

**MAKE-A-WISH FOUNDATION
(SINGAPORE) LIMITED**
[UEN. 200201965D]

[A company limited by guarantee and not
having share capital]
[Incorporated in the Republic of Singapore]

**AUDITED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2017**

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Fiducia LLP

(UEN. T10LL0955L)
Public Accountants and
Chartered Accountants of Singapore

71 Ubi Crescent
#08-01 Excalibur Centre
Singapore 408571
T: (65) 6846.8376
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DIRECTORS' STATEMENT

The directors present their statements to the members together with the audited financial statements of the Foundation for the financial year ended 31 December 2017.

In the opinion of the directors,

- a) the financial statements of the Foundation as set out on pages 7 to 34, are drawn up so as to give a true and fair view of the financial position of the Foundation as at 31 December 2017, and the financial performance, changes in funds and cash flows of the Foundation for the financial year covered by financial statements; 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.

Directors

The directors of the Foundation in office at the date of this statement are as follows:

Goh Yu-Ching Keith
Yong Siak Hoong
Paul Vinod D Souza
Lau Chun Wah @ Davy Lau
Rajendra Nandakumar Pai
Tay Weng Boon Gillian
Low Yee
Ong Kok Yeong David

Arrangements to enable directors to acquire shares and/or debentures

Neither at the end of nor at any time during the financial year was the Foundation a party to any arrangement whose object is to enable the directors of the Foundation to acquire benefits by means of the acquisition of shares in, or debentures of, the Foundation or any other body corporate.

Other matters

As the Foundation is limited by guarantee, matters relating to interest in shares, debentures or share options are not applicable.

Independent auditors

The independent auditors, Messrs. Fiducia LLP, Public Accountants and Chartered Accountants of Singapore, has expressed their willingness to accept re-appointment.

On behalf of the directors,



Goh Yu-Ching Keith
Director



Paul Vinod D Souza
Director

Singapore, 11 MAY 2018

Fiducia LLP

Public Accountants and
Chartered Accountants of
Singapore

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Independent auditor's report to the members of:

MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED

[UEN. 200201965D]

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Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **MAKE-A-WISH FOUNDATION (SINGAPORE) LIMITED** (the "Foundation"), which comprise the statement of financial position as at 31 December 2017, and the statement of financial activities, statement of changes in funds and statement of cash flows of the Foundation for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Companies Act"), the Charities Act, Chapter 37 and other relevant regulations ("the Charities Act and Regulations") and Financial Reporting Standards in Singapore ("FRSs") so as to give a true and fair view of the financial position of the Foundation as at 31 December 2017 and of the financial performance, changes in the funds and cash flows of the Foundation for the financial 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 Matter

The financial statements of the Foundation for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 27 April 2017.

Other Information

Management is responsible for the other information. The other information comprises the Directors' Statement included in page 2 but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do 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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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(CONT'D)

Independent auditor's report to the members of:

**MAKE-A-WISH FOUNDATION (SINGAPORE)
LIMITED**
[UEN. 200201965D]

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[Incorporated in the Republic of Singapore]

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Companies Act, the Charities Act and Regulations and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 comprises the directors. Their responsibilities include 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:

- 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.
- 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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Independent auditor's report to the members of:

**MAKE-A-WISH FOUNDATION (SINGAPORE)
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Auditor's Responsibilities for the Audit of the Financial Statements (Cont'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.
- 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, the accounting and other records required to be kept by the Foundation have been properly kept in accordance with the provisions of the Companies Act, and the Charities Act and Regulations.

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

- a) the Foundation has not used the donation moneys in accordance with the objectives as required under Regulation 11 of the Charities (Institutions 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.



Fiducia LLP
Public Accountants and
Chartered Accountants

Singapore, **11 MAY 2018**

Partner-in-charge: Soo Hon Weng
PAB No.: 01089

STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED DECEMBER 2017

	Note	2017			2016		
		Unrestricted Fund General fund S\$	Restricted Fund Care and Share fund S\$	Total Funds S\$	Unrestricted Fund General fund S\$	Restricted Fund Care and Share fund S\$	Total Funds S\$
INCOME							
Income from generating funds							
<u>Voluntary income</u>							
Donations in cash		553,270	0	553,270	326,981	0	326,981
Donations in kind		108,585	0	108,585	119,374	0	119,374
Amortisation of deferred Care and Share Matching Grant for operating expenses	15	0	246,105	246,105	0	126,486	126,486
		<u>661,855</u>	<u>246,105</u>	<u>907,960</u>	<u>446,355</u>	<u>126,486</u>	<u>572,841</u>
<u>Income from fund-raising activities</u>							
Charity Golf		320,222	0	320,222	269,770	0	269,770
Other fund-raising activities		243,234	0	243,234	172,980	0	172,980
Sale of fund-raising items		0	0	0	869		869
Santa Run and Swish-A-Wish		645,396	0	645,396	777,611	0	777,611
YMCA Youth For Causes		38,439	0	38,439	6,576	0	6,576
		<u>1,247,291</u>	<u>0</u>	<u>1,247,291</u>	<u>1,227,806</u>	<u>0</u>	<u>1,227,806</u>
Investment income							
Interest income		13,706	0	13,706	13,737	0	13,737
Fair value adjustment on investment quoted securities		13,000	0	13,000	0	0	0
		<u>26,706</u>	<u>0</u>	<u>26,706</u>	<u>13,737</u>	<u>0</u>	<u>13,737</u>
Other income							
Special Employment Credit		4,773	0	4,773	28,168	0	28,168
Job credit and other subsidies		11,252	0	11,252	0	0	0
Amortisation of deferred Care and Share Matching Grant for capital expenditure	15	0	58,767	58,767	0	30,384	30,384
		<u>16,025</u>	<u>58,767</u>	<u>74,792</u>	<u>28,168</u>	<u>30,384</u>	<u>58,552</u>
TOTAL INCOME		<u>1,951,877</u>	<u>304,872</u>	<u>2,256,749</u>	<u>1,716,066</u>	<u>156,870</u>	<u>1,872,936</u>

