

## **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 2016

#### **RSM Chio Lim LLP**

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**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement by the Directors and Financial Statements**

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**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 2016 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

19 June 2017



**Independent Auditor's Report to the Members of  
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore)**  
(Registered under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

**RSM Chio Lim LLP**  
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**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 2016, 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 Financial Reporting Standards in Singapore (FRSs) so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2016 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. The annual report is expected to be made available to us after the date of this auditor's report.

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.

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

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

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**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.

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

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

- 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.
- 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 by the Societies Regulations enacted under the Societies Act to be kept by the Foundation have been properly kept in accordance with those Regulations; and
- (b) the fund-raising appeals held during the reporting year have 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 for the fund-raising appeals.

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

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**Report on other legal and regulatory requirements (cont'd)**

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: Chan Sek Wai  
Effective from year ended 31 December 2012

19 June 2017



**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities  
For the Reporting Year Ended 31 December 2016**

	Unrestricted funds			Restricted funds		
	General Fund	Local Relief Fund	Designated Fund	Sub-Total	Local Building Fund	Sub-Total
	\$	\$	\$	\$	\$	\$
<b>INCOMING RESOURCES</b>						
Voluntary income	1,334,205	3,976,226	-	5,310,431	-	5,310,431
Charitable income	1,417,033	3,224	-	1,420,257	-	1,420,257
Funds generating activities	118,505	956,624	-	1,075,129	-	1,075,129
Interest income	66,766	83,546	-	150,312	44,571	194,883
Sundry income	311,515	259,514	-	571,029	-	571,029
Government grant	-	531,055	214,624	745,679	-	745,679
Amortisation of deferred capital grants	39,462	9,217	54,471	103,150	-	103,150
<b>Total incoming resources</b>	<b>3,287,486</b>	<b>5,819,406</b>	<b>269,095</b>	<b>9,375,987</b>	<b>44,571</b>	<b>9,420,558</b>
<b>RESOURCES EXPENDED</b>						
Costs of generating voluntary income: fund raising	248,346	191,693	-	440,039	-	440,039
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,484,852	4,854,071	240,000	6,578,923	-	6,578,923
Costs of charitable activities: overseas donations	-	-	-	-	-	-
Administrative costs	1,416,078	229,241	-	1,645,319	50,000	1,695,319
<b>Total resources expended</b>	<b>3,149,276</b>	<b>5,275,005</b>	<b>240,000</b>	<b>8,664,281</b>	<b>50,000</b>	<b>8,714,281</b>
<b>Surplus/(deficit) for the reporting year</b>	<b>138,210</b>	<b>544,401</b>	<b>29,095</b>	<b>711,706</b>	<b>(5,429)</b>	<b>706,277</b>
<b>Balance at 1 January 2016</b>	<b>7,715,986</b>	<b>8,807,369</b>	<b>60,092</b>	<b>16,583,447</b>	<b>3,188,638</b>	<b>19,772,085</b>
<b>Balance at 31 December 2016</b>	<b>7,854,196</b>	<b>9,351,770</b>	<b>89,187</b>	<b>17,295,153</b>	<b>3,183,209</b>	<b>20,478,362</b>

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 2016 (cont'd)**

	Unrestricted funds			Restricted funds				Sub- Total	Local Building Fund	Sub- Total	Total
	General Fund	Local Relief Fund	Designated Fund	Malaysia Flood Relief Fund	Nepal Earthquake Relief Fund						
	\$	\$	\$					\$	\$	\$	\$
<b>INCOMING RESOURCES</b>											
Voluntary income	2,476,292	4,083,398	-	-	-	-	-	-	-	-	6,559,690
Charitable income	1,921,955	-	-	-	-	-	-	-	-	-	1,921,955
Funds generating activities	128,189	954,763	-	938,566	2,057,715	-	-	2,996,281	-	-	4,079,233
Interest income	50,702	72,876	-	-	-	-	-	36,704	-	-	160,282
Sundry income	58,410	146,252	-	-	-	-	-	-	-	-	204,662
Government grant	1,425	350,528	120,000	-	-	-	-	-	-	-	471,953
Amortisation of deferred capital grants	39,333	771	34,715	-	-	-	-	-	-	-	74,819
<b>Total incoming resources</b>	<b>4,676,306</b>	<b>5,608,588</b>	<b>154,715</b>	<b>938,566</b>	<b>2,057,715</b>	<b>-</b>	<b>36,704</b>	<b>3,032,985</b>	<b>-</b>	<b>-</b>	<b>13,472,594</b>
<b>RESOURCES EXPENDED</b>											
Costs of generating voluntary income: fund raising	247,326	191,304	-	3,400	3,973	-	-	7,373	-	-	446,003
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,623,523	4,881,114	120,000	-	-	-	-	-	-	-	6,624,637
Costs of charitable activities: overseas donations	-	-	-	935,166	2,053,742	-	50,000	2,988,908	-	-	2,988,908
Administrative costs	1,229,212	229,714	-	-	-	-	-	50,000	-	-	1,508,926
<b>Total resources expended</b>	<b>3,100,061</b>	<b>5,302,132</b>	<b>120,000</b>	<b>938,566</b>	<b>2,057,715</b>	<b>-</b>	<b>50,000</b>	<b>3,046,281</b>	<b>-</b>	<b>-</b>	<b>11,568,474</b>
<b>Surplus/(deficit) for the reporting year</b>	<b>1,576,245</b>	<b>306,456</b>	<b>34,715</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(13,296)</b>	<b>(13,296)</b>	<b>-</b>	<b>(13,296)</b>	<b>1,904,120</b>
<b>Balance at 1 January 2015</b>	<b>6,139,741</b>	<b>8,500,913</b>	<b>25,377</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,201,934</b>	<b>3,201,934</b>	<b>-</b>	<b>-</b>	<b>17,867,965</b>
<b>Balance at 31 December 2015</b>	<b>7,715,986</b>	<b>8,807,369</b>	<b>60,092</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,188,638</b>	<b>3,188,638</b>	<b>-</b>	<b>-</b>	<b>19,772,085</b>

