	-	-	-	-	-	1,420,485
	Continuing education center	49,558	-	-	-	-	-	-	-	49,558
	Medical conference	-	41,483	-	-	-	-	-	-	41,826
	Anniversary exhibition	46,155	-	-	-	-	-	-	-	45,812
	Humanistic culture	118,664	-	-	-	-	-	-	-	118,664
		1,775,850	5,993,061	341,110	-	-	-	-	-	8,110,021

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

	Notes	Unrestricted funds			Restricted funds					Total
		General Fund	Local Relief Fund	Designated Fund	Sub-Total	GYM Tonic Fund	IngoT PCC Fund	Home Care Fund	Local Building Fund	
2018		\$	\$	\$	\$	\$	\$	\$	\$	\$
RESOURCES EXPENDED (cont'd)										
Administrative costs										
Depreciation		126,361	–	131,807	258,168	–	–	–	–	258,168
Other social civities		286,535	181,109	–	467,644	–	–	–	–	467,644
Other operating expenses	5	1,411,119	393,100	–	1,804,219	–	–	–	50,030	1,854,249
		1,824,015	574,209	131,807	2,530,031	–	–	–	50,030	2,580,061
Total resources expended		3,833,527	6,578,427	472,917	10,884,871	–	–	–	50,030	10,934,901

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

2017

	Notes	Unrestricted funds			Restricted funds		Total
		General Fund	Local Relief Fund	Designated Fund	Local Building Fund		
		\$	\$	\$	\$	\$	\$
INCOMING RESOURCES							
Voluntary income							
Tax deductible donations	4	1,220,279	3,134,055	–	–	–	4,354,334
Tax deductible donations (Save for a good cause)	4	–	610	–	–	–	610
Non-tax deductible donations		147,986	2,291,470	–	–	–	2,439,456
Non-tax deductible donations (Save for a good cause)		–	887	–	–	–	887
		<u>1,368,265</u>	<u>5,427,022</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>6,795,287</u>
Charitable income							
Children and youth classes		1,151,497	–	–	–	–	1,151,497
Continuing education center		111,901	–	–	–	–	111,901
Sales of goods		149,205	–	–	–	–	149,205
Free clinics, rehabilitation, and other clinic services		–	1,523,242	–	–	–	1,523,242
ILTC – MOH – subvented home medical, nursing, therapy and palliative care services		–	218,865	–	–	–	218,865
		<u>1,412,603</u>	<u>1,742,107</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>3,154,710</u>
Funds generating activities							
Placement of donation boxes		120,232	–	–	–	–	120,232
		<u>120,232</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>120,232</u>
Others							
Interest income		64,681	104,778	–	–	–	203,430
Sundry income		71,301	69,961	–	–	–	141,262
Government grant		7,318	182,272	272,000	–	–	461,590
Amortisation of deferred capital grants		40,873	11,595	137,280	–	–	189,748
		<u>184,173</u>	<u>368,606</u>	<u>409,280</u>	<u>33,971</u>	<u>–</u>	<u>996,030</u>
Total incoming resources		<u>3,085,273</u>	<u>7,537,735</u>	<u>409,280</u>	<u>33,971</u>	<u>–</u>	<u>11,066,259</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

2017

	Notes	Unrestricted funds		Restricted funds	
		General Fund	Local Relief Fund	Designated Fund	Local Building Fund
		\$	\$	\$	\$
RESOURCES EXPENDED					
Costs of generating voluntary income: fund raising					
Placement of donation boxes		1,000	-	-	1,000
Recycling activities		226,586	-	-	226,586
		<u>227,586</u>	<u>-</u>	<u>-</u>	<u>227,586</u>
Costs of charitable activities:					
welfare services and healthcare support expenses and cultural activities					
Programme for the needy families		-	1,252,356	-	1,252,356
Programme for the medical treatments		-	1,085,432	-	1,085,432
Seed of hope programmes		-	102,769	-	102,769
Free clinics, rehabilitation, and other clinic services		-	2,550,727	-	2,550,727
ILTC – MOH – subvented home medical, nursing, therapy and palliative care services		-	538,965	-	538,965
ILTC – MOH – subvented home medical, nursing, therapy and palliative care services - depreciation		-	8,820	-	8,820
Losses on disposal of plant and equipment		952	5,741	-	6,693
Depreciation		121,415	184,435	153,180	459,030
Bursary scheme		-	-	272,000	272,000
Children and youth classes		1,190,117	-	-	1,190,117
Continuing education center		71,766	-	-	71,766
Humanistic culture		125,566	-	-	125,566
Other cultural activities		4,617	-	-	4,617
		<u>1,514,433</u>	<u>5,729,245</u>	<u>425,180</u>	<u>7,668,858</u>
					<u>7,668,858</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 2018 (cont'd)**