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONT'D)**

		2017			2016		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
	Note	S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURE							
Cost of generating funds and charitable activities							
Administration fees		2,920	0	2,920	6,240	0	6,240
Affiliate fee		25,522	0	25,522	41,336	0	41,336
Amortisation	11	0	10,341	10,341	0	0	0
Credit card charges		13,437	0	13,437	3,804	0	3,804
Conference and meeting		0	6,220	6,220	0	1,951	1,951
Depreciation	10	31,661	12,578	44,239	32,136	11,850	43,986
General fund-raising expenses		2,760	0	2,760	3,980	0	3,980
Insurance		1,111	0	1,111	3,808	0	3,808
IT support		0	24,443	24,443	0	21,149	21,149
Management and sinking fund		8,873	0	8,873	8,873	0	8,873
Outreach and communication		0	102,470	102,470	0	13,943	13,943
Postage and courier		615	0	615	1,020	0	1,020
Printing and stationery		3,095	0	3,095	1,687	0	1,687
Publication		4,252	0	4,252	3,804	0	3,804
Salaries and CPF		323,737	38,392	362,129	303,267	26,093	329,360
Staff welfare		3,800	0	3,800	2,961	0	2,961
Telecommunication		1,912	0	1,912	1,528	0	1,528
Transportation		4,801	0	4,801	4,521	0	4,521
Volunteer development and recognition		5,415	0	5,415	5,028	0	5,028
Wish granting and support expenses		629,839	0	629,839	649,786	0	649,786
Wish granters training		0	400	400	0	2,274	2,274
World Wish day		2,813	0	2,813	600	0	600
Wish year end party		48,543	0	48,543	61,567	0	61,567
		<u>1,115,106</u>	<u>194,844</u>	<u>1,309,950</u>	<u>1,135,946</u>	<u>77,260</u>	<u>1,213,206</u>
<u>Fund-raising expenses</u>							
Affiliate fee		10,209	0	10,209	16,534	0	16,534
Amortisation	11	0	9,545	9,545	0	0	0
Bank charges		528	0	528	160	0	160
Depreciation	10	29,226	11,611	40,837	29,664	10,938	40,602
Donor appreciation		203	0	203	571	0	571
Charity Golf		80,983	0	80,983	68,107	0	68,107
Insurance		1,026	0	1,026	3,515	0	3,515
IT support		0	22,562	22,562	0	19,522	19,522
Management and sinking fund		8,190	0	8,190	8,191	0	8,191
Postage and courier		615	0	615	1,020	0	1,020
Printing and stationery		3,095	0	3,095	1,687	0	1,687
Publication		3,925	0	3,925	3,512	0	3,512
Salaries and CPF		161,869	19,196	181,065	151,634	13,046	164,680
Staff welfare		3,507	0	3,507	2,733	0	2,733
Santa Run		171,434	0	171,434	121,793	0	121,793
Telecommunication		1,765	0	1,765	1,411	0	1,411
		<u>476,575</u>	<u>62,914</u>	<u>539,489</u>	<u>410,532</u>	<u>43,506</u>	<u>454,038</u>

**STATEMENT OF FINANCIAL ACTIVITIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017
(CONT'D)**

	Note	2017			2016		
		Unrestricted Fund	Restricted Fund	Total Funds	Unrestricted Fund	Restricted Fund	Total Funds
		General fund	Care and Share fund		General fund	Care and Share fund	
		S\$	S\$	S\$	S\$	S\$	S\$
EXPENDITURE (CONT'D)							
Governance costs							
Affiliate fee		15,313	0	15,313	24,801	0	24,801
Amortisation	11	0	6,629	6,629	0	0	0
Audit fee		6,420	0	6,420	6,000	0	6,000
Bank charges		528	0	528	160	0	160
Depreciation	10	20,296	8,063	28,359	20,600	7,596	28,196
General expenses		9,846	0	9,846	6,282	0	6,282
Insurance		712	0	712	2,441	0	2,441
IT support		0	15,668	15,668	0	13,556	13,556
Interns and contract staff		4,239	0	4,239	0	0	0
Management and sinking fund		5,688	0	5,688	5,688	0	5,688
Office supplies		165	0	165	1,047	0	1,047
Postage and courier		1,229	0	1,229	2,039	0	2,039
Printing and stationery		6,193	0	6,193	3,375	0	3,375
Professional fees		20,358	0	20,358	2,833	0	2,833
Publication		2,726	0	2,726	2,439	0	2,439
Repairs and maintenance		1,450	0	1,450	1,441	0	1,441
Recruitment expenses		839	0	839	3,669	0	3,669
Salaries and CPF		92,496	10,969	103,465	86,648	7,455	94,103
Staff training and development		1,100	5,785	6,885	975	7,497	8,472
Staff welfare		2,436	0	2,436	1,898	0	1,898
Storage rental		2,888	0	2,888	3,195	0	3,195
Telecommunication		1,225	0	1,225	980	0	980
Utilities		2,071	0	2,071	2,460	0	2,460
Volunteer development and recognition		5,416	0	5,416	5,028	0	5,028
		<u>203,634</u>	<u>47,114</u>	<u>250,748</u>	<u>183,999</u>	<u>36,104</u>	<u>220,103</u>
Other resources expended							
Interest expense		<u>34,446</u>	<u>0</u>	<u>34,446</u>	<u>35,763</u>	<u>0</u>	<u>35,763</u>
TOTAL EXPENDITURE		<u>1,829,761</u>	<u>304,872</u>	<u>2,134,633</u>	<u>1,766,240</u>	<u>156,870</u>	<u>1,923,110</u>
NET SURPLUS / (DEFICIT) FOR THE FINANCIAL YEAR							
		<u>122,116</u>	<u>0</u>	<u>122,116</u>	<u>(50,174)</u>	<u>0</u>	<u>(50,174)</u>