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 2016**

	<u>Notes</u>	<u>2016</u> \$	<u>2015</u> \$
<b>Assets</b>			
<b><u>Non-current assets</u></b>			
Plant and equipment	9	1,550,071	1,316,639
Other assets, non-current	12	750,000	800,000
<b>Total non-current assets</b>		<u>2,300,071</u>	<u>2,116,639</u>
<b><u>Current assets</u></b>			
Inventories	10	86,612	264,195
Other receivables	11	408,171	503,587
Other assets, current	12	137,137	184,744
Cash and cash equivalents	13	19,668,198	18,763,387
<b>Total current assets</b>		<u>20,300,118</u>	<u>19,715,913</u>
<b><u>Current liabilities</u></b>			
Trade and other payables	14	1,026,788	1,385,479
Other liabilities	15	1,095,039	674,988
<b>Total current liabilities</b>		<u>2,121,827</u>	<u>2,060,467</u>
<b>Net assets</b>		<u>20,478,362</u>	<u>19,772,085</u>
<b>The accumulated funds of the Foundation</b>			
<b><u>Unrestricted funds</u></b>			
General fund	16	7,854,196	7,715,986
Local relief fund	16	9,351,770	8,807,369
Designated fund	16	89,187	60,092
<b>Total unrestricted funds</b>		<u>17,295,153</u>	<u>16,583,447</u>
<b><u>Restricted funds</u></b>			
Local building fund	16	3,183,209	3,188,638
<b>Total restricted funds</b>		<u>3,183,209</u>	<u>3,188,638</u>
<b>Total accumulated funds</b>		<u>20,478,362</u>	<u>19,772,085</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 2016**

	<u>2016</u> \$	<u>2015</u> \$
<b>Balance at beginning of the year</b>	19,772,085	17,867,965
Net surplus for the reporting year	706,277	1,904,120
<b>Balance at end of the year</b>	<u>20,478,362</u>	<u>19,772,085</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 2016**

	<u>2016</u>	<u>2015</u>
	\$	\$
<b><u>Cash flows from operating activities</u></b>		
Surplus for the reporting year	706,277	1,904,120
Adjustments for:		
Depreciation of plant and equipment	381,042	241,438
Amortisation of deferred capital grants	(103,150)	(74,819)
(Gains)/Losses on disposal of plant and equipment	(633)	9,967
Gift in kind received	(3,224)	(263,676)
Interest income	(194,883)	(160,282)
Operating cash flow before changes in working capital	<u>785,429</u>	<u>1,656,748</u>
Inventories	177,583	(80,502)
Other receivables	152,531	(225,089)
Other assets	47,607	576
Trade and other payables	(748,691)	294,818
Other liabilities	523,201	323,820
<b>Net cash flows from operating activities</b>	<u>937,660</u>	<u>1,970,371</u>
<b><u>Cash flows from investing activities</u></b>		
Purchase of plant and equipment (Note 9)	(221,250)	(642,691)
Proceeds from disposal of plant and equipment	633	1,553
Interest income received	187,768	138,042
Cash restricted in use	(624,246)	(102,724)
<b>Net cash flows used in investing activities</b>	<u>(657,095)</u>	<u>(605,820)</u>
<b>Net increase in cash and cash equivalents</b>	280,565	1,364,551
Cash and cash equivalents, cash flow statement, beginning Balance	<u>9,068,650</u>	<u>7,704,099</u>
<b>Cash and cash equivalents, cash flow statement, ending Balance (Note 13A)</b>	<u>9,349,215</u>	<u>9,068,650</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 31 December 2016**