2017

Notes	Unrestricted funds			Restricted funds		Total
	General Fund	Local Relief Fund	Designated Fund	Local Building Fund		
	\$	\$	\$	\$	\$	\$
	141,215	–	–	–	141,215	
	226,704	172,653	–	–	399,357	
5	973,817	404,909	73,287	50,030	1,502,043	
	1,341,736	577,562	73,287	50,030	2,042,615	
	3,083,755	6,306,807	498,467	50,030	9,939,059	
Total resources expended						

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

Notes to the Financial Statements 31 December 2018

1. General

Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (the “Foundation”) is a charity registered under the Charities Act, Chapter 37 and the Societies Act, Chapter 311. The Foundation is also an approved Institution of a Public Character under the Income Tax Act, Chapter 134. The financial statements are presented in Singapore dollars.

The principal objectives of the Foundation are to promote the spirit of compassion and unselfish giving as well as peaceful and equitable love, through missions and activities of charity, medical treatment, educational development and cultural promotion to the needy.

The registered office address is 9 Elias Road, Singapore 519937. The Foundation is registered and situated in Singapore.

The financial statements were approved and authorised for issue by the directors on the date indicated in the statement by directors.

Statement of compliance with financial reporting standards

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“SFRSs”) and the related interpretations to SFRS (“INT SFRS”) as issued by the Singapore Accounting Standards Council. They are in compliance with the provisions of the Companies Act, Chapter 50. The Foundation is also subject to the provisions of the Charities Act, Chapter 37.

Accounting convention

The financial statements are prepared on a going concern basis under the historical cost convention except where a financial reporting standard requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in the financial reporting standards may not be applied when the effect of applying them is not material. The disclosures required by financial reporting standards may not be provided if the information resulting from that disclosure is not material.

Basis of preparation of the financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. The estimates and assumptions are reviewed on an ongoing basis. Apart from those involving estimations, management has made judgements in the process of applying the Foundation’s accounting policies. The areas requiring management’s most difficult, subjective or complex judgements, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this footnote, where applicable.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Revenue recognition

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer (which excludes estimates of variable consideration that are subject to constraints, such as right of return exists, trade discounts, volume rebates and changes to the transaction price arising from modifications), net of any related sales taxes and excluding any amounts collected on behalf of third parties. An asset (goods or services) is transferred when or as the customer obtains control of that asset. As a practical expedient the effects of any significant financing component is not adjusted if the payment for the good or service will be within one year.

(i) *Donations and corporate cash sponsorships*

Revenue from donations and corporate cash sponsorships are accounted for when received, except for committed donations and corporate cash sponsorships that are recorded when the commitments are signed. 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 fund has unconditional entitlement.

(ii) *Fund raising*

Revenue from special event is recognised when the event takes place.

(iii) *Sales of goods*

Revenue is recognised at a point in time when the performance obligation is satisfied by transferring a promised good or service to the customer. Control of the goods is transferred to the customer, generally on delivery of the goods (in this respect, incoterms are considered).

(iv) *Revenue from rendering services*

Revenue from rendering of services, including childcare fees, fees on continuing education classes, that are of short duration is recognised when the Foundation satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs. For services that have not significant transactions, revenue is recognised as the services are provided.

(v) *Other revenue*

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Gifts in kind

A gift in kind is included in the statement of financial activities based on an estimate of the fair value at the date of the receipt of the gift of the non-monetary asset or the grant of a right to the monetary asset. The gift is recognised if the amount of the gift can be measured reliably and there is no uncertainty that it will be received.

Government grants

Government grants are recognised at fair value when there is reasonable assurance that the conditions attaching to them will be complied with and that the grants will be received. Grants in recognition of specific expenses are recognised in profit or loss on a systematic basis over the periods necessary to match them with the related costs that they are intended to compensate. The grant related to assets is presented in the statement of financial position by recognising the grant as deferred income that is recognised in profit or loss on a systematic basis over the useful life of the asset and in the proportions in which depreciation expense on those assets is recognised.