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
ASSETS			
Current assets			
Cash and cash equivalents	6	636,660	2,052,747
Fixed deposits	7	1,536,092	1,036,738
Financial assets, at fair value through profit or loss	8	513,000	0
Other receivables	9	235,873	236,849
		<u>2,921,625</u>	<u>3,326,334</u>
Non-current assets			
Property, plant and equipment	10	3719,829	3,823,923
Intangible asset	11	106,058	0
		<u>3,825,887</u>	<u>3,823,923</u>
Total assets		<u>6,747,512</u>	<u>7,150,257</u>
LIABILITIES			
Current liabilities			
Other payables and accruals	12	209,737	136,724
Borrowings	13	36,657	43,106
Deferred Care and Share Matching Grant	15	58,766	30,384
		<u>305,160</u>	<u>210,214</u>
Non-current liabilities			
Borrowings	13	886,172	1,172,725
Care and Share matching Grant	14	240,583	628,601
Deferred Care and Share Matching Grant	15	96,498	41,734
		<u>1,223,253</u>	<u>1,843,060</u>
Total liabilities		<u>1,528,413</u>	<u>2,053,274</u>
NET ASSETS		<u>5,219,099</u>	<u>5,096,983</u>
FUNDS			
Unrestricted fund			
General fund	16	<u>5,219,099</u>	<u>5,096,983</u>

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

STATEMENT OF CHANGES IN FUNDS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Balance at beginning of financial year S\$	Net surplus for the year S\$	Balance at end of financial year S\$
2017			
Unrestricted Fund			
General fund	5,096,983	122,116	5,219,099
	<hr/>	<hr/>	<hr/>
Total funds	<u>5,096,983</u>	<u>122,116</u>	<u>5,219,099</u>
	Balance at beginning of financial year S\$	Net deficit for the year S\$	Balance at end of financial year S\$
2016			
Unrestricted Fund			
General fund	5,147,157	(50,174)	5,096,983
	<hr/>	<hr/>	<hr/>
Total funds	<u>5,147,157</u>	<u>(50,174)</u>	<u>5,096,983</u>

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

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	Note	2017 S\$	2016 S\$
Cash flows from operating activities			
Net surplus/ (deficit)		122,116	(50,174)
Adjustments for:			
- Gain on fair value adjustment on financial assets, at FVTPL		(13,000)	0
- Interest income		(13,706)	(13,737)
- Amortisation of intangible asset	11	26,515	0
- Depreciation of property, plant and equipment	10	113,435	112,784
- Interest expense		34,446	35,763
Operating cash flow before working capital changes		269,806	84,636
Changes in operating assets and liabilities:			
- Other receivables		976	(62,043)
- Other payables and accruals		(231,859)	62,879
Net cash provided by operating activities		38,923	85,472
Cash flows from investing activities			
Increase in fixed deposits		(499,354)	(36,738)
Investment in financial assets, at fair value through profit or loss	8	(500,000)	0
Purchase of property, plant and equipment	10	(9,341)	(12,240)
Acquisition of intangible asset	11	(132,573)	0
Interest received		13,706	13,737
Net cash used in investing activities		(1,127,562)	(35,241)
Cash flows from financing activities			
Repayment of bank borrowings		(293,002)	(42,509)
Interest paid		(34,446)	(35,763)
Net cash used in financing activities		(327,448)	(78,272)
Net decrease in cash and cash equivalents		(1,416,087)	(28,041)
Cash and cash equivalents at beginning of financial year	6	2,052,747	2,080,788
Cash and cash equivalents at end of financial year		636,660	2,052,747
Cash and cash equivalents comprise:			
Cash on hand		500	500
Cash at banks		636,160	2,052,247
	6	636,660	2,052,747

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

The Foundation is incorporated and domiciled in Singapore. The address of its registered office and principal place of business is at 1 Coleman Street #04-18 The Adelphi Singapore 179803.

The principal activity of the Foundation is to grant the wishes of children with life threatening illnesses.

The Foundation was incorporated on 13 March 2002 as a Company limited by guarantee and not having a share capital. The members of the Foundation guarantee to contribute a sum not more than S\$100 each to the assets of the Foundation in the event of winding up.

The Foundation was registered as a charity under the Charities Act (Chapter 37) since 08 July 2002. The Foundation has been accorded an Institute of a Public Character ("IPC") status for the period from 1 March 2015 to 31 August 2017 and subsequently renewed for the period from 1 September 2017 to 29 February 2020.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standard ("FRS") and the provisions of the Companies Act, the Charities Act and Regulations. The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Foundation's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

These financial statements are presented in Singapore Dollar (S\$), which is the Foundation's functional currency.

Interpretations and amendments to published standards effective in 2017

On 1 January 2017, the Foundation adopted the new or amended FRS and Interpretations of FRS ("INT FRS") that are mandatory for application for the financial year. Changes to the Foundation's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the accounting policies of the Foundation and had no material effect on the amounts reported for the current or prior financial years.

New or amended Standards and Interpretations effective after 1 January 2017

The following are the new or amended Standards and Interpretations (Issued by Accounting Standards Council up to 29 December 2017) that are not yet applicable, but may be early adopted for the current financial year:

2. Significant accounting policies (Cont'd)

2.1 Basis of preparation (Cont'd)

Interpretations and amendments to published standards effective in 2017 (Cont'd)

New or amended Standards and Interpretations effective after 1 January 2017 (Cont'd)

Descriptions	Annual periods commencing on
FRS 109 Financial Instruments FRS 115 Revenue from Contracts with Customers Amendments to: - FRS 102 Classification and Measurement of Share-based Payment Transactions - FRS 40 Transfers of Investment Property - FRS 115 Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116 Leases Amendments to: - FRS 109 Prepayment Features with Negative Compensation - FRS 28 Long-term Interests in Associates and Joint Ventures	1 January 2019

Management believes that the adoption of the revised standards and interpretations did not have material impact on the financial statements in the period of the initial application.