2016

	Notes	Unrestricted funds			Restricted funds			Total \$
		General Fund \$	Local Relief Fund \$	Designated Fund \$	Sub- Total \$	Local Building Fund \$	Sub- Total \$	
<b>INCOMING RESOURCES</b>								
<b>Voluntary income</b>								
Tax deductible donations	4	1,135,960	3,391,839	-	4,527,799	-	-	4,527,799
Non-tax deductible donations		198,245	584,387	-	782,632	-	-	782,632
		1,334,205	3,976,226	-	5,310,431	-	-	5,310,431
<b>Charitable income</b>								
Children and youth classes		898,625	-	-	898,625	-	-	898,625
Continuing education center		88,697	-	-	88,697	-	-	88,697
Sales of goods		429,711	-	-	429,711	-	-	429,711
Donated assets		-	3,224	-	3,224	-	-	3,224
		1,417,033	3,224	-	1,420,257	-	-	1,420,257
<b>Funds generating activities</b>								
Chinese new year charity fair		-	854,225	-	854,225	-	-	854,225
Flag's Day		-	102,399	-	102,399	-	-	102,399
Placement of donation boxes		118,505	-	-	118,505	-	-	118,505
		118,505	956,624	-	1,075,129	-	-	1,075,129
<b>Others</b>								
Interest income		66,766	83,546	-	150,312	44,571	44,571	194,883
Sundry income		311,515	259,514	-	571,029	-	-	571,029
Government grant		-	531,055	214,624	745,679	-	-	745,679
Amortisation of deferred capital grants		39,462	9,217	54,471	103,150	-	-	103,150
		417,743	883,332	269,095	1,570,170	44,571	44,571	1,614,741
<b>Total incoming resources</b>		3,287,486	5,819,406	269,095	9,375,987	44,571	44,571	9,420,558

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2016 (cont'd)**

	Unrestricted funds			Restricted funds			
	Notes	General	Local Relief	Designated	Sub-	Local	Sub-
		Fund	Fund	Fund	Total	Building	
	\$	\$	\$	\$	\$	\$	\$
<b>RESOURCES EXPENDED</b>							
<u>Costs of generating voluntary income: fund raising</u>							
Chinese new year charity fair		–	189,253	–	189,253	–	189,253
Placement of donation boxes		2,140	–	–	2,140	–	2,140
Flag's Day		–	2,440	–	2,440	–	2,440
Recycling activities		246,206	–	–	246,206	–	246,206
		248,346	191,693	–	440,039	–	440,039
<u>Costs of charitable activities: welfare services and homecare support expenses and cultural activities</u>							
Programme for the needy families		–	1,244,149	–	1,244,149	–	1,244,149
Programme for the medical treatments		–	891,776	–	891,776	–	891,776
Seed of hope programmes		–	1,098,799	–	1,098,799	–	1,098,799
Free clinic & health screening services		–	1,490,299	–	1,490,299	–	1,490,299
(Gains)/losses on disposal of plant and equipment		(1,006)	373	–	(633)	–	(633)
Depreciation		118,478	128,675	–	247,153	–	247,153
Bursary scheme		–	–	240,000	240,000	–	240,000
Xiao Zhu bookstore		243,554	–	–	243,554	–	243,554
Children and youth classes		831,469	–	–	831,469	–	831,469
Continuing education center		61,919	–	–	61,919	–	61,919
Year end appreciation		55,395	–	–	55,395	–	55,395
Humanistic culture		153,727	–	–	153,727	–	153,727
Other cultural activities		21,316	–	–	21,316	–	21,316
		1,484,852	4,854,071	240,000	6,578,923	–	6,578,923

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2016 (cont'd)**

	Notes	Unrestricted funds			Restricted funds			Total \$
		General Fund \$	Local Relief Fund \$	Designated Fund \$	Local Building Fund \$	Sub- Total \$	Sub- Total \$	
<b>Administrative costs</b>								
Depreciation		133,889	–	–	–	–	–	133,889
Other social activities		287,724	168,129	–	–	–	–	455,853
Other operating expenses	6	994,465	61,112	–	50,000	50,000	50,000	1,105,577
		1,416,078	229,241	–	50,000	50,000	50,000	1,695,319
<b>Total resources expended</b>		3,149,276	5,275,005	240,000	50,000	50,000	50,000	8,714,281