Employee benefits

Contributions to a defined contribution retirement benefit plan are recorded as an expense as they fall due. The entity's legal or constructive obligation is limited to the amount that it is obligated to contribute to an independently administered fund (such as the Central Provident Fund in Singapore, a government managed defined contribution retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income tax

As a charity, the Foundation is exempt from tax on income and gains falling within section 13(1)(zm) of the Income Tax Act to the extent that these are applied to its charitable objects. No tax charges have arisen for the Foundation during the reporting year.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the entity operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions. At each end of the reporting year, recorded monetary balances and balances measured at fair value that are denominated in non-functional currencies are reported at the rates ruling at the end of the reporting year and fair value measurement dates respectively. All realised and unrealised exchange adjustment gains and losses are dealt with in profit or loss except when a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. The presentation is in the functional currency.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Plant and equipment

Depreciation is provided on a straight-line basis to allocate the gross carrying amounts of the assets less their residual values over their estimated useful lives of each part of an item of these assets. The annual rates of depreciation are as follows:

Renovations	- 20%
Office equipment	- 20% - 33 ¹ / ₃ %
Furniture and fittings	- 10%
Motor vehicles	- 16 ² / ₃ %

Construction in progress is those assets that have not been put to use or in the process of installation, hence not available for use. An asset is depreciated when it is available for use until it is derecognised even if during that period the item is idle. Fully depreciated assets still in use are retained in the financial statements.

Plant and equipment are carried at cost on initial recognition and after initial recognition at cost less any accumulated depreciation and any accumulated impairment losses. The gain or loss arising from the derecognition of an item of plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss when they are incurred.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is representative of the time pattern of the user's benefit, even if the payments are not on that basis. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense.

Impairment of non-financial assets

Irrespective of whether there is any indication of impairment, an annual impairment test is performed at about the same time every year on an intangible asset with an indefinite useful life or an intangible asset not yet available for use. The carrying amount of other non-financial assets is reviewed at each end of the reporting year for indications of impairment and where an asset is impaired, it is written down through profit or loss to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in profit or loss. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Impairment of non-financial assets (cont'd)

When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Inventories

Inventories are measured at the lower of cost (weighted average method) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. A write down on cost is made where the cost is not recoverable or if the selling prices have declined. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Financial instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expired. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

1. Financial asset classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss (FVTPL), that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Financial instruments (cont'd)

2. Financial asset that is a debt asset instrument classified as measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
3. Financial asset that is an equity investment measured at fair value through other comprehensive income (FVTOCI): There were no financial assets classified in this category at reporting year end date.
4. Financial asset classified as measured at fair value through profit or loss (FVTPL): There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss (FVTPL) in either of the following circumstances: (1) the liabilities are managed, evaluated and reported internally on a fair value basis; or (2) the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Cash and cash equivalents

Cash and cash equivalents include bank and cash balances, on demand deposits and any highly liquid debt instruments purchased with an original maturity of three months or less. For the statement of cash flows the item includes cash and cash equivalents less cash subject to restriction and bank overdrafts payable on demand, if any, that form an integral part of cash management.

Fair value measurement

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, market observable data to the extent possible is used. If the fair value of an asset or a liability is not directly observable, an estimate is made using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (eg by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account. The entity's intention to hold an asset or to settle or otherwise fulfil a liability is not taken into account as relevant when measuring fair value.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices). Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised at the end of the reporting period during which the change occurred.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

2. Significant accounting policies and other explanatory information (cont'd)

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value. The fair values of non-current financial instruments may not be disclosed separately unless there are significant differences at the end of the reporting year and in the event the fair values are disclosed in the relevant notes to the financial statements.

Funds

Fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes if any by action of the management. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expenses if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expenses unless impractical to do so.

2B. Other explanatory information

Provisions

A liability or provision is recognised when there is a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. A provision is made using best estimates of the amount required in settlement and where the effect of the time value of money is material, the amount recognised is the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense. Changes in estimates are reflected in profit or loss in the reporting year they occur.

