

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

(UEN: S93SS0148C)

Statement by Directors and Financial Statements

Year Ended 31 December 2010

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge, Singapore 228095
Main +65 6533 7600 **Fax** +65 6594 7811
info@rsmchiolim.com.sg www.RSMChioLim.com.sg

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Statement by the Directors and Financial Statements

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**BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH) Statement
by the Directors
(UEN: S93SS0148C)**

Statement by the Directors

In the opinion of the directors, the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (the "Foundation") are properly drawn up in accordance with the provisions with the Constitution of the Foundation, the Charities Act, Cap 37, the Societies Act, Cap. 311 and Singapore Financial Reporting Standards and Recommended Accounting Practice 6 so as to give a true and fair view of the assets used in, and liabilities arising out of the branch's operations in Singapore as at 31 December 2010 and of the results of the branch's operations in Singapore and cash flows from such operations for the reporting year ended on that date and at the date of this statement there are reasonable grounds to believe that the Singapore branch will be able to pay its debts as and when they fall due.

The directors approved and authorised these financial statements for issue.

On Behalf of the Directors



.....
Ms Toh Kim Kiat
Chairman



.....
Ms Chang Chung Kuei-Chan
Honorary Treasurer



.....
Mr Teo Chee Seng
Honorary Secretary

Singapore
6 May 2011

RSM Chio Lim LLP
8 Wilkie Road, #03-08, Wilkie Edge
Singapore 228095
Main +65 6533 7600
www.RSMChioLim.com.sg

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

Report on the Financial Statements

We have audited the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) (the "Foundation") which comprise the statement of financial position as at 31 December 2010, and the statement of financial activities, statement of changes in funds and statement of cash flows for the reporting year then ended, and a summary of significant accounting policies and other explanatory notes.

Management' Responsibility for the provisions of 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 Constitution of the Foundation, the Charities Act, Cap 37, the Societies Act, Cap 311, Singapore Financial Reporting Standards and Recommended Accounting Practice 6, 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 statement of financial activities and statement of financial position and to maintain accountability of assets.

Independent 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 judgment, 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 council, 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 Branch) (UEN: S93SS0148C)**

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Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the Constitution of the Foundation, the Charities Act, Cap 37, the Societies Act, Cap. 311 and Singapore Financial Reporting Standards and Recommended Accounting Practice 6 so as to give a true and fair view of the state of affair as at 31 December 2010 and the results, changes in 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 above regulations to be kept by the Foundation have been properly kept in accordance with those regulations;
- (b) the fund-raising appeals held during the financial year have been carried out in accordance with regulation 6 of the Charities (Fund-raising appeals) Regulations 2007 issued under the Charities Act, Cap. 37 and proper accounts and other records have been kept of the fund-raising appeals.

During the course of our audit, nothing came to our attention that caused us to believe that:-

- (i) The Foundation did not comply with the requirements of Regulation 15(1) of the Charities Act, Cap. 37 (Institution of a Public Character) Regulations 2007 which states that the total fund-raising and sponsorship expensed for the financial period should not exceed 30% of the total gross receipts from fund-raising sponsorship for the period; and
- (ii) The use of donation money received is not in accordance with the Foundation's objectives.

Other Matters

The financial statements for the year ended 31 December 2009 were audited by other independent auditors whose report dated 16 March 2010 expressed an unqualified opinion on those financial statements.

RSM Chio Lim LLP
RSM Chio Lim LLP
Public Accountants and
Certified Public Accountants
Singapore

6 May 2011

Partner-in-charge of audit: Goh Swee Hong
Effective from year ended 31 December 2010