**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2016 (cont'd)**

2015

	Notes	Unrestricted funds			Restricted funds			Sub- Total \$	Local Building Fund \$	Sub- Total \$	Total \$
		General Fund \$	Local Relief Fund \$	Designated Fund \$	Malaysia Flood Relief Fund \$	Nepal Earthquake Relief Fund \$	Sub- Total \$				
<b>INCOMING RESOURCES</b>											
<b>Voluntary income</b>											
Tax deductible donations	4	2,267,383	3,480,007	-	-	-	-	-	-	-	5,747,390
Non-tax deductible donations		208,909	603,391	-	-	-	-	-	-	-	812,300
		<u>2,476,292</u>	<u>4,083,398</u>	-	-	-	-	-	-	-	<u>6,559,690</u>
<b>Charitable income</b>											
Children and youth classes		733,033	-	-	-	-	-	-	-	-	733,033
Continuing education center		100,453	-	-	-	-	-	-	-	-	100,453
Sales of goods		824,793	-	-	-	-	-	-	-	-	824,793
Donated assets		263,676	-	-	-	-	-	-	-	-	263,676
		<u>1,921,955</u>	-	-	-	-	-	-	-	-	<u>1,921,955</u>
<b>Funds generating activities</b>											
Chinese new year charity fair		-	873,305	-	-	-	-	-	-	-	873,305
Flag's Day		-	81,458	-	-	-	-	-	-	-	81,458
Placement of donation boxes		128,189	-	-	-	-	-	-	-	-	128,189
Malaysia Flood Relief		-	-	-	938,566	-	-	-	938,566	-	938,566
Nepal Earthquake Relief		-	-	-	-	2,057,715	-	-	2,057,715	-	2,057,715
		<u>128,189</u>	<u>954,763</u>	-	<u>1,082,952</u>	<u>938,566</u>	-	<u>2,996,281</u>	-	<u>4,079,233</u>	
<b>Others</b>											
Interest income		50,702	72,876	-	-	-	-	36,704	-	36,704	160,282
Sundry income		58,410	146,252	-	-	-	-	-	-	-	204,662
Government grant		1,425	350,528	120,000	-	-	-	-	-	-	471,953
Amortisation of deferred capital grants		39,333	771	34,715	-	-	-	-	-	-	74,819
		<u>149,870</u>	<u>570,427</u>	<u>154,715</u>	-	-	-	<u>36,704</u>	-	<u>36,704</u>	<u>911,716</u>
<b>Total incoming resources</b>		<u>4,676,306</u>	<u>5,608,588</u>	<u>154,715</u>	<u>10,439,609</u>	<u>938,566</u>	<u>2,057,715</u>	<u>36,704</u>	<u>3,032,985</u>	<u>13,472,594</u>	

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2016 (cont'd)**

	Unrestricted funds			Restricted funds			Sub- Total \$	Sub- Total \$	Total \$
	General Fund \$	Local Relief Fund \$	Designated Fund \$	Malaysia Flood Relief Fund \$	Nepal Earthquake Relief Fund \$	Local Building Fund \$			
<b>RESOURCES EXPENDED</b>									
<b>Costs of generating voluntary income:</b>									
<b>fund raising</b>									
Chinese new year charity fair	–	188,939	–	–	–	–	188,939	–	188,939
Placement of donation boxes	1,070	–	–	–	–	–	1,070	–	1,070
Flag's Day	–	2,365	–	–	–	–	2,365	–	2,365
Recycling activities	245,430	–	–	–	–	–	245,430	–	245,430
Depreciation	826	–	–	–	–	–	826	–	826
Malaysia Flood Relief	–	–	–	3,400	–	–	3,400	3,400	3,400
Nepal Earthquake Relief	–	–	–	–	3,973	–	3,973	3,973	3,973
	247,326	191,304	–	3,400	3,973	–	438,630	7,373	446,003
<b>Costs of charitable activities: welfare services and homecare support expenses and cultural activities</b>									
Programme for the needy families	–	916,952	–	–	–	–	916,952	–	916,952
Programme for the medical treatments	–	1,338,334	–	–	–	–	1,338,334	–	1,338,334
Seed of hope programmes	–	1,200,886	–	–	–	–	1,200,886	–	1,200,886
Free clinic & health screening services	–	1,337,641	–	–	–	–	1,337,641	–	1,337,641
(Gains)/losses on disposal of plant and equipment	(151)	10,118	–	–	–	–	9,967	–	9,967
Depreciation	82,298	77,183	–	–	–	–	159,481	–	159,481
SMU bursary scheme	–	–	120,000	–	–	–	120,000	–	120,000
Xiao Zhu bookstore	529,308	–	–	–	–	–	529,308	–	529,308
Children and youth classes	598,462	–	–	–	–	–	598,462	–	598,462
Continuing education center	74,496	–	–	–	–	–	74,496	–	74,496
Interfaith prayer ceremony	76,538	–	–	–	–	–	76,538	–	76,538
Year end appreciation	89,845	–	–	–	–	–	89,845	–	89,845
Neighbourhood Eco Awareness Fair	17,768	–	–	–	–	–	17,768	–	17,768
Medical conference	46,818	–	–	–	–	–	46,818	–	46,818
Humanistic culture	81,416	–	–	–	–	–	81,416	–	81,416
Other cultural activities	26,725	–	–	–	–	–	26,725	–	26,725
	1,623,523	4,881,114	120,000	–	–	–	6,624,637	–	6,624,637