2C. Critical judgements, assumptions and estimation uncertainties

There were no critical judgements made in the process of applying the accounting policies that have the most significant effect on the amounts recognised in the financial statements. There were no key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting year, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting year.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

3. Related party relationships and transactions

The financial reporting standard on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

A related party includes the board members and key management of the Foundation. It also includes an entity or person that directly or indirectly controls, is controlled by, or is under common or joint control with these persons; members of the key management personnel or close members of the family of any individual referred to herein and others who have the ability to control, jointly control or significantly influence by or for which significant voting power in such entity resides with, directly or indirectly, any such individual.

The board of directors, or people connected with them, have not received remuneration, or other benefits, from the Foundation for which they are responsible, or from institutions connected with the Foundation.

There is no claim by the directors for services provided to the Foundation, either by reimbursement to the directors or by providing the directors with an allowance or by direct payment to a third party.

All directors, chairman of sub-committees and staff members of the Foundation are required to read and understand the conflict of interest policy in place and make full disclosure of interests, relationships and holding that could potentially result in conflict of interests. When a conflict of interest situation arises, the members or staff shall abstain from participating in the discussion, decision making and voting on the matter.

There are no paid staff who are close members of the family of the board of directors, and whose remuneration each exceeds \$50,000 during the year.

3A. Related party transactions:

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances and transfer of resources, services or obligations if any are unsecured, without fixed repayment terms and interest or charge unless stated otherwise.

Significant related party transactions:

In addition to the transactions and balances disclosed elsewhere in the notes to the financial statements, this item includes the following:

	<u>Related parties</u>	
	<u>2018</u>	<u>2017</u>
	\$	\$
Purchases of goods	32,759	56,020
Rental and related expenses	162,117	162,020
Rental income	(24,000)	(24,000)
Payment on behalf	–	14,900
Management fees	(24,000)	–

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

3. Related party relationships and transactions (cont'd)

3A. Related party transactions: (cont'd)

The related parties have one or more common directors or management members.

	Related party – Buddhist Compassion Relief Tzu-Chi Foundation	
	<u>2018</u>	<u>2017</u>
	\$	\$
Rental expense	<u>50,012</u>	<u>50,012</u>

3B. Key management compensation:

Key management personnel are the chief executive officer and the directors of the Foundation. They did not receive any compensation from the foundation during the reporting year.

4. Tax deductible receipts

The Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 (2017: 2.5) times tax deductions for the donations made to the Foundation during FY2018. The Institution of a Public Character (“IPC”) status granted to the Foundation is for the period from 1 December 2015 to 28 February 2019, and upon its expiry, IPC status was further granted to the Foundation for the period from 1 March 2019 to 28 February 2022.

	<u>2018</u>	<u>2017</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>7,266,827</u>	<u>4,354,944</u>

5. Other operating expenses

The major and other components include the following:

	<u>2018</u>	<u>2017</u>
	\$	\$
Audit fees paid to independent auditors	19,750	18,750
Rental expenses (Note 18)	110,287	127,210
Employee benefit expenses (Note 6)	1,124,524	973,309
Utilities	<u>37,529</u>	<u>46,279</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

6. Employee benefits expense

	<u>2018</u>	<u>2017</u>
	\$	\$
Short term employee benefits expense	3,870,431	3,372,563
Contributions to defined contribution plan	416,910	406,075
Total employee benefits expense	<u>4,287,341</u>	<u>3,778,638</u>

The employee benefits expense is presented in the Statement of Financial Activities as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
Other operating expenses	1,124,524	973,309
Other social activities	434,405	361,819
Charitable activities	2,658,621	2,368,677
Fund generating activities	69,791	74,833
Total employee benefits expense	<u>4,287,341</u>	<u>3,778,638</u>

7. Income tax

As a registered charity, the Foundation is exempted from tax on income and gain falling within section 13(1)(zm) of the Singapore Income Tax Act to the extent that these are applied to its charitable objects. Therefore, no provision for income tax has been made in the financial statements.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

