

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement by Directors and Financial Statements

Year Ended 31 December 2015

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)
(UEN: S93SS0148C)

Statement by the Directors and Financial Statements

C o n t e n t s	Page
Statement by Directors	1
Independent Auditor's Report	2
Statement of Financial Activities	4
Statement of Financial Position	6
Statement of Changes in Accumulated Funds	7
Statement of Cash Flows	8
Statement of Financial Activities – Supplementary Schedules	9
Notes to the Financial Statements	14

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

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 2015 and of the results, changes in accumulated fund 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



.....
Ms Boh Shuhui
Honorary Treasurer



.....
Mr Teo Chee Seng
Honorary Secretary

Singapore

18 April 2016



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 the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (UEN: S93SS0148C)**
(Registered under the Charities Act, Chapter 37 and Societies Act, Chapter 311)

Report on the financial statements

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 2015, and the statement of financial activities, statement of changes in accumulated funds and statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards, the Societies Act, Chapter 311 (the "Societies Act") and the Charities Act, Chapter 37 (the "Charities Act"), 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 and error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Foundation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Independent Auditors' Report to the Members of the
Buddhist Compassion Relief Tzu-Chi Foundation (Singapore) (UEN: S93SS0148C)**

- 2 -

Opinion

In our opinion, the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards so as to present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2015 and the results, changes in accumulated funds and cash flows of the Foundation for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion,

- (a) The accounting and other records required by the 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 Chapter 311 and proper accounts and other records have been kept for the fund-raising appeals.

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

- (a) The use of the donation moneys was not in accordance with the objectives of the Foundation as required under regulation 16 of the Charities (Institutions of a Public Character) Regulations; and
- (b) The Foundation has not complied with the requirements of regulation 15 (Fund-raising expenses) 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

18 April 2016

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2015**

2015

	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		
	\$	\$	\$	\$	\$	\$	\$	\$	
INCOMING RESOURCES									
Voluntary income	2,476,292	4,083,398	-	-	-	-	6,559,690	6,559,690	
Charitable income	1,921,955	-	-	-	-	-	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	36,704	160,282	
Sundry income	58,410	146,252	-	-	-	-	204,662	204,662	
Government grant	1,425	350,528	120,000	-	-	-	471,953	471,953	
Amortisation of deferred capital grants	39,333	771	34,715	-	-	-	74,819	74,819	
Total incoming resources	4,676,306	5,608,588	154,715	938,566	2,057,715	36,704	3,032,985	13,472,594	
RESOURCES EXPENDED									
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	-	2,988,908	2,988,908	
Administrative costs	1,229,212	229,714	-	-	-	50,000	50,000	1,508,926	
Total resources expended	3,100,061	5,302,132	120,000	938,566	2,057,715	50,000	3,046,281	11,568,474	
Surplus/(deficit) for the reporting year	1,576,245	306,456	34,715	-	-	(13,296)	(13,296)	1,904,120	
Balance at 1 January 2015	6,139,741	8,500,913	25,377	-	-	3,201,934	3,021,934	17,867,965	
Balance at 31 December 2015	7,715,986	8,807,369	60,092	-	-	3,188,638	3,188,638	19,772,085	

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)
(UEN: S93SS0148C)

**Statement of Financial Activities
For the Reporting Year Ended 31 December 2015 (Cont'd)**

2014

	Unrestricted funds			Restricted funds		Total
	General Fund	Local Relief Fund	Designated Fund	Local Building Fund	Sub-Total	
				\$		
<u>INCOMING RESOURCES</u>						
Voluntary income	1,864,819	4,998,482	-	-	6,863,301	6,863,301
Charitable income	1,207,274	166,272	-	-	1,373,546	1,373,546
Funds generating activities	136,766	827,562	-	-	964,328	964,328
Interest income	39,762	60,567	-	29,600	100,329	129,929
Sundry income	47,128	152,706	-	-	199,834	199,834
Government grant	-	89,278	89,377	-	178,655	178,655
Amortisation of deferred capital grants	29,500	-	-	-	29,500	29,500
Total incoming resources	3,325,249	6,294,867	89,377	29,600	9,709,493	9,739,093
<u>RESOURCES EXPENDED</u>						
Costs of generating voluntary income: fund raising	1,070	441,595	-	-	442,665	442,665
Costs of charitable activities: welfare services, homecare support expenses and cultural activities	1,241,680	3,923,533	64,000	-	5,229,213	5,229,213
Administrative costs	1,255,234	227,366	-	50,034	1,482,600	1,532,634
Total resources expended	2,497,984	4,592,494	64,000	50,034	7,154,478	7,204,512
Surplus/(deficit) for the reporting year	827,265	1,702,373	25,377	(20,434)	2,555,015	(20,434) 2,534,581
Balance at 1 January 2014	5,312,476	6,798,540	-	3,222,368	12,111,016	3,222,368 15,333,384
Balance at 31 December 2014	6,139,741	8,500,913	25,377	3,201,934	14,666,031	3,201,934 17,867,965