2.2 Income recognition

Income is recognised to the extent that it is probable that the economic benefits will flow to the Foundation and the income can be reliably measured. Income is measured at fair value of the consideration received or receivable in the ordinary course of the Foundation's activities. Income is recognised as follows:

2.2.1 Donations

Donations are recognised in the statement of financial activities upon receipt. Donations subject to donor-imposed conditions that specify the time period in which the expenditure can take place are accounted for as deferred income and recognised as a liability until the financial period in which the Foundation is allowed by the condition to expend the income. Donations-in-kinds are recognised when the fair value of the assets received can be reasonably ascertained.

2.2.2 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Foundation will comply with all attached conditions. Government grants, relating to cost, are deferred and recognised in the statement of financial activities over the period necessary to match them with the costs they are intended to compensate.

2. Significant accounting policies (Cont'd)

2.2 Income recognition (Cont'd)

2.2.3 Interest income

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

2.2.4 Other income

Other income is recognised when earned.

2.3 Expenses recognition

All expenses are accounted for on accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs are not wholly attributable to an activity, they are apportioned on a basis consistent with the use of resources.

2.3.1 Cost of generating funds

The cost of generating funds are those costs attributable to generating income for the Foundation other than those costs incurred in undertaking charitable activities.

2.3.2 Charitable activities

Costs of charitable activities comprise all costs incurred in the pursuit of the charitable objects of the Foundation. Such cost include the direct costs of the charitable activities of the Foundation together with any support costs incurred that enable these activities to be undertaken.

2.3.3 Governance costs

Governance costs comprise all costs attributable to the general running of the Foundation in providing the governance infrastructure and in ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and include an apportionment of overhead and support costs.

2.4 Property, plant and equipment

2.4.1 Measurement

All property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

The cost of an item of property, plant and equipment includes its purchase price and any costs that are 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.

Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal and restoration is included as a consequence of acquiring or using the property, plant and equipment.

2. Significant accounting policies (Cont'd)

2.4 Property, plant and equipment (Cont'd)

2.4.2 Depreciation

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful life. The estimated useful life is as follows:

	Useful life
Leasehold improvements	5 years
Leasehold properties	50 years
Office equipment and furniture	5 years

The residual values, estimated useful life and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each statement of financial position date. The effects of any revision are recognised in the statement of financial activities for the financial year in which the changes arise.

2.4.3 Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Foundation and the cost of the item can be measured reliably. Other subsequent expenditure is recognised as repair and maintenance expenses in the statement of financial activities during the financial year in which it is incurred.

2.4.4 Disposal

On disposal of an item of property, plant and equipment, the difference between the net disposals proceeds and its carrying amount is taken to the statement of financial activities.

2.5 Intangible assets

Intangible assets which comprise of software development is initially capitalised at cost which includes the purchase price (net of any discounts and rebates) and other indirectly attributable costs of preparing the assets for its intended use. Intangible assets are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These costs are amortised to profit or loss using the straight-line method over their estimated useful life of five years. The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at least at each reporting date. The effects of any revision are recognised in profit or loss when the changes arise.

2. Significant accounting policies (Cont'd)

2.6 Impairment of non-financial assets

Non-financial assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of assets, recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating unit (CGU) to which the asset belongs.

If the recoverable amount of the asset or (CGU) is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss, unless the asset is carried at revalued amount, in which case, such impairment loss is treated as a revaluation decrease.

An impairment loss for an asset is reversed only if, there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset is recognised in profit or loss.

2.7 Financial assets

2.7.1 Classification

The Foundation classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition and in the case of assets classified as held-to-maturity, re-evaluates this designation at each statement of financial position date.

Financial assets at fair value through profit or loss ("Financial assets at FVTPL")

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if it is acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Foundation investment strategy. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held for trading or are expected to be realised within 12 months after the statement of financial position date.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the statement of financial position date which are presented as non-current assets. Loans and receivables are presented as "cash and cash equivalents", "fixed deposits" and "other receivables" on the statement of financial position.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

2.7.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Foundation commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to statement of financial activities.

2.7.3 Initial measurement

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

2.7.4 Subsequent measurement

Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, interest and dividends, are recognised in profit or loss when the changes arise.

Interest and dividend income on available-for-sale financial assets are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in other comprehensive income and accumulated in the fair value reserve. Changes in the fair values of available-for-sale equity securities (i.e. non-monetary items) are recognised in other comprehensive income and accumulated in the fair value reserve, together with the related currency translation differences.

2.7.5 Impairment

The Foundation assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

Loan and receivables

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in statement of financial activities.

2. Significant accounting policies (Cont'd)

2.7 Financial assets (Cont'd)

2.7.6 Impairment (Cont'd)

The impairment allowance is reduced through statement of financial activities in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

2.8 Cash and cash equivalents

Cash and cash equivalents include cash on hand, and deposits with financial institutions, which are subject to an insignificant risk of change in value. Cash and cash equivalents are carried at cost.

Fixed deposits that have short maturities of three months or less from the date of acquisition are reported as cash and cash equivalent. All other fixed deposits are reported separately in the statement of financial position.

2.9 Financial liabilities

Financial liabilities are recognised when the Foundation becomes a party to the contractual agreements of the instrument and are classified according to the substance of the contractual arrangements entered into. All interest related charges are recognised in the statement of financial activities. Financial liabilities include "Other payables and accruals" and "Borrowings".

Financial liabilities are derecognised when the obligations under the liability is discharged, cancelled or expires. When existing financial liabilities are replaced by another from the same lender on substantially different terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognised in the statement of financial activities.

2.10 Other payables and accruals

Other payables and accruals are initially recognised at fair value, and subsequently carried at amortised cost, using the effective interest method.

2.11 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings which are due to be settled within 12 months after the statement of financial position date are presented as current borrowings in the statement of financial position even though the original term was for a period longer than 12 months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the statement of financial position date and before the financial statements are authorised for issue. Other borrowings due to be settled more than 12 months after the statement of financial position date are presented as non-current borrowings in the statement of financial position.