8. Plant and equipment

	<u>Renovations</u> \$	<u>Office Equipment</u> \$	<u>Furniture and fittings</u> \$	<u>Motor vehicles</u> \$	<u>Construction in Progress</u> \$	<u>Total</u> \$
<u>Cost:</u>						
At 1 January 2017	1,518,651	1,573,773	611,067	196,030	63,514	3,963,035
Additions	283,813	325,922	9,601	—	13,911	633,247
Disposals	—	(89,680)	(39,274)	—	—	(128,954)
At 31 December 2017	1,802,464	1,810,015	581,394	196,030	77,425	4,467,328
Additions (Note A)	1,121,450	298,343	75,240	14,094	127,071	1,636,198
Reclassification	—	6,500	—	—	(6,500)	—
Disposals	—	(51,132)	(2,875)	—	(58,700)	(112,707)
At 31 December 2018	2,923,914	2,063,726	653,759	210,124	139,296	5,990,819
<u>Accumulated Depreciation:</u>						
At 1 January 2017	878,379	948,437	475,881	110,267	—	2,412,964
Depreciation for the year	316,132	237,937	32,508	22,488	—	609,065
Disposals	—	(89,680)	(32,581)	—	—	(122,261)
At 31 December 2017	1,194,511	1,096,694	475,808	132,755	—	2,899,768
Depreciation for the year	277,056	267,369	24,518	22,723	—	591,666
Disposals	—	(51,121)	(2,375)	—	—	(53,496)
At 31 December 2018	1,471,567	1,312,942	497,951	155,478	—	3,437,938
<u>Carrying value:</u>						
At 1 January 2017	640,272	625,336	135,186	85,763	63,514	1,550,071
At 31 December 2017	607,953	713,321	105,586	63,275	77,425	1,567,560
At 31 December 2018	1,452,347	750,784	155,808	54,646	139,296	2,552,881

Note A: During the current reporting year, the Foundation received total donated assets (gift in kind) amounting to \$14,732 (2017: \$Nil). These donated assets have been capitalised as part of plant and equipment.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

8. Plant and equipment (cont'd)

Fully depreciated plant and equipment still in use had an initial cost of \$2,150,704 (2017: \$1,673,023).

The depreciation expense is presented in the Statement of Financial Activities as follows:

	<u>2018</u> \$	<u>2017</u> \$
Fund raising	245	-
Administrative costs (Other operating expenses)	258,168	141,215
Charitable activities	333,253	467,850
Total depreciation expense	<u>591,666</u>	<u>609,065</u>

9. Inventories

	<u>2018</u> \$	<u>2017</u> \$
Inventories at cost	<u>78,259</u>	<u>88,774</u>

There are no inventories pledged as security for liabilities.

10. Other receivables

	<u>2018</u> \$	<u>2017</u> \$
Outside parties	359,314	234,986
Clinic patients receivables	57,567	36,495
Government subsidies receivables	502,561	220,977
	<u>919,442</u>	<u>492,458</u>

The other receivables at amortised cost shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. Other receivables are normally with no fixed terms and therefore there is no maturity. Other receivables are regarded as of low credit risk if they have a low risk of default and the debtor has a strong capacity to meet its contractual cash flow obligations in the near term. The methodology applied for impairment loss depends on whether there has been a significant increase in credit risk. No loss allowance is necessary.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

11. Other assets

	<u>2018</u>	<u>2017</u>
	\$	\$
Deposits to secure services – outside parties	39,029	36,954
Deposits to secure services – related party	23,690	23,690
Prepayments	7,884	14,308
Prepayments – Local Building Fund (Note A)	700,000	750,000
	<u>770,603</u>	<u>824,952</u>
Presented as:		
Other assets, current	120,603	124,952
Other assets, non-current	650,000	700,000
	<u>770,603</u>	<u>824,952</u>

Note A:

This is relating to the utilisation of Local Building Fund for the construction of main administrative building located at 9 Elias Road Singapore 519937, which is currently occupied by the Foundation.

The analysis of the amount is as follows:

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Cost:</u>		
Cost of building	5,003,258	5,003,258
Amount paid by Tzu-Chi Taiwan	<u>(3,852,545)</u>	<u>(3,852,545)</u>
Amount funded by local building fund	<u>1,150,713</u>	<u>1,150,713</u>
<u>Recovering via rental expense:</u>		
At 1 January 2018	(400,713)	(350,713)
Rental offsetting during the reporting year	<u>(50,000)</u>	<u>(50,000)</u>
At 31 December 2018	<u>(450,713)</u>	<u>(400,713)</u>
Prepayment as at the end of the reporting year	<u>700,000</u>	<u>750,000</u>

Prior to 2007, the Foundation had raised funds from local public donations and contribution from a related party, Buddhist Compassion Relief Tzu-Chi Foundation, registered and incorporated in Taiwan (the "Tzu-Chi Taiwan") to construct the aforesaid building. The building was built on a piece of land that was leased by Tzu-Chi Taiwan from the Singapore Land Authority for a period of 30 years effective from 26 January 1998.