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**Statement of Financial Activities – Supplementary Schedules  
For the Reporting Year Ended 31 December 2016 (cont'd)**

2015

Notes	Unrestricted funds			Restricted funds				Sub- Total \$	Total \$
	General Fund \$	Local Relief Fund \$	Designated Fund \$	Malaysia Flood Relief Fund \$	Nepal Earthquake Relief Fund \$	Local Building Fund \$	Sub- Total \$		
5	–	–	–	935,166	2,053,742	–	2,988,908	2,988,908	
	–	–	–	935,166	2,053,742	–	2,988,908	2,988,908	
	81,131	–	–	–	–	–	81,131	81,131	
	296,279	174,006	–	–	–	–	470,285	470,285	
6	851,802	55,708	–	–	–	50,000	907,510	957,510	
	1,229,212	229,714	–	–	–	50,000	1,458,926	1,508,926	
	3,100,061	5,302,132	120,000	938,566	2,057,715	50,000	3,046,281	11,568,474	

**Costs of charitable activities:**

**overseas donations**

Overseas donations

**Administrative costs**

Depreciation

Other social activities

Other operating expenses

**Total resources expended**

## **BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

### **Notes to the Financial Statements 31 December 2016**

#### **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 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.

#### **Accounting convention**

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council. The Foundation is also subject to the provisions of the Charities Act, Chapter 37. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need 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 revenue amount is the fair value of the consideration received or receivable from the gross inflow of economic benefits during the year arising from the course of the ordinary activities of the Foundation and it is shown net of related tax and subsidies.

*(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.

*(ii) Fund raising*

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

*(iii) Sale of goods and services*

Revenue from the sale of goods is recognised when significant risks and rewards of ownership are transferred to the buyer, there is neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the amount of revenue and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Revenue from rendering of services, including childcare fees, fees on continuing education classes, that are of short duration is recognised when the services are completed.

*(iv) Other revenue*

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

##### **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.

##### **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 agrees 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.

## **BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

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

#### **2A. Significant accounting policies (cont'd)**

##### **Income tax**

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

##### **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 recognised in other comprehensive income and if applicable deferred in equity such as for qualifying cash flow hedges. The presentation is in the functional currency.

##### **Government grants**

A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants in recognition of specific expenses are recognised as income over the periods necessary to match them with the related costs that they are intended to compensate, on a systematic basis. A grant related to depreciable assets is allocated to income over the period in which such assets are used in the project subsidised by the grant. A government grant related to assets, including non-monetary grants at fair value, is presented in the statement of financial position by setting up the grant as deferred income.

##### **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 <sup>1</sup> / <sub>3</sub> %
Furniture and fittings	- 10%
Motor vehicles	- 16 <sup>2</sup> / <sub>3</sub> %

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.

## **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 (cont'd)**

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 cost 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 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. 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.

## **BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

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

#### **2A. Significant accounting policies (cont'd)**

##### **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 assets**

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Irrespective of the legal form of the transactions performed, financial assets are derecognised when they pass the "substance over form" based on the derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control. Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is currently a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Subsequent measurement:

Subsequent measurement based on the classification of the financial assets in one of the following categories under FRS 39 is as follows:

1. Financial assets at fair value through profit or loss: As at end of the reporting year date there were no financial assets classified in this category.
2. Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Assets that are for sale immediately or in the near term are not classified in this category. These assets are carried at amortised costs using the effective interest method (except that short-duration receivables with no stated interest rate are normally measured at original invoice amount unless the effect of imputing interest would be significant) minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility. Impairment charges are provided only when there is objective evidence that an impairment loss has been incurred as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. The methodology ensures that an impairment loss is not recognised on the initial recognition of an asset. Losses expected as a result of future events, no matter how likely, are not recognised. For impairment, the carrying amount of the asset is reduced through use of an allowance account. The amount of the loss is recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. Typically the trade and other receivables 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 assets (cont'd)**

3. Held-to-maturity financial assets: As at end of the reporting year date there were no financial assets classified in this category.
4. Available-for-sale financial assets: As at end of the reporting year date there were no financial assets classified in this category.

##### **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.

##### **Financial liabilities**

Initial recognition, measurement and derecognition:

A financial liability is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument and it is derecognised when the obligation specified in the contract is discharged or cancelled or expires. The initial recognition of financial liability is at fair value normally represented by the transaction price. The transaction price for financial liability not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial liability. Transaction costs incurred on the acquisition or issue of financial liability classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date.

Subsequent measurement:

Subsequent measurement based on the classification of the financial liabilities in one of the following two categories under FRS 39 is as follows:

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred.
2. Other financial liabilities: All liabilities, which have not been classified as in the previous category fall into this residual category. These liabilities are carried at amortised cost using the effective interest method.