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)
(UEN: S93SS0148C)

Statement of Financial Position
As at 31 December 2015

	<u>Notes</u>	<u>2015</u> \$	<u>2014</u> \$
Assets			
<u>Non-current assets</u>			
Plant and equipment	9	1,316,639	663,230
Other assets, non-current	12	800,000	850,000
Total non-current assets		<u>2,116,639</u>	<u>1,513,230</u>
<u>Current assets</u>			
Inventories	10	264,195	183,693
Other receivables	11	503,587	206,258
Other assets, current	12	184,744	185,320
Cash and cash equivalents	13	18,763,387	17,296,112
Total current assets		<u>19,715,913</u>	<u>17,871,383</u>
<u>Current liabilities</u>			
Trade and other payables	14	1,475,776	1,183,088
Other liabilities	15	584,691	333,560
Total current liabilities		<u>2,060,467</u>	<u>1,516,648</u>
Net assets		<u>19,772,085</u>	<u>17,867,965</u>
The funds of the foundation			
<u>Unrestricted funds</u>			
General fund	16	7,715,986	6,139,741
Local relief fund	16	8,807,369	8,500,913
Designated fund	16	60,092	25,377
Total unrestricted funds		<u>16,583,447</u>	<u>14,666,031</u>
<u>Restricted funds</u>			
Local building fund	16	3,188,638	3,201,934
Total restricted funds		<u>3,188,638</u>	<u>3,201,934</u>
Total accumulated funds		<u>19,772,085</u>	<u>17,867,965</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Statement of Changes in Accumulated Funds
For the Reporting Year Ended 31 December 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance at beginning of the year	17,867,965	15,333,384
Net surplus for the reporting year	1,904,120	2,534,581
Balance at end of the year	<u>19,772,085</u>	<u>17,867,965</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
 (UEN: S93SS0148C)

Statement of Cash Flows
For the Reporting Year Ended 31 December 2015

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Cash flows from operating activities</u>		
Surplus for the reporting year	1,904,120	2,534,581
Depreciation of plant and equipment	241,438	236,533
Amortisation of deferred capital grants	(74,819)	(29,500)
Losses on disposal of plant and equipment	9,967	-
Gift in kind received	(263,676)	(66,812)
Interest income	(160,282)	(129,929)
Operating cash flow before changes in working capital	<u>1,656,748</u>	<u>2,544,873</u>
Inventories	(80,502)	43,195
Other receivables	(225,089)	18,204
Other assets	576	73,055
Trade and other payables	292,688	(1,210,691)
Other liabilities	325,950	363,060
Net cash flows from operating activities	<u>1,970,371</u>	<u>1,831,696</u>
<u>Cash flows from investing activities</u>		
Purchase of plant and equipment (Note 9)	(642,691)	(391,766)
Interest income received	138,042	66,429
Proceeds from disposal of plant and equipment	1,553	-
Cash restricted in use	(100,829)	989,295
Net cash flows (used in)/from investing activities	<u>(603,925)</u>	<u>663,958</u>
Net increase in cash and cash equivalents	1,366,446	2,495,654
Cash and cash equivalents, cash flow statement, beginning Balance	<u>7,862,991</u>	<u>5,367,337</u>
Cash and cash equivalents, cash flow statement, ending Balance (Note 13A)	<u>9,229,437</u>	<u>7,862,991</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2015**