2. Significant accounting policies (Cont'd)

2.12 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Foundation has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

2.13 Fair value estimation of financial assets and liabilities

The carrying amounts of current financial assets and liabilities, carried at amortised cost, are assumed to approximate their fair values due to their short-term nature.

2.14 Funds

Fund balances are restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes, if any, by action of the Board of Directors. Externally restricted funds may only be utilised in accordance with the purposes for which they are established. The Board of Directors retains full control over the use of unrestricted funds in furtherance of the Foundation's objects. Care and Share Matching Fund is classified as restricted fund.

2.15 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Foundation as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

2.16 Employee compensation

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Foundation pays fixed contributions into separate entities such as the Central Provident Fund ("CPF"), on a mandatory, contractual or voluntary basis. The Foundation has no further payment obligations once the contribution has been paid. The Foundation's contribution to defined contribution plans are recognised as employee compensation expense when they are due.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

2. Significant accounting policies (Cont'd)

2.17 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Foundation if that person:

- (i) has control or joint control of the Foundation;
- (ii) has significant influence over the Foundation; or
- (iii) is a member of the key management personnel of the Foundation or of a parent of the reporting entity.

(b) An entity is related to the Foundation if any of the following conditions applies:

- (i) The entity and the Foundation are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Foundation or an entity related to the Foundation. If the Foundation is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Foundation or to the parent of the Foundation.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgments in applying the entity's accounting policies

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Estimated useful life of Non-financial assets

The Foundation reviews annually the estimated useful life of non-financial assets based on factors such as operating plans and strategies, expected level of usage and future technological developments. It is possible that future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned.

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever there is any indication that the assets are impaired. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and value in use) of the assets is estimated to determine the impairment loss. The key assumptions for the value in use calculation are those regarding the growth rates, and expected change to selling price and direct costs during the year and a suitable discount rate.

4. Income tax

The Foundation is a charity registered under the Charities Act, Chapter 37 and it is exempted from income tax under the provisions of Section 13 of the Income Tax Act Chapter 134.

5. Tax deductible receipts

During the financial year, the Foundation has tax-exempt donations amounting to S\$1,269,844 (2016: S\$911,850). They are recorded as follows:

	2017 S\$	2016 S\$
Statement of financial activities		
General fund:		
- Charity golf	236,606	189,100
- Santa run	349,467	364,593
- Monthly donation (individual)	71,406	61,231
- Monthly donation (Corporate)	3,600	3,600
- General donation (individual)	296,532	73,281
- Monthly donation (Corporate)	102,346	54,006
- Supported Events	104,173	49,856
- Others	105,714	116,183
	<u>1,269,844</u>	<u>911,850</u>

6. Cash and cash equivalents

	2017 S\$	2016 S\$
Cash on hand	500	500
Cash at banks	<u>636,160</u>	<u>2,052,247</u>
	<u>636,660</u>	<u>2,052,747</u>

At the reporting date, the carrying amounts of cash and cash equivalents approximated their fair values.

7. Fixed deposits

	2017 S\$	2016 S\$
Fixed deposits	<u>1,536,092</u>	<u>1,036,738</u>

Fixed deposits at the reporting date had an average maturity of 11 months (2016: 9 months) from that date and had a weighted average effective interest rate of 1.38% (2016: 1.50%) per annum.

At the reporting date, the carrying amounts of fixed deposits approximated their fair values.

8. Financial assets, at fair value through profit or loss

	2017 S\$	2016 S\$
<u>Quoted securities held for trading</u>		
Beginning of financial year	0	0
Investment during the year	500,000	0
Fair value gain	<u>13,000</u>	<u>0</u>
End of financial year	<u>513,000</u>	<u>0</u>

The fair value of quoted shares is based on the quoted closing market price on the last market day of the financial year and is classified as level 1 fair value in the fair value hierarchy.

9. Other receivables

	2017 S\$	2016 S\$
Donation receivables	216,163	224,138
Deposits	<u>19,710</u>	<u>12,710</u>
	<u>235,873</u>	<u>236,849</u>

At the reporting date, the carrying amounts of other receivables approximated their fair values.

10. Property, plant and equipment

	Balance at beginning of financial year S\$	Additions S\$	(Disposals) S\$	Balance at end of financial year S\$
2017				
Cost				
Leasehold improvements	102,713	0	0	102,713
Leasehold properties	4,076,673	0	0	4,076,673
Office equipment and furniture	<u>112,495</u>	<u>9,341</u>	<u>0</u>	<u>121,836</u>
	<u>4,291,881</u>	<u>9,341</u>	<u>0</u>	<u>4,301,222</u>
	Balance at beginning of financial year S\$	Additions S\$	(Disposals) S\$	Balance at end of financial year S\$
Accumulated depreciation				
Leasehold improvements	61,628	20,543	0	82,171
Leasehold properties	326,133	81,534	0	407,667
Office equipment and furniture	<u>80,197</u>	<u>11,358</u>	<u>0</u>	<u>91,555</u>
	<u>467,958</u>	<u>113,435</u>	<u>0</u>	<u>581,393</u>

10. Property, plant and equipment (Cont'd)

	Balance at beginning of financial year S\$			Balance at end of financial year S\$
2017 (Cont'd)				
Net book value				
Leasehold improvements	41,085			20,542
Leasehold properties	3,750,540			3,669,006
Office equipment and furniture	32,298			30,281
	<u>3,823,923</u>			<u>3,719,829</u>
	Balance at beginning of financial year S\$	Additions S\$	(Disposals) S\$	Balance at end of financial year S\$
2016				
Cost				
Leasehold improvements	102,713	0	0	102,713
Leasehold properties	4,076,673	0	0	4,076,673
Office equipment and furniture	100,255	12,240	0	112,495
	<u>4,279,641</u>	<u>12,240</u>	<u>0</u>	<u>4,291,881</u>
	Balance at beginning of financial year S\$	Additions S\$	(Disposals) S\$	Balance at end of financial year S\$
Accumulated depreciation				
Leasehold improvements	41,085	20,543	0	61,628
Leasehold properties	244,600	81,533	0	326,133
Office equipment and furniture	69,489	10,708	0	80,197
	<u>355,174</u>	<u>112,784</u>	<u>0</u>	<u>467,958</u>
	Balance at beginning of financial year S\$			Balance at end of financial year S\$
Net book value				
Leasehold improvements	61,628			41,085
Leasehold properties	3,832,073			3,750,540
Office equipment and furniture	30,766			32,298
	<u>3,924,467</u>			<u>3,823,923</u>

Leasehold properties with total carrying amount of S\$3,669,006 (2016: S\$3,750,540) are mortgaged to the banks to secure bank borrowings as disclosed in note 13.