The Foundation had partially paid \$1,150,713 for the construction costs on behalf of Tzu-Chi Taiwan. The amount has been recorded in the statement of financial position as a prepayment. Upon completion of the construction of the building, the Foundation has entered into an agreement with Tzu-Chi Taiwan to lease the land for 30 years at a rent of \$12 per year. In 2010, Tzu-Chi Taiwan and the Foundation have further entered into a lease agreement to lease the building for 23 years effective from 1 January 2010 at a rent of \$50,000 per year. The lease agreement further stipulates that the rental for the lease will be offset against the prepayment. Consequently, the Foundation had in 2010 commenced the amortisation of the prepayment over the lease period.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

12. Cash and cash equivalents

	<u>2018</u>	<u>2017</u>
	\$	\$
Not restricted in use	11,068,438	10,372,282
Restricted in use:-		
(a) Cash restricted in use over 3 months	6,876,056	7,016,008
(b) Restricted for unutilised deferred capital and government grants (Note 14B)	20,672	166,034
(c) Cash under restricted funds (Note A)	4,886,908	2,730,530
	<u>22,852,074</u>	<u>20,284,854</u>

Note A: Cash and cash equivalents restricted in use are deposits placed in banks allocated to restricted funds (Note 15).

The rate of interest for the cash on interest earning balances was between 1.30% and 1.88% (2017: 0.80% and 1.28%) per annum.

12A. Cash and cash equivalents in the statement of cash flow:

	<u>2018</u>	<u>2017</u>
	\$	\$
Amount as shown above	22,852,074	20,284,854
Restricted in use	<u>(11,783,636)</u>	<u>(9,912,572)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>11,068,438</u>	<u>10,372,282</u>

13. Trade and other payables

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	298,887	204,925
Related parties (Note 3)	2,790	13,982
Sub-total	<u>301,677</u>	<u>218,907</u>
<u>Other payables:</u>		
Outside parties	478,372	445,765
Sub-total	<u>478,372</u>	<u>445,765</u>
Total trade and other payables	<u>780,049</u>	<u>664,672</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

14. Other liabilities	<u>2018</u> \$	<u>2017</u> \$
Deferred capital grants (Note 14A)	1,540,474	759,004
Deferred government grant income (Note 14B)	20,672	166,034
Cash collected in advance for courses	77,163	63,326
	<u>1,638,309</u>	<u>988,364</u>
14A. Deferred capital grants:	<u>2018</u> \$	<u>2017</u> \$
<u>At cost:</u>		
Balance at beginning of the year	1,156,221	560,926
Purchase of plant and equipment – grants received	1,018,722	595,295
Balance at end of the year	<u>2,174,943</u>	<u>1,156,221</u>
<u>Accumulated amortisation:</u>		
Balance at beginning of the year	397,217	207,469
Amortisation for the year	237,252	189,748
Balance at end of the year	<u>634,469</u>	<u>397,217</u>
<u>Carrying value:</u>		
Balance at beginning of the year	<u>759,004</u>	<u>353,457</u>
Balance at end of the year	<u>1,540,474</u>	<u>759,004</u>
14B. Deferred government grant income	<u>2018</u> \$	<u>2017</u> \$
Balance at beginning of the year	166,034	643,329
Add: Fund received	870,000	390,000
	<u>1,036,034</u>	<u>1,033,329</u>
Less: Expenditure incurred	(292,000)	(272,000)
Less: Transferred to deferred capital grant	(1,018,722)	(595,295)
Add: Refunds of bursary from student	5,360	–
Add: Accrued grant income received	290,000	–
Balance at end of the year	<u>20,672</u>	<u>166,034</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

15. Accumulated funds

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Unrestricted funds:</u>		
General fund	8,912,617	7,855,714
Local relief fund	10,539,761	10,582,698
Total unrestricted funds	<u>19,452,378</u>	<u>18,438,412</u>
<u>Restricted funds:</u>		
Gym Tonic Fund	211,000	–
IngoT PCC Fund	140,000	–
Home Care Fund	1,800,000	–
Local Building Fund	3,151,523	3,167,150
Total restricted funds	<u>5,302,523</u>	<u>3,167,150</u>
Total funds	<u>24,754,901</u>	<u>21,605,562</u>
Ratio of unrestricted funds to annual operating expenditure (times)*	<u>1.79</u>	<u>1.86</u>

* Annual Operating Expenditure represents total resources expended under unrestricted funds.