## **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**

When measuring fair value, management uses the assumptions that market participants would use when pricing the asset or liability under current market conditions, including assumptions about risk. It is a market-based measurement, not an entity-specific measurement. 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. In making the fair value measurement, management determines the following: (a) the particular asset or liability being measured (these are identified and disclosed in the relevant notes below); (b) for a non-financial asset, the highest and best use of the asset and whether the asset is used in combination with other assets or on a stand-alone basis; (c) the market in which an orderly transaction would take place for the asset or liability; and (d) the appropriate valuation techniques to use when measuring fair value. The valuation techniques used maximise the use of relevant observable inputs and minimise unobservable inputs. These inputs are consistent with the inputs a market participant may use when pricing the asset or liability.

The fair value measurements and related disclosures categorise the inputs to valuation techniques used to measure fair value by using a fair value hierarchy of three levels. These are recurring fair value measurements unless stated otherwise in the relevant notes to the financial statements. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the asset or liability. The level is measured on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Transfers between levels of the fair value hierarchy are deemed to have occurred at the beginning of the reporting year. If a financial instrument measured at fair value has a bid price and an ask price, the price within the bid-ask spread or mid-market pricing that is most representative of fair value in the circumstances is used to measure fair value regardless of where the input is categorised within the fair value hierarchy. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique.

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.

## **BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

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

#### **2A. Significant accounting policies (cont'd)**

##### **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

FRS 24 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.

#### **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 financial guarantees 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>Director's related companies</u>	
	<u>2016</u>	<u>2015</u>
	\$	\$
Purchases of goods	44,881	486,532
Rental and related expenses	161,870	164,233
Sales of goods	146,631	—
Rental income	18,000	—

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

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

**3B. Related party transactions: (cont'd)**

	<u>Related party – Tzu Chi Culture &amp; Communication Foundation</u>	
	<u>2016</u> \$	<u>2015</u> \$
Purchases of goods	—	1,194

	<u>Related party – Buddhist Compassion Relief Tzu Chi Foundation (Taiwan)</u>	
	<u>2016</u> \$	<u>2015</u> \$
Rental expense	50,012	50,012

	<u>Related party – Taiwan Buddhist Tzu Chi Foundation (Malaysia)</u>	
	<u>2016</u> \$	<u>2015</u> \$
Purchases of goods	—	1,282

**3C. 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 (2015: 3.0) times tax deductions for the donations made to the Foundation during FY2016. The Institutions of Public Character status granted to the Foundation is for the period from 1 December 2015 to 28 February 2019.

	<u>2016</u> \$	<u>2015</u> \$
Tax-exempt receipts issued for donations collected	4,527,799	5,747,390

## BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

### 5. Overseas donations

	<u>2016</u> \$	<u>2015</u> \$
Donation to Tzu Chi Taiwan – Nepal Earthquake Relief	–	2,053,742
Donation to Buddhist Tzu Chi Merits Society Malaysia (Penang) – Malaysia Flood Relief	–	467,583
Donation to Taiwan Buddhist Tzu Chi Foundation Malaysia (KL & Selangor Branch) – Malaysia Flood Relief	–	467,583
	<u>–</u>	<u>2,988,908</u>

### 6. Other operating expenses

The major components include the following:

	<u>2016</u> \$	<u>2015</u> \$
Audit fees paid to independent auditors	17,276	17,500
Rental expenses (Note 18)	129,334	117,752
Employee benefit expenses (Note 7)	677,573	549,202
Utilities	57,083	60,916
	<u>17,276</u>	<u>60,916</u>

### 7. Employee benefits expense

	<u>2016</u> \$	<u>2015</u> \$
Short term employee benefits expense	2,608,414	2,384,491
Contributions to defined contribution plan	299,934	231,693
Total employee benefits expense	<u>2,908,348</u>	<u>2,616,184</u>

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

	<u>2016</u> \$	<u>2015</u> \$
Other operating expenses	677,573	549,202
Other social activities	391,956	391,078
Charitable activities	1,746,583	1,590,780
Fund generating activities	92,236	85,124
Total employee benefits expense	<u>2,908,348</u>	<u>2,616,184</u>

### 8. Income tax

The Foundation is exempted from tax on income and gain falling within Section 13U (1) 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)**