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

Statement of Financial Activities
For the Financial Year Ended 31 December 2010

	Unrestricted funds		Restricted funds					Sub- Total	Total \$
	General Fund	Local Relief Fund	Sub- Total	International Relief Fund	Haiti Earthquake Fund	Local Building Fund	Overseas Development Fund		
INCOMING RESOURCES									
Voluntary income	1,464,885	2,782,648	4,247,533	476,940	-	-	-	4,724,473	
Charitable income	572,804	-	572,804	-	-	-	-	572,804	
Funds generating Activities	294,488	-	294,488	-	1,145,458	-	-	1,439,946	
Sundry income	21,383	-	21,383	-	-	-	-	21,383	
Total incoming resources	2,353,560	2,782,648	5,136,208	476,940	1,145,458	-	-	6,758,606	
RESOURCES EXPENDED									
Costs of generating voluntary income: Fund raising	97,456	-	97,456	-	188,858	-	-	286,314	
Costs of charitable activities: Welfare services and homecare support expenses	-	1,673,288	1,673,288	119,723	-	-	-	1,793,011	
Costs of charitable activities: Overseas donations	-	-	-	701,416	956,600	-	-	1,658,016	
Administrative costs	1,644,416	-	1,644,416	-	-	-	-	1,644,416	
Total resources expended	1,741,872	1,673,288	3,415,160	821,139	1,145,458	-	-	5,381,757	
Surplus/(deficit) for the financial year	611,688	1,109,360	1,721,048	(344,199)	-	-	(344,199)	1,376,849	
Balance at 1 January 2010 - Restated	2,267,946	4,534,526	6,802,472	487,071	-	3,230,601	-	10,520,144	
Balance at 31 December 2010	2,879,634	5,643,886	8,523,520	142,872	-	3,230,601	-	11,896,993	

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 BRANCH)
(UEN: S93SS0148C)

**Statement of Financial Activities
For the Financial Year Ended 31 December 2010**

	Unrestricted funds		Restricted funds					Sub- Total	Total
	General Fund	Local Relief Fund	International Relief Fund	Typhoon Marakot Fund	Local Building Fund	Overseas Development Fund	Sub- Total		
	\$	\$	\$	\$	\$	\$	\$	\$	
<u>INCOMING RESOURCES</u>									
Voluntary income	910,290	3,265,670	277,748	-	-	15,450	293,198	4,469,158	
Charitable income	191,105	-	-	-	-	-	-	191,105	
Funds generating Activities	548,055	502,405	-	1,210,792	-	-	1,210,792	2,261,252	
Investment income	655	-	-	-	-	-	-	655	
Sundry income	423,914	-	-	-	-	-	-	423,914	
Total incoming resources	2,074,019	3,768,075	277,748	1,210,792	-	15,450	1,503,990	7,346,084	
<u>RESOURCES EXPENDED</u>									
Costs of generating voluntary income: Fund raising	174,263	92,713	-	422	-	-	422	267,398	
Costs of charitable activities: Welfare services and homecare support expenses	-	1,208,019	71,581	-	-	-	71,581	1,279,600	
Costs of charitable activities: Overseas donations	-	-	-	1,210,370	-	50,510	1,260,880	1,260,880	
Administrative costs	1,320,537	-	-	-	-	-	-	1,320,537	
Total resources expended	1,494,800	1,300,732	71,581	1,210,792	-	50,510	1,332,883	4,128,415	
Surplus/(deficit) for the financial year	579,219	2,467,343	206,167	-	-	(35,060)	171,107	3,217,669	
Balance at 1 January 2009 - Restated	1,688,727	2,067,183	280,904	-	3,230,601	35,060	3,546,565	7,302,475	
Balance at 31 December 2009	2,267,946	4,534,526	487,071	-	3,230,601	-	3,717,672	10,520,144	

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 BRANCH)
(UEN: S93SS0148C)

Statement of Financial Position
As at 31 December 2010

	Notes	<u>2010</u> \$	<u>(Restated)</u> <u>2009</u> \$	<u>(Restated)</u> <u>2008</u> \$
ASSETS				
<u>Non-Current Assets</u>				
Plant and Equipment	10	802,883	465,293	616,219
Other Assets, Non-Current	13	1,050,000	1,150,713	1,150,713
		<u>1,852,883</u>	<u>1,616,006</u>	<u>1,766,932</u>
<u>Current Assets</u>				
Inventories	11	303,671	198,866	202,060
Other Receivables	12	30,156	1,461	145,834
Other Assets	13	190,199	104,974	129,201
Cash and Cash Equivalents	14	9,920,071	8,845,151	5,686,973
Total Current Assets		<u>10,444,097</u>	<u>9,150,452</u>	<u>6,164,068</u>
<u>Current Liabilities</u>				
Trade and Other payables	15	399,987	246,314	628,525
Total Current Liabilities		<u>399,987</u>	<u>246,314</u>	<u>628,525</u>
Net Assets		<u>11,896,993</u>	<u>10,520,144</u>	<u>7,302,475</u>
THE FUNDS OF THE FOUNDATION				
<u>Unrestricted Funds</u>				
General Fund	16	2,879,634	2,267,946	1,688,727
Local Relief Fund	16	5,643,886	4,534,526	2,067,183
Total Unrestricted Funds		<u>8,523,520</u>	<u>6,802,472</u>	<u>3,755,910</u>
<u>Restricted Funds</u>				
International Relief Fund	16	142,872	487,071	280,904
Local Building Fund	16	3,230,601	3,230,601	3,230,601
Overseas Development Fund	16	-	-	35,060
Total Restricted Funds		<u>3,373,473</u>	<u>3,717,672</u>	<u>3,546,565</u>
Total Funds		<u>11,896,993</u>	<u>10,520,144</u>	<u>7,302,475</u>