10. Property, plant and equipment (Cont'd)

Leasehold properties with total carrying amount of S\$3,669,006 (2016: S\$3,750,540) are mortgaged to the banks to secure bank borrowings as disclosed in note 13.

The depreciation expenses were allocated as follows:

	2017 S\$	2016 S\$
Cost of generating funds and charitable activities	44,239	43,986
Cost of generating funds and charitable activities – Fund raising expenses	40,837	40,602
Governance costs	<u>28,359</u>	<u>28,196</u>
	<u>113,435</u>	<u>112,784</u>

The following property, plant and equipment were purchased through the Care and Share Matching Grant as disclosed in Note 16.

	Leasehold Improvements S\$	Office equipment and furniture S\$	Total S\$
2017			
Cost			
Beginning of financial year	102,713	49,206	151,919
Additions	0	9,341	9,341
End of financial year	<u>102,713</u>	<u>58,547</u>	<u>161,260</u>
Accumulated depreciation			
Beginning of financial year	61,628	18,174	79,802
Depreciation charge	20,543	11,709	32,252
End of financial year	<u>82,171</u>	<u>29,883</u>	<u>112,054</u>
Net book value at end of financial year	<u>20,542</u>	<u>28,664</u>	<u>49,206</u>
	Leasehold Improvements S\$	Office equipment and furniture S\$	Total S\$
2016			
Cost			
Beginning of financial year	102,713	38,066	140,779
Additions	0	11,140	11,140
End of financial year	<u>102,713</u>	<u>49,206</u>	<u>151,919</u>
Accumulated depreciation			
Beginning of financial year	41,085	8,333	49,418
Depreciation charge	20,543	9,841	30,384
End of financial year	<u>61,628</u>	<u>18,174</u>	<u>79,802</u>
Net book value at end of financial year	<u>41,085</u>	<u>31,032</u>	<u>72,117</u>

11. Intangible asset

Software Development	Note	2017 S\$	2016 S\$
Cost			
Beginning of financial year		0	0
Addition		<u>132,573</u>	<u>0</u>
End of financial year		<u>132,573</u>	<u>0</u>
Accumulated amortisation			
Beginning of financial year		0	0
Amortisation		<u>26,515</u>	<u>0</u>
End of financial year		<u>26,515</u>	<u>0</u>
Net carrying amount	16	<u>106,058</u>	<u>0</u>

The amortisation expenses were allocated as follows:

	2017 S\$	2016 S\$
Cost of generating funds and charitable activities	10,341	0
Cost of generating funds and charitable activities – Fund raising expenses	9,545	0
Governance costs	<u>6,629</u>	<u>0</u>
	<u>26,515</u>	<u>0</u>

The Software development was purchased through the Care and Share Matching Grant.

12. Other payables and accruals

	2017 S\$	2016 S\$
Other payables	43,970	10,750
Accrued affiliate fee	52,589	41,039
Accrued expenses	<u>113,178</u>	<u>84,935</u>
	<u>209,737</u>	<u>136,724</u>

At the reporting date, the carrying amounts of other payables and accruals approximated their fair values.

13. Borrowings

	2017 S\$	2016 S\$
Current		
Term loan 1	<u>36,657</u>	<u>43,106</u>
Non-current		
Term loan 1	<u>886,172</u>	<u>1,172,725</u>
Total borrowings	<u>922,829</u>	<u>1,215,831</u>

In October 2012, the Foundation took up a mortgage loan facility of S\$1,905,500 repayable in 300 monthly instalments commencing in December 2012. The interest rate (per annum) is charged on a daily rests basis as follows:

- 1st interest period – The prevailing 3-month SIBOR plus 1.68%,
- 2nd to 4th interest periods – The prevailing 3-month SIBOR plus 1.68%, and
- 5th interest period and thereafter – The prevailing 3-month SIBOR plus 3.00%

With effect from 18 Dec 2017, the interest rate has been revised to:

- 1st year – Fixed at 2.38%
- 2nd year – Fixed at 2.38%
- 3rd year and thereafter – The prevailing 3-month SIBOR plus 3.00%

The interest rate for the year was between 2.38% to 4.21% (2.88% to 4.13%).

The term loan is secured by a legal mortgage of the Foundation's leasehold properties at 1 Coleman Street #04-18/19/20 The Adelphi Singapore 179803 as disclosed in note 10.

14. Care and Share Matching Grant

	Note	2017 S\$	2016 S\$
Care and Share Matching Grant			
Balance at beginning of financial year		628,601	581,808
Grant received during the year		0	184,420
Utilised during the year	15	<u>(388,018)</u>	<u>(137,627)</u>
Balance at end of financial year	16	<u>240,583</u>	<u>628,601</u>

15. Deferred Care and Share Matching Grant

	Note	2017 S\$	2016 S\$
<u>Deferred Care and Share Matching Grant</u>			
Balance at beginning of financial year		72,118	91,361
Grant utilised during the year	14	388,018	137,627
Amortisation during the year			
- Operating expenses		(246,105)	(126,486)
- Capital expenditure		(58,767)	(30,384)
	16	<u>155,264</u>	<u>72,118</u>
Presented as follows:			
Current			
Deferred Care and Share Matching Grant		58,766	30,384
Non-current			
Deferred Care and Share Matching Grant		<u>96,498</u>	<u>41,734</u>
	16	<u>155,264</u>	<u>72,118</u>

Deferred Care and Share Matching Grant is amortised over the period necessary to match the depreciation of the property, plant and equipment purchased with these related grants.