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 \$	Malaysia Flood Relief Fund \$	Local Building Fund \$				
INCOMING RESOURCES												
Voluntary income												
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>
Charitable income												
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>
Funds generating activities												
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>938,566</u>	<u>2,057,715</u>	-	-	<u>2,996,281</u>	-	-	<u>4,079,233</u>
Others												
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>
Total incoming resources		<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)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2015 (Cont'd)**

	2015									
	Unrestricted funds			Restricted funds						
	Notes	General Fund	Local Relief Fund	Designated Fund	Sub-Total	Malaysia Flood Relief Fund	Nepal Earthquake Relief Fund	Local Building Fund	Sub-Total	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	
RESOURCES EXPENDED										
Costs of generating voluntary income: fund raising										
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		246,256	–	–	246,256	–	–	–	–	246,256
Malaysia Flood Relief		–	–	–	–	3,400	–	–	3,400	3,400
Nepal Earthquake Relief		–	–	–	–	–	3,973	–	3,973	3,973
		247,326	191,304	–	438,630	3,400	3,973	–	7,373	446,003
Costs of charitable activities: welfare services and homocare support expenses and cultural activities										
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		–	1,414,824	–	1,426,344	–	–	–	–	1,426,344
(Gain)/loss on disposal of plant and equipment		(151)	10,118	–	9,967	–	–	–	–	9,967
SMU bursary scheme		–	–	120,000	120,000	–	–	–	–	120,000
Xiao Zhu bookstore		529,308	–	–	529,308	–	–	–	–	529,308
Children and youth classes		676,935	–	–	676,935	–	–	–	–	676,935
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		85,241	–	–	85,241	–	–	–	–	85,241
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)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2015 (Cont'd)**

	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 \$			
Costs of charitable activities:										
overseas donations										
Overseas donations	5	-	-	-	935,166	2,053,742	-	-	2,988,908	2,988,908
		-	-	-	935,166	2,053,742	-	-	2,988,908	2,988,908
Administrative costs										
Other social activities		296,279	174,006	-	-	-	-	-	-	470,285
Other operating expenses	6	932,933	55,708	-	-	-	50,000	-	50,000	1,038,641
		1,229,212	229,714	-	-	-	50,000	-	50,000	1,508,926
Total resources expended		3,100,061	5,302,132	120,000	938,566	2,057,715	50,000	3,046,281	11,568,474	

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

**Statement of Financial Activities – Supplementary Schedules
For the Reporting Year Ended 31 December 2015 (Cont'd)**

2014

	Note	Unrestricted funds			Restricted funds		Total
		General Fund	Local Relief Fund	Designated Fund	Local Building Fund	Sub-Total	
		\$	\$	\$	\$	\$	\$
INCOMING RESOURCES							
Voluntary income							
Tax deductible donations	4	1,310,984	4,434,395	-	-	5,745,379	5,745,379
Non-tax deductible donations		553,835	564,087	-	-	1,117,922	1,117,922
		1,864,819	4,998,482	-	-	6,863,301	6,863,301
Charitable income							
Children and youth classes		415,031	-	-	-	415,031	415,031
Continuing education center		93,234	-	-	-	93,234	93,234
Sales of goods		632,197	166,272	-	-	798,469	798,469
Donated assets		66,812	-	-	-	66,812	66,812
		1,207,274	166,272	-	-	1,373,546	1,373,546
Funds generating activities							
Chinese new year charity fair		-	827,562	-	-	827,562	827,562
Placement of donation boxes		136,766	-	-	-	136,766	136,766
		136,766	827,562	-	-	964,328	964,328
Others							
Interest income		39,762	60,567	-	29,600	29,600	129,929
Sundry income		47,128	152,706	-	-	199,834	199,834
Government grant		-	89,278	89,377	-	178,655	178,655
Amortisation of deferred capital grants		29,500	-	-	-	29,500	29,500
		116,390	302,551	89,377	29,600	508,318	537,918
		3,325,249	6,294,867	89,377	29,600	9,709,493	9,739,093
Total incoming resources							

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

Notes to the Financial Statements
31 December 2015

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 constitution of the Foundation restricts the use of fund monies to the furtherance of the objects of the Foundation. It prohibits the payment of dividends to members.