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

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

Statement of Changes in Funds
For the Financial Year Ended 31 December 2010

	Accumulated Funds \$
Current Year:	
Opening Balance at 1 January 2010 - Restated	10,520,144
Movements in Fund:	
Surplus for the Year	1,376,849
Closing Balance at 31 December 2010	<u>11,896,993</u>
Previous Year:	
Opening Balance at 1 January 2009	6,151,762
Restatement to account for the recognition of prepayment made on administrative building occupied by the Foundation (Notes 13 and 22)	1,150,713
Opening Balance at 1 January 2009 - Restated	<u>7,302,475</u>
Movements in Fund:	
Surplus for the Year	3,217,669
Closing Balance at 31 December 2009 - Restated	<u>10,520,144</u>

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

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

(UEN: S93SS0148C)

**Statement of Cash Flows
For the Financial Year Ended 31 December 2010**

	<u>2010</u> \$	<u>2009</u> \$
<u>Cash Flows From Operating Activities</u>		
Net surplus for the financial year	1,376,849	3,217,669
Depreciation of Plant and Equipment	203,966	247,163
Loss on disposal of Plant and Equipment	6,780	252
Interest Income	–	(655)
Operating Cash Flow before Changes in Working Capital	<u>1,587,595</u>	<u>3,464,429</u>
Inventories	(104,805)	3,194
Other Receivables	(28,695)	144,373
Other Assets	15,488	24,227
Trade and Other Payables	153,673	(382,211)
Net Cash Flows from Operating Activities	<u>1,623,256</u>	<u>3,254,012</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of Plant and Equipment	(548,336)	(96,489)
Cash Restricted in Use	309,176	(310,203)
Interest Received	–	655
Net Cash Flows used in Investing Activities	<u>(239,160)</u>	<u>(406,037)</u>
Net Increase in Cash and Cash Equivalents	1,384,096	2,847,975
Cash and Cash Equivalents, Cash Flow Statement, Beginning Balance	<u>5,856,951</u>	<u>3,008,976</u>
Cash and Cash Equivalents, Cash Flow Statement, Ending Balance (Note 14A)	<u>7,241,047</u>	<u>5,856,951</u>

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

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

**Statement of Financial Activities – Supplementary Schedules
For the Financial Year Ended 31 December 2010**

	Unrestricted funds		Restricted funds					Total
	General Fund	Local Relief Fund	Sub-Total	International Relief Fund	Haiti Earthquake Fund	Local Building Fund	Overseas Development Fund	
	\$	\$	\$	\$	\$	\$	\$	
INCOMING RESOURCES								
Voluntary income								
Tax deductible donations	177,700	1,605,805	1,783,505	-	-	-	1,783,505	
Non-tax deductible	1,287,185	1,176,843	2,464,028	476,940	-	-	2,940,968	
	1,464,885	2,782,648	4,247,533	476,940	-	-	4,724,473	
Charitable income								
Children & youth classes	32,840	-	32,840	-	-	-	32,840	
Continuing education center	101,257	-	101,257	-	-	-	101,257	
Sales of goods	438,707	-	438,707	-	-	-	438,707	
	572,804	-	572,804	-	-	-	572,804	
Funds generating activities								
Chinese new year charity fair	-	-	-	-	1,145,458	-	1,145,458	
New year cookies	41,078	-	41,078	-	-	-	41,078	
Charity musical concert	90,560	-	90,560	-	-	-	90,560	
Mid-autumn charity fair	162,850	-	162,850	-	-	-	162,850	
	294,488	-	294,488	-	1,145,458	-	1,439,946	
Others								
Sundry income	21,383	-	21,383	-	-	-	21,383	
Total incoming resources	2,353,560	2,782,648	5,136,208	476,940	1,145,458	-	6,758,606	

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

Statement of Financial Activities – Supplementary Schedules
For the Financial Year Ended 31 December 2010