16. Funds

Funds comprise of unrestricted and restricted fund.

Unrestricted Fund

This fund represents accumulated surplus and is for the purpose of meeting operating expenses incurred by the Foundation.

Restricted Fund

Fund balances restricted by outside sources are 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 purpose established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which management retains full control to use in achieving any of its Foundation purposes.

Restricted Fund comprise:

Care and Share Matching Fund

Care and Share Matching Grant is a grant from Ministry of Social and Family Development ("MSF"), based on qualifying donations, to develop the charitable Foundation's capabilities and capacity in the provision of social services and programmes for its beneficiaries. The unused funds for projects that are withdrawn or terminated prematurely may be clawed back if the new proposed projects were not being approved by MSF.

The Care and Share Matching Grant is restricted and is to be utilised for the following purposes:

16. Funds (Cont'd)

Restricted Fund (Cont'd)

Care and Share Matching Fund (Cont'd)

(a) Capability building

(i) Organisational development:

Examples include engaging consultants or developing training in areas of strategic planning, business contingency planning, business process re-design, workplace health, research, improving organisation models to ensure financial viability and fund raising capacity.

(ii) Manpower development:

Examples include the awarding of scholarships to the Foundation's staff, manpower training, human resource management and development like leadership management, learning needs analysis for Foundation staff and talent development.

(b) Capacity building

Examples include the purchase of additional equipment to enhance social service delivery (E.g. wheelchairs), investment in technology (E.g. the purchase of electronic devices for staff to boost productivity so as to better serve the Foundation's beneficiaries) and physical infrastructure developments (e.g. renovation of the Foundation's premises, expansion of physical space).

(c) New programmes to meet emerging or unmet needs and enhancements/ expansion of existing services. Examples include inter-agency projects to meet specific needs in the community or enhanced services to provide more upstream intervention.

(d) Critical existing needs

Examples include the Foundation's recurring operating costs and costs that are crucial to the continued operations of the Foundation.

The net assets of the Care and Share Matching Fund are as follows:

	Note	2017 S\$	2016 S\$
Total restricted Fund		<u>0</u>	<u>0</u>
Represented by:			
Cash and bank balances		240,583	628,602
Property, plant and equipment	10	49,206	72,117
Intangible assets	11	106,058	0
Care and Share Matching Grant	14	(240,583)	(628,601)
Deferred Care and Share Matching Grant	15	(155,264)	(72,118)
		<u>0</u>	<u>0</u>

17. Operating lease commitments

At the reporting date, the Foundation has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2017 S\$	2016 S\$
Not later than one year	1,942	5,007
Later than one year but not later than five years	<u>0</u>	<u>1,942</u>

The above operating lease commitments are based on known rental rates as at the date of this report and do not include any revision in rates which may be determined by the lessor.

18. Remuneration of key management personnel

Key management personnel compensation for the financial year was as follows: :

	2017 S\$	2016 S\$
Salaries, allowance and bonuses and other post-employment benefits	<u>231,985</u>	<u>264,152</u>

The annual remuneration of key management personnel are classified as follows:

Remuneration band (S\$)	2017 No. of personnel	2016 No. of personnel
Between S\$50,001 to S\$100,000	2	4
Below S\$50,000	<u>2</u>	<u>1</u>

Other than above, the directors are volunteers and neither they nor any immediate member of their families received any compensation or remuneration from the Foundation during the financial year.

19. Reserve position and policy

The Foundation's reserve position for financial year ended 31 December 2017 is as follows:

		2017 S\$'000	2016 S\$'000	Increase/ (decrease) %
A	Unrestricted Funds			
	General Funds	5,219	5,097	2.4
B	Restricted or Designated Funds			
	Designated Funds	0	0	0
	Restricted Funds	0	0	0
C	Endowment Funds	0	0	0
D	Total Funds	5,219	5,097	2.4
E	Total Annual Operating Expenditure	2,135	1,923	11
F	Ratio of Funds to Annual Operating Expenditure (A/E)	2.44	2.65	

19. Reserve position and policy (Cont'd)

Reference:

- C. An endowment fund consists of assets, funds or properties, which are held in perpetuity, which produce annual income flow for a foundation to spend as grants.
- D. Total Funds include unrestricted, restricted / designated and endowment funds.
- E. Total Annual Operating Expenditure includes expenses related to Cost of Charitable Activities and Governance and Other Administrative Costs.

The primary objective in the management of the Foundation's reserve is to ensure that it maintains strong and healthy level of reserves and working fund ratio in order to support its operation. The Foundation has a cash reserve policy of holding not more than 3 years' (2016: 3 years') operating expenditure. Such reserve shall be invested in financially prudent deposits.

20. Basis of apportionment of support costs

During the year, the following support costs were allocated as follows:

Support Costs	Cost of generating funds and charitable activities S\$	Cost of generating funds and charitable activities – Fund raising expenses S\$	Governance costs S\$	Total Support Costs S\$	Basis of Apportionment
Affiliate fee	25,522	10,209	15,313	51,044	Fixed percentage
Amortisation	10,341	9,545	6,629	26,515	Fixed percentage
Bank charges	0	528	528	1,056	Fixed percentage
Depreciation	44,239	40,837	28,359	113,435	Fixed percentage
Insurance	1,111	1,026	712	2,849	Fixed percentage
IT support	24,443	22,562	15,668	62,673	Fixed percentage
Management and sinking fund	8,873	8,190	5,688	22,751	Fixed percentage
Postage and courier	615	615	1,229	2,459	Fixed percentage
Printing and stationery	3,095	3,095	6,193	12,383	Fixed percentage
Publication	4,252	3,925	2,726	10,903	Fixed percentage
Salaries and CPF	362,129	181,065	103,465	646,659	Fixed percentage
Staff welfare	3,800	3,507	2,436	9,743	Fixed percentage
Telecommunication	1,912	1,765	1,225	4,902	Fixed percentage
Volunteer development and recognition	5,415	0	5,416	10,831	Fixed percentage