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 Singapore Financial Reporting Standards (“FRS”) and the related Interpretations to FRS (“INT FRS”) as issued by the Singapore Accounting Standards Council. 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 need not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be made if the information is immaterial. The Foundation is also subject to the provisions of the Charities Act, Chapter 37.

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.

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.

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:

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

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.

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 are classified as finance leases if substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases. At the commencement of the lease term, a finance lease is recognised as an asset and as a liability in the statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each measured at the inception of the lease. The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease, if this is practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount recognised as an asset. The excess of the lease payments over the recorded lease liability are treated as finance charges which are allocated to each reporting year during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the reporting years in which they are incurred. The assets are depreciated as owned depreciable assets. 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.

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.

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. Financial guarantee contracts if significant are initially recognised at fair value and are subsequently measured at the greater of (a) the amount measured in accordance with FRS 37 and (b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with FRS 18. 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. Trade and other payables and borrowings are usually classified in this category. Items classified within current trade and other payables are not usually re-measured, as the obligation is usually known with a high degree of certainty and settlement is short-term.

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

2A. Significant accounting policies (cont'd)

Fair value measurement

Fair value is taken to be 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 (that is, an exit price). It is a market-based measurement, not an entity-specific 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. 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.

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.

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.

2B. 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)
 (UEN: S93SS0148C)

3. Related party relationships and transactions

3A. Related 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 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 company 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>2015</u>	<u>2014</u>
	\$	\$
Purchases of goods	486,532	272,016
Rental and related expenses	164,233	151,281
	<hr/>	<hr/>
	<u>Related party – Tzu Chi Culture & Communication Foundation</u>	
	<u>2015</u>	<u>2014</u>
	\$	\$
Purchases of goods	1,194	-
	<hr/>	<hr/>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

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

3A. Related party (cont'd):

	<u>Related party</u> <u>– Buddhist Compassion Relief</u> <u>Tzu Chi Foundation (Taiwan)</u>	
	<u>2015</u>	<u>2014</u>
	\$	\$
Rental expense	<u>50,012</u>	<u>50,012</u>

	<u>Related party</u> <u>– Taiwan Buddhist Tzu Chi</u> <u>Foundation (Malaysia)</u>	
	<u>2015</u>	<u>2014</u>
	\$	\$
Purchases of goods	<u>1,282</u>	<u>–</u>

3B. Key management compensation:

Key management personnel are the chief executive officer and the directors of the Foundation. All the directors do 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 3.0 (2014: 2.5) times tax deductions for the donations made to the Foundation during FY2015. The Institutions of Public Character status granted to the Foundation is for the period from 1 December 2015 to 28 February 2017.

	<u>2015</u>	<u>2014</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>5,747,390</u>	<u>5,745,379</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)

(UEN: S93SS0148C)

5. Overseas donations

	<u>2015</u> \$	<u>2014</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>2,988,908</u>	<u>-</u>

6. Other operating expenses

The major components include the following:

	<u>2015</u> \$	<u>2014</u> \$
Audit fees paid to independent auditors	16,500	16,500
Rental expenses (Note 17)	117,752	72,481
Employee benefit expenses (Note 7)	549,202	503,865
Utilities	60,916	77,831
	<u>60,916</u>	<u>77,831</u>

7. Employee benefits expense

	<u>2015</u> \$	<u>2014</u> \$
Short term employee benefits expense	2,384,491	1,849,314
Contributions to defined contribution plan	231,693	188,239
Total employee benefits expense	<u>2,616,184</u>	<u>2,037,553</u>

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

	<u>2015</u> \$	<u>2014</u> \$
Other operating expenses	549,202	503,865
Other social activities	391,078	330,169
Charitable activities	1,590,780	1,128,768
Fund generating activities	85,124	74,751
Total employee benefits expense	<u>2,616,184</u>	<u>2,037,553</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)
(UEN: S93SS0148C)