- (i) The General Fund is set up to finance the operation of the Foundation and all other expenses to carry out the missions of the Foundation.
- (ii) The Local Relief Fund is set up to maintain donations (both tax deductible and non-tax deductible) received from the public to be utilised for the purpose of provision of financial/non-financial assistance to the needy so as to benefit the community in Singapore as a whole regardless of race, gender and religion.
- (iii) Gym Tonic Fund is granted to the Foundation with objective to support the senior-friendly strength-training programme that reverses frailty to community-dwelling seniors. The programme includes providing advanced gym equipment and software to improve the functional abilities of these community-dwelling seniors. The foundation has not utilized any amount of the fund during the year.
- (iv) IngoT Person-Centered Care (“PCC”) Fund is donated to the Foundation with objective to support the subsidized services at Senior Activity Centres (SACs), Day Rehabilitation Centre (DRC), and Home Care (HC). It aims to de-medicalise care and increase collaboration, coordination and connectivity among disparate care providers, professionals and family caregivers. It is supported with a cloud-based system to empower care professionals to know their facilities users better, and spot physical or psychosocial danger signs. The foundation has not utilized any amount of the fund during the year.
- (v) During the year ended 31 December 2018, the Foundation has re-designated \$1.8 million from the local relief fund to a restricted Home Care Fund. Home Care Fund is set up for the purpose of home care programme. The Foundation has also applied to the Community Silver Trust for a matching grant.
- (vi) Local Building Fund is for future maintenance and improvements of the building premises occupied by the Foundation.
- (vii) The Designated Fund is donation fund relating to donation received for specific purposes.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

15. Accumulated funds (cont'd)

The accumulated funds of the Foundation provide financial stability and the means for the development of the Foundation's activities. The Foundation intends to maintain the funds at a level sufficient for its operating needs. The board members review the level of funds regularly for the Foundation's continuing obligations.

16. Columnar presentation of statement of financial position

Majority of the assets and liabilities are attributable to the General and Local Relief Funds. The Gym Tonic Fund, IngoT PCC Fund, Home Care Fund and Local Building Fund are represented mainly by cash. Accordingly the Foundation did not adopt a columnar presentation of its assets, liabilities and funds in the Statement of Financial Position as it was not meaningful.

17. Capital commitments

Estimated amounts committed at the end of the reporting year for future capital expenditure but not recognised in the financial statements are as follows:

	<u>2018</u> \$	<u>2017</u> \$
Commitments to purchase of plant and equipment	<u>87,970</u>	<u>58,920</u>

18. Operating lease payment commitments – as lessee

At the end of reporting year the total of future minimum lease payments commitments under non-cancellable operating leases are as follows:

	<u>2018</u> \$	<u>2017</u> \$
Not later than one year	517,357	465,367
Later than one year and not later than five years	994,476	274,670
More than five years	450,000	500,000
Total	<u>1,961,833</u>	<u>1,240,037</u>

The rental expense is presented in the Statement of Financial Activities as follows:

Other operating expenses (Note 5)	110,287	127,210
Charitable expenses	511,288	514,976
Total rental expenses	<u>621,575</u>	<u>642,186</u>

Operating lease payments are for rentals payable by the Foundation for its office premises and certain office equipment. The leases for certain office premises and office equipment are negotiated for an average term of two to five years.

Also, see Note 11.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

19. Financial instruments: information on financial risks

19A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and financial liabilities recorded at the end of the reporting year:

	<u>2018</u>	<u>2017</u>
	\$	\$
<u>Financial assets:</u>		
Financial assets at amortised cost	23,771,516	20,777,312
At end of the year	<u>23,771,516</u>	<u>20,777,312</u>
<u>Financial liabilities:</u>		
Financial liabilities at amortised cost	780,049	664,672
At end of the year	<u>780,049</u>	<u>664,672</u>

Further quantitative disclosures are included throughout these financial statements.