20. Basis of apportionment of support costs (Cont'd)

The 2016 support costs were allocated as follows:

Support Costs	Cost of generating funds and charitable activities S\$	Cost of generating funds and charitable activities – Fund raising expenses S\$	Governance costs S\$	Total Support Costs S\$	Basis of Apportionment
Affiliate fee	41,336	16,534	24,801	82,671	Fixed percentage
Bank charges	0	160	160	320	Fixed percentage
Depreciation	43,986	40,602	28,196	112,784	Fixed percentage
Insurance	3,808	3,515	2,441	9,764	Fixed percentage
IT support	21,149	19,522	13,556	54,227	Fixed percentage
Management and sinking fund	8,873	8,191	5,688	22,752	Fixed percentage
Postage and courier	1,020	1,020	2,039	4,079	Fixed percentage
Printing and stationery	1,687	1,687	3,375	6,749	Fixed percentage
Publication	3,804	3,512	2,439	9,755	Fixed percentage
Salaries and CPF	329,360	164,680	94,103	588,143	Fixed percentage
Staff welfare	2,961	2,733	1,898	7,592	Fixed percentage
Telecommunication	1,528	1,411	980	3,919	Fixed percentage
Volunteer development and recognition	5,028	0	5,028	10,056	Fixed percentage

21. Financial instruments

The financial assets and liabilities of the Foundation as at the financial reporting date are as follows:

	2017 S\$	2016 S\$
Financial assets		
Cash and cash equivalents	636,660	2,052,747
Fixed deposits	1,536,092	1,036,738
Financial assets at fair value through profit or loss	513,000	0
Other receivables	235,873	236,849
	<u>2,921,625</u>	<u>3,326,334</u>
Financial liabilities		
Other payables and accruals	209,737	136,724
Borrowings	922,829	1,215,831
	<u>1,132,566</u>	<u>1,352,555</u>

22. Financial risk management

The Foundation's activities expose it to minimal financial risks and overall risk management is determined and carried out by the Board of Directors on an informal basis.

Liquidity risk

Liquidity risk reflects the risk that the Foundation will have insufficient resources to meet its financial liabilities as and when they fall due.

22. Financial risk management (Cont'd)

Liquidity risk (Cont'd)

The Foundation manages its liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate by the Board of Directors to fund the Foundation's activities. It places its cash with creditworthy institutions.

The table below summarises the maturity profile of the Foundation's financial assets and liabilities at the end of the reporting period based on the contractual undiscounted repayment obligations:

	Within one year	Later than one year but not later than five years	Total
	S\$	S\$	S\$
2017			
Financial assets			
Cash and cash equivalents	636,660	0	636,660
Fixed deposits	1,536,092	0	1,536,092
Financial assets at fair value through profit or loss	513,000	0	513,000
Other receivables	235,873	0	235,873
	<u>2,921,625</u>	<u>0</u>	<u>2,921,625</u>
Financial liabilities			
Other payables and accruals	(209,737)	0	(209,737)
Borrowings	(36,657)	(886,172)	(922,829)
	<u>(246,394)</u>	<u>(886,172)</u>	<u>(1,132,566)</u>
Net financial assets/(liabilities)	<u>2,675,231</u>	<u>(886,172)</u>	<u>1,789,059</u>
	Within one year	Later than one year but not later than five years	Total
	S\$	S\$	S\$
2016			
Financial assets			
Cash and cash equivalents	2,052,747	0	2,052,747
Fixed deposits	1,036,738	0	1,036,738
Other receivables	236,849	0	236,849
	<u>3,326,334</u>	<u>0</u>	<u>3,326,334</u>
Financial liabilities			
Other payables and accruals	(136,724)	0	(136,724)
Borrowings	(43,106)	(1,172,725)	(1,215,831)
	<u>(179,830)</u>	<u>(1,172,725)</u>	<u>(1,352,555)</u>
Net financial assets/(liabilities)	<u>3,146,504</u>	<u>(1,172,725)</u>	<u>1,973,779</u>

22. Financial risk management (Cont'd)

Interest rate risk

The Foundation's exposure to changes in interest rate risk primarily relates to variable rate bank borrowings. The sensitivity analysis below have been determined based on the exposure to interest rates for these instruments at the balance sheet date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

If interest rate had been 1% higher/lower and all other variables were held constant, the Foundation's result for the year ended 31 December 2017 would deteriorate/improve by approximately S\$9,200 (2016: S\$12,200). A 100 basis point increase or decrease is use when reporting interest rate risk internally to key management personnel and represent management's assessment of the possible change in interest rate.

Credit risk

The Foundation has minimal exposure to credit risks due to the nature of its activities. As at the date of this report, major receivables have been collected.

The credit risk on liquid funds is limited because the counter parties are banks with high credit rating assigned by international credit agencies.

Price risk

The Foundation is exposed to securities price risk because of the investments held by the Foundation, which are classified as fair value through profit or loss. The sensitivity analysis below has been determined based on the exposure to securities price risks at the reporting date. If prices for securities changed by 10% with all other variables including tax rate being constant, the effects on other comprehensive income will be approximately S\$51,300 (2016: NIL).

Fair values

The Foundation had adopted the amendments to FRS, which requires disclosure of fair value measurement by level of the following hierarchy:

- (i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (ii) inputs other than quoted prices included (i.e. as prices) or indirectly (i.e. derived from prices)(Level 2); and
- (iii) inputs for the assets or liability that are not based on observable market data (unobservable inputs)(Level 3).

The following table presents the assets and liabilities measured at fair value at the end of financial year:

	Level 1 S\$	Level 2 S\$	Level 3 S\$
2017			
Quoted investments held for trading (Note 8)	513,000	0	0

23. Comparative figures

The financial statements of the Foundation for the year ended 31 December 2016 were audited by another firm of auditors who expressed an unmodified opinion on those statements on 27 April 2017.

24. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the directors of the Foundation on

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