9. Plant and equipment

	<u>Renovations</u>	<u>Office</u>	<u>Furniture</u>	<u>Motor</u>	<u>Construction in</u>	<u>Total</u>
	<u>\$</u>	<u>Equipment</u>	<u>and fittings</u>	<u>vehicles</u>	<u>Progress</u>	<u>\$</u>
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
<u>Cost</u>						
At 1 January 2014	615,184	1,130,030	524,334	93,027	62,400	2,424,975
Additions (Note A)	-	96,147	12,865	55,000	294,566	458,578
Reclassification	294,466	31,500	31,000	-	(356,966)	-
Disposals	-	(154,728)	(8,294)	-	-	(163,022)
At 31 December 2014	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
<u>Accumulated Depreciation</u>						
At 1 January 2014	540,429	954,891	395,443	93,027	-	1,983,790
Depreciation for the year	94,007	97,906	43,153	1,467	-	236,533
Disposals	-	(154,728)	(8,294)	-	-	(163,022)
At 31 December 2014	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
<u>Carrying value:</u>						
At 1 January 2014	74,755	175,139	128,891	-	62,400	441,185
At 31 December 2014	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

Note A: During the current reporting year, the Foundation received a total donated assets (gift in kind) amounting to \$263,676 (2014: \$66,812). These donated assets have been capitalised as part of plant and equipment.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
 (UEN: S93SS0148C)

9. Plant and equipment (cont'd)

Fully depreciated plant and equipment still in use had an initial cost of \$1,778,250 (2014: \$1,440,704).

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Administrative costs (Other operating expenses)	81,132	66,622
Fund generating activities	826	1,102
Charitable activities	159,480	168,809
Total depreciation expense	<u>241,438</u>	<u>236,533</u>

10. Inventories

	<u>2015</u>	<u>2014</u>
	\$	\$
Inventories at cost	<u>264,195</u>	<u>183,693</u>

There are no inventories pledged as security for liabilities.

11. Other receivables

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Other receivables:</u>		
Outside parties	<u>503,587</u>	<u>206,258</u>

12. Other assets

	<u>2015</u>	<u>2014</u>
	\$	\$
Deposits to secure services	80,537	62,022
Prepayments (Note A)	<u>904,207</u>	<u>973,298</u>
	<u>984,744</u>	<u>1,035,320</u>
Presented as:		
Other assets, current	184,744	185,320
Other assets, non-current	<u>800,000</u>	<u>850,000</u>
	<u>984,744</u>	<u>1,035,320</u>

Note A:

Included in prepayments is an amount of \$850,000 (2014: \$900,000) 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)
(UEN: S93SS0148C)

12. Other assets (cont'd)

The analysis of the amount is as follows:

	\$
<u>Cost:</u>	
Cost of building	5,003,258
Amount paid by Tzu-Chi Taiwan	(3,852,545)
Amount funded by Local Building Fund	<u>1,150,713</u>
<u>Accumulated effect of offsetting against rental payable to Tzu-Chi Taiwan:</u>	
At 1 January 2014	200,713
Rental offsetting during the year	<u>50,000</u>
At 31 December 2014	250,713
Rental offsetting during the year	<u>50,000</u>
At 31 December 2015	<u>300,713</u>
<u>Net amount recognised as prepayments in the statement of financial position:</u>	
At 1 January 2014	<u>950,000</u>
At 31 December 2014	<u>900,000</u>
At 31 December 2015	<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>2015</u>	<u>2014</u>
	\$	\$
Not restricted in use	9,229,437	7,862,991
Restricted in use:		
Cash restricted in use over 3 months	6,896,327	6,825,639
Cash under restricted funds (Note A)	<u>2,637,623</u>	<u>2,607,482</u>
	<u>18,763,387</u>	<u>17,296,112</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

13. Cash and cash equivalents (cont'd)

Note A: Cash and Cash Equivalents restricted in use are deposits placed in banks amounted to \$2,637,623 (2014: \$2,607,482) under the restricted funds (Note 16).

The rate of interest for the cash on interest earning balances amounting to \$11,741,036 (2014: \$11,616,284) was between 1.30% and 1.80% (2014: 0.81% and 1.20%) per annum.