**9. Plant and equipment**

	<u>Renovations</u>	<u>Office</u>	<u>Furniture</u>	<u>Motor</u>	<u>Construction in</u>	<u>Total</u>
	\$	\$	\$	vehicles	Progress	\$
				\$	\$	\$
<u>Cost</u>						
At 1 January 2015	909,650	1,102,949	559,905	148,027	-	2,720,531
Additions (Note A)	305,330	515,616	61,429	23,992	-	906,367
Disposals	-	(112,703)	(24,333)	-	-	(137,036)
At 31 December 2015	1,214,980	1,505,862	597,001	172,019	-	3,489,862
Additions (Note A)	303,671	190,555	14,923	41,811	63,514	614,474
Disposals	-	(122,644)	(857)	(17,800)	-	(141,301)
At 31 December 2016	1,518,651	1,573,773	611,067	196,030	63,514	3,963,035
<u>Accumulated Depreciation</u>						
At 1 January 2015	634,436	898,069	430,302	94,494	-	2,057,301
Depreciation for the year	92,266	108,736	28,236	12,200	-	241,438
Disposals	-	(111,790)	(13,726)	-	-	(125,516)
At 31 December 2015	726,702	895,015	444,812	106,694	-	2,173,223
Depreciation for the year	151,677	176,066	31,926	21,373	-	381,042
Disposals	-	(122,644)	(857)	(17,800)	-	(141,301)
At 31 December 2016	878,379	948,437	475,881	110,267	-	2,412,964
<u>Carrying value:</u>						
At 1 January 2015	275,214	204,880	129,603	53,533	-	663,230
At 31 December 2015	488,278	610,847	152,189	65,325	-	1,316,639
At 31 December 2016	640,272	625,336	135,186	85,763	63,514	1,550,071

Note A: During the current reporting year, the Foundation received total donated assets (gift in kind) amounting to \$3,224 (2015: \$263,676). These donated assets have been capitalised as part of plant and equipment.

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**9. Plant and equipment (cont'd)**

Fully depreciated plant and equipment still in use had an initial cost of \$1,690,321 (2015: \$1,778,250).

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

	<u>2016</u>	<u>2015</u>
	\$	\$
Administrative costs (Other operating expenses)	133,889	81,132
Fund generating activities	—	826
Charitable activities	<u>247,153</u>	<u>159,480</u>
Total depreciation expense	<u>381,042</u>	<u>241,438</u>

**10. Inventories**

	<u>2016</u>	<u>2015</u>
	\$	\$
Inventories at cost	<u>86,612</u>	<u>264,195</u>

There are no inventories pledged as security for liabilities.

**11. Other receivables**

	<u>2016</u>	<u>2015</u>
	\$	\$
Outside parties	94,255	122,199
Government grant receivables	<u>313,916</u>	<u>381,388</u>
	<u>408,171</u>	<u>503,587</u>

**12. Other assets**

	<u>2016</u>	<u>2015</u>
	\$	\$
Deposits to secure services – outside parties	53,099	56,847
Deposits to secure services – related party	23,690	23,690
Prepayments (Note A)	<u>810,348</u>	<u>904,207</u>
	<u>887,137</u>	<u>984,744</u>
Presented as:		
Other assets, current	137,137	184,744
Other assets, non-current	<u>750,000</u>	<u>800,000</u>
	<u>887,137</u>	<u>984,744</u>

**Note A:**

Included in prepayments is an amount of \$800,000 (2015: \$850,000) that is related 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.



## BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

### 12. Other assets (cont'd)

The analysis of the amount is as follows:

	<u>2016</u>	<u>2015</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	(300,713)	(250,713)
Rental offsetting during the reporting year	<u>(50,000)</u>	<u>(50,000)</u>
At 31 December	<u>(350,713)</u>	<u>(300,713)</u>
Prepayment as at the end of the reporting year	<u>800,000</u>	<u>850,000</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 has 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 year 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 has in 2010 commenced the amortisation of the prepayment over the lease period.

### 13. Cash and cash equivalents

	<u>2016</u>	<u>2015</u>
	\$	\$
Not restricted in use	9,349,215	9,068,650
Restricted in use:-		
(a) Cash restricted in use over 3 months	6,995,877	6,896,327
(b) Restricted for unutilised deferred capital and government grants (Note 15B)	643,329	160,787
(c) Cash under restricted funds (Note A)	<u>2,679,777</u>	<u>2,637,623</u>
	<u>19,668,198</u>	<u>18,763,387</u>

Note A: Cash and cash equivalents restricted in use are deposits placed in banks allocated to restricted funds (Note 16).

The rate of interest for the cash on interest earning balances was between 1.10% and 1.90% (2015: 1.30% and 1.80%) per annum.