19B. Financial risk management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the entity's operating, investing and financing activities. There are exposures to the financial risks on the financial instruments such as credit risk, liquidity risk and market risk comprising interest rate, currency risk and price risk exposures. Management has certain practices for the management of financial risks. However these are not documented in formal written documents. The following guidelines are followed: All financial risk management activities are carried out and monitored by senior management staff. All financial risk management activities are carried out following acceptable market practices.

There have been no changes to the exposures to risk; the objectives, policies and processes for managing the risk and the methods used to measure the risk.

19C. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 are disclosed in the relevant notes to the financial statements. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

19. Financial instruments: information on financial risks (cont'd)

19D. Credit risk on financial assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, the three-stage approach in the financial reporting standard on financial instruments is used to measure the impairment allowance. Under this approach the financial assets move through the three stages as their credit quality changes. However, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired. For credit risk on other receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 12 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments. There was no identified impairment loss.

19E. Liquidity risk– financial liabilities maturity analysis

All liabilities are due within a year.

The liquidity risk refers to the difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. It is expected that all the liabilities will be paid at their contractual maturity. The average credit period taken to settle trade payables is about 30 days (2017: 30 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

19F. Interest rate risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The following table analyses the breakdown of the significant financial instruments by type of interest rate:

	2018 \$	2017 \$
Financial assets:		
Fixed rates	<u>18,331,663</u>	<u>16,592,567</u>

Sensitivity analysis: The effect on surplus is insignificant.

19G. Foreign currency risks

Foreign exchange risk arises on financial instruments that are denominated in a foreign currency, ie in a currency other than the functional currency in which they are measured. For the purpose of this financial reporting standard on financial instruments: disclosures, currency risk does not arise from financial instruments that are non-monetary items or from financial instruments denominated in the functional currency.

There is insignificant exposure to foreign currency risk as part of its normal business.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

20. Events after the end of reporting year

Subsequent to the end of the reporting year the General fund and Local Relief Fund are merged into Charity Development Fund effective from 1 January 2019, with the objective of enhancing the efficiency and effectiveness of our fund management and operations. As such, all future donations made to the Foundation will go to the Charity Development Fund.

Charity Development Fund which is the merged fund of Local Relief Fund and General Fund effective from 1 January 2019, is to support the Foundation's following causes that benefit the local communities:

- (a) Local charity programmes, such as emergency/long-term aid, healthcare and educational assistance to needy individuals and;
- (b) Free medical services for the underprivileged community;
- (c) Promotion of humanistic culture and education;
- (d) Expenses incurred in furtherance of the Foundation's missions and objectives.

21. Changes and adoption of financial reporting standards

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. Those applicable new or revised standards did not require any significant modification of the measurement methods or the presentation in the financial statements.

<u>SFRS No.</u>	<u>Title</u>
SFRS 109	Financial Instruments
SFRS 115	Revenue from Contracts with Customers. Amendments to, Clarifications to SFRS 115 Revenue from Contracts with Customers

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

22. New or amended standards in issue but not yet effective

For the future reporting years certain new or revised financial reporting standards were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in any significant modification of the measurement methods or the presentation in the financial statements for the following year from the known or reasonably estimable information relevant to assessing the possible impact that application of the new or revised standards may have on the entity's financial statements in the period of initial application except as disclosed below.

<u>SFRS No.</u>	<u>Title</u>	Effective date for periods beginning on or <u>after</u>
SFRS 116	Leases and Leases - Illustrative Examples & Amendments to Guidance on Other Standards	1 Jan 2019

Leases:

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessor, the accounting remains largely unchanged. As for the finance leases of a lessee, as the financial statements have already recognised an asset and a related finance lease liability for the lease arrangement, the application of the new reporting standard on leases is not expected to have a material impact on the amounts recognised in the financial statements. For the lessee almost all leases will be brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. For the entity's non-cancellable operating lease commitments as at 31 December 2018 shown in Note 18, a preliminary assessment indicates that these arrangements will continue to meet the definition of a lease under the new reporting standard on leases. Thus, the entity will have to recognise a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The table below shows the amount by which each financial statement line will be impacted (debits / credits) by the application of the new standard on leases.

	<u>1 Jan 2019</u>
	\$
<u>Statement of financial position:</u>	
Right to use assets	1,609,092
Lease liabilities	<u>(1,609,092)</u>