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

	<u>2015</u>	<u>2014</u>
	\$	\$
Amount as shown above	18,763,387	17,296,112
Restricted in use	<u>(9,533,950)</u>	<u>(9,433,121)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>9,229,437</u>	<u>7,862,991</u>

14. Trade and other payables

	<u>2015</u>	<u>2014</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	655,912	133,879
Related party (Note 3)	<u>117,924</u>	<u>70,218</u>
Sub-total	<u>773,836</u>	<u>204,097</u>
<u>Other payables:</u>		
Cash collected in advance for courses	90,297	92,427
Outside parties	<u>611,643</u>	<u>886,564</u>
Sub-total	<u>701,940</u>	<u>978,991</u>
Total trade and other payables	<u>1,475,776</u>	<u>1,183,088</u>

15. Other liabilities

	<u>2015</u>	<u>2014</u>
	\$	\$
Deferred capital grants (Note 15A)	423,904	174,668
Deferred government grant income (Note 15B)	<u>160,787</u>	<u>158,892</u>
	<u>584,691</u>	<u>333,560</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

15. Other liabilities (cont'd)

15A. Deferred capital grants:

	<u>2015</u> \$	<u>2014</u> \$
<u>At cost:</u>		
Balance of beginning of the year	204,168	–
Purchase of plant and equipment – grants received	324,055	204,168
Balance at end of the year	<u>528,223</u>	<u>204,168</u>
<u>Accumulated amortisation:</u>		
Balance at beginning of the year	29,500	–
Amortisation for the year	74,819	29,500
Balance at end of the year	<u>104,319</u>	<u>29,500</u>
<u>Carrying value:</u>		
Balance at beginning of the year	174,668	–
Balance at end of the year	<u>423,904</u>	<u>174,668</u>

15B. Deferred government grant income

	<u>2015</u> \$	<u>2014</u> \$
Balance at beginning of the year	158,892	–
Add: Fund received	426,731	248,269
	585,623	248,269
Less: Expenditure incurred	(120,000)	(89,377)
Less: Transferred to deferred capital grant (Note 15A)	(304,836)	–
Balance at end of the year	<u>160,787</u>	<u>158,892</u>

16. Fund account balances

	<u>2015</u> \$	<u>2014</u> \$
<u>Unrestricted funds:</u>		
General fund	7,715,986	6,139,741
Local relief fund	8,807,369	8,500,913
Designated fund	60,092	25,377
Total unrestricted funds	<u>16,583,447</u>	<u>14,666,031</u>
<u>Restricted funds:</u>		
Local building fund	3,188,638	3,201,934
Total restricted funds	<u>3,188,638</u>	<u>3,201,934</u>
Total funds	<u>19,772,085</u>	<u>17,867,965</u>
Ratio of unrestricted funds to annual operating expenditure (times)*	<u>1.95</u>	<u>2.05</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

16. Fund account balances (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 relates to grants received for specific purposes.
- (iv) Local Building Fund is set up to undertake 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. 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>2015</u>	<u>2014</u>
	\$	\$
Not later than one year	274,654	204,534
Later than one year and not later than five years	468,833	314,895
Total	<u>743,487</u>	<u>519,429</u>

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

Other operating expenses (Note 6)	117,752	72,481
Charitable expenses	264,559	284,241
Total rental expenses	<u>382,311</u>	<u>356,722</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.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE)
(UEN: S93SS0148C)

18. Financial instruments: information on financial risks

18A. 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>2015</u>	<u>2014</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	18,763,387	17,296,112
Other receivables	503,587	206,258
At end of the year	<u>19,266,974</u>	<u>17,502,370</u>
<u>Financial liabilities:</u>		
Trade and other payables measured at amortised cost	1,475,776	1,183,088
At end of the year	<u>1,475,776</u>	<u>1,183,088</u>

Further quantitative disclosures are included throughout these financial statements.

18B. 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 good 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.

18C. 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)

(UEN: S93SS0148C)

18. Financial instruments: information on financial risks (cont'd)**18D. 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.

18E. 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 (2014: 30 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

18F. 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>2015</u>	<u>2014</u>
	\$	\$
Financial assets:		
Fixed rates	<u>11,741,036</u>	<u>11,616,284</u>

Sensitivity analysis: The effect on surplus is insignificant.

18G. 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)
(UEN: S93SS0148C)

19. Changes and adoption of financial reporting standards

For the current reporting year new or revised Singapore Financial Reporting Standards 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.

FRS No. Title

FRS 1 Amendments to FRS 1: Disclosure Initiative (early application)

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

For the future reporting years new or revised Singapore Financial Reporting Standards 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 1	Amendments to FRS 1: Disclosure Initiative	1 January 2016
FRS 109	Financial Instruments	1 January 2018