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**13. Cash and cash equivalents (cont'd)**

**13A. Cash and cash equivalents in the statement of cash flow:**

	<u>2016</u>	<u>2015</u>
	\$	\$
Amount as shown above	19,668,198	18,763,387
Restricted in use	<u>(10,318,983)</u>	<u>(9,694,737)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>9,349,215</u>	<u>9,068,650</u>

**14. Trade and other payables**

	<u>2016</u>	<u>2015</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	181,427	655,912
Related parties (Note 3)	<u>18,287</u>	<u>117,924</u>
Sub-total	<u>199,714</u>	<u>773,836</u>
<u>Other payables:</u>		
Outside parties	<u>827,074</u>	<u>611,643</u>
Sub-total	<u>827,074</u>	<u>611,643</u>
Total trade and other payables	<u>1,026,788</u>	<u>1,385,479</u>

**15. Other liabilities**

	<u>2016</u>	<u>2015</u>
	\$	\$
Deferred capital grants (Note 15A)	353,457	423,904
Deferred government grant income (Note 15B)	643,329	160,787
Cash collected in advance for courses	<u>98,253</u>	<u>90,297</u>
	<u>1,095,039</u>	<u>674,988</u>

**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)**

**15. Other liabilities (cont'd)**

**15A. Deferred capital grants:**

	<u>2016</u> \$	<u>2015</u> \$
<u>At cost:</u>		
Balance at beginning of the year	528,223	204,168
Purchase of plant and equipment – grants received	32,703	324,055
Balance at end of the year	<u>560,926</u>	<u>528,223</u>
<u>Accumulated amortisation:</u>		
Balance at beginning of the year	104,319	29,500
Amortisation for the year	103,150	74,819
Balance at end of the year	<u>207,469</u>	<u>104,319</u>
<u>Carrying value:</u>		
Balance at beginning of the year	423,904	174,668
Balance at end of the year	<u>353,457</u>	<u>423,904</u>

**15B. Deferred government grant income**

	<u>2016</u> \$	<u>2015</u> \$
Balance at beginning of the year	160,787	158,892
Add: Fund received	697,164	426,731
	857,951	585,623
Less: Expenditure incurred	(230,622)	(120,000)
Less: Transferred to deferred capital grant	–	(304,836)
Add: Refunds of bursary from student	16,000	–
Balance at end of the year	<u>643,329</u>	<u>160,787</u>

**16. Accumulated funds**

	<u>2016</u> \$	<u>2015</u> \$
<u>Unrestricted funds:</u>		
General fund	7,852,196	7,715,986
Local relief fund	9,353,770	8,807,369
Designated fund	89,187	60,092
Total unrestricted funds	<u>17,295,153</u>	<u>16,583,447</u>
<u>Restricted funds:</u>		
Local building fund	3,183,209	3,188,638
Total restricted funds	<u>3,183,209</u>	<u>3,188,638</u>
Total funds	<u>20,478,362</u>	<u>19,772,085</u>
Ratio of unrestricted funds to annual operating expenditure (times)*	<u>1.99</u>	<u>1.95</u>

\* Annual Operating Expenditure represents total resources expended for unrestricted funds.

## BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

### 16. Accumulated funds (cont'd)

- (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) The Designated Fund is the donation fund relating to grants received for specific purposes.
- (iv) Local Building Fund is for future maintenance and improvements of the building premises occupied by the Foundation.

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.

### 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>2016</u> \$	<u>2015</u> \$
Commitments to purchase of plant and equipment	<u>51,510</u>	<u>—</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>2016</u> \$	<u>2015</u> \$
Not later than one year	560,383	274,654
Later than one year and not later than five years	<u>638,427</u>	<u>468,833</u>
Total	<u>1,198,810</u>	<u>743,487</u>

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

Other operating expenses (Note 6)	129,334	117,752
Charitable expenses	<u>284,309</u>	<u>264,559</u>
Total rental expenses	<u>413,643</u>	<u>382,311</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 12.

## 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>2016</u>	<u>2015</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	19,668,198	18,763,387
Other receivables	408,171	503,587
At end of the year	<u>20,076,369</u>	<u>19,266,974</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	1,026,788	1,385,479
At end of the year	<u>1,026,788</u>	<u>1,385,479</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 consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is: the total of the fair value of the financial assets; the maximum amount the entity could have to pay if the guarantee is called on; and the full amount of any payable commitments 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.

As at the end of reporting year there were no amounts that were impaired.

Other receivables are normally with no fixed terms and therefore there is no maturity (Note 11).

Note 13 discloses the maturity of the cash and cash equivalents balances.

**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 (2015: 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:

	<u>2016</u>	<u>2015</u>
	\$	\$
Financial assets:		
Fixed rates	<u>11,914,018</u>	<u>11,741,036</u>

Sensitivity analysis: The effect on surplus is insignificant.

**19G. Foreign currency risks**

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

Sensitivity analysis: The effect on surplus is not significant.

## BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

### 20. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require material modification of the measurement methods or the presentation in the financial statements. There were none.

### 21. New or amended standards in issue but not yet effective

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") 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 material adjustments to the financial position, results of operations, or cash flows for the following year.

<u>FRS No.</u>	<u>Title</u>	<u>Effective date for periods beginning on or after</u>
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 Jan 2017
FRS 109	Financial Instruments	1 Jan 2018
FRS 115	Revenue from Contracts with Customers	1 Jan 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 Jan 2018
FRS 116	Leases	1 Jan 2019