	Unrestricted funds		Restricted funds					Sub- Total	Total
	General Fund	Local Relief Fund	International Relief Fund	Haiti Earthquake Fund	Local Building Fund	Overseas Development Fund	Sub- Total		
	\$	\$	\$	\$	\$	\$	\$	\$	
RESOURCES EXPENDED									
Costs of generating voluntary income: Fund raising									
Chinese new year charity fair	-	-	-	188,858	-	-	188,858	188,858	
New year cookies	12,932	-	-	-	-	-	-	12,932	
Charity musical concert	37,961	-	-	-	-	-	-	37,961	
Mid-autumn charity fair	46,563	-	-	-	-	-	-	46,563	
	97,456	-	-	188,858	-	-	188,858	286,314	
Costs of charitable activities: Welfare services and homecare support expenses									
Programme for the needy families	-	144,513	-	-	-	-	-	144,513	
Programme for the medical treatment	-	241,586	-	-	-	-	-	241,586	
Institutional care	-	17,168	-	-	-	-	-	17,168	
Seed of Hope Programme	-	664,601	-	-	-	-	-	664,601	
Free clinic & Fuhui Health Centre Service	-	592,840	-	-	-	-	-	592,840	
Other relief services	-	12,580	-	-	-	-	-	12,580	
Medical mission	-	-	119,723	-	-	-	119,723	119,723	
	-	1,673,288	119,723	-	-	-	119,723	1,793,011	
Costs of charitable activities: Overseas donations									
Overseas donations	-	-	701,416	956,600	-	-	1,658,016	1,658,016	
	-	-	701,416	956,600	-	-	1,658,016	1,658,016	
Administrative costs									
Staff cost	626,088	-	-	-	-	-	-	626,088	
Depreciation	95,628	-	-	-	-	-	-	95,628	
Other operating expenses	922,700	-	-	-	-	-	-	922,700	
	1,644,416	-	-	-	-	-	-	1,644,416	
Total resources expended	1,741,872	1,673,288	821,139	1,145,458	-	-	1,966,597	5,381,757	

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

**Statement of Financial Activities -- Supplementary Schedules
For the Financial Year Ended 31 December 2010**

	Unrestricted funds		Restricted funds				Sub-Total	Overseas Development Fund	Total
	General Fund	Local Relief Fund	Typhoon Marakot Fund	International Relief Fund	Local Building Fund	Sub-Total			
	\$	\$	\$	\$	\$	\$	\$	\$	
2009									
INCOMING RESOURCES									
Voluntary income									
Tax deductible donations	-	2,151,156	-	-	-	-	-	2,151,156	
Non-tax deductible	910,290	1,114,514	277,748	-	-	15,450	293,198	2,318,002	
	910,290	3,265,670	277,748	-	-	15,450	293,198	4,469,158	
Charitable income									
Children & youth classes	24,480	-	-	-	-	-	-	24,480	
Continuing education center	79,192	-	-	-	-	-	-	79,192	
Sales of goods	87,433	-	-	-	-	-	-	87,433	
	191,105	-	-	-	-	-	-	191,105	
Funds generating activities									
Chinese new year charity fair	402,142	-	-	-	-	-	-	402,142	
Charity musical concert	145,913	-	-	-	-	-	-	145,913	
Mid-autumn charity fair	-	502,405	-	-	-	-	-	502,405	
Fund raising appeal for Typhoon Marakot	-	-	-	1,210,792	-	-	1,210,792	1,210,792	
	548,055	502,405	-	1,210,792	-	-	1,210,792	2,261,252	
Investment income									
Interest income	655	-	-	-	-	-	-	655	
	655	-	-	-	-	-	-	655	
Others									
Sundry income	369,156	-	-	-	-	-	-	369,156	
Government grant income from jobs credit scheme	54,758	-	-	-	-	-	-	54,758	
	423,914	-	-	-	-	-	-	423,914	
Total incoming resources	2,074,019	3,768,075	277,748	1,210,792	-	15,450	1,503,990	7,346,084	

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

Statement of Financial Activities – Supplementary Schedules
For the Financial Year Ended 31 December 2010

2009

	Unrestricted funds		Restricted funds				Sub- Total	Total
	General Fund	Local Relief Fund	Sub- Total	Typhoon Marakot Fund	International Relief Fund	Local Building Fund		
RESOURCES EXPENDED								
<u>Costs of generating voluntary income: Fund raising</u>								
Chinese New Year charity fair	121,360	-	121,360	-	-	-	-	121,360
Charity musical concert	52,903	-	52,903	-	-	-	-	52,903
Mid-autumn charity fair	-	92,713	92,713	-	-	-	-	92,713
Fund raising appeal for Typhoon Marakot 2009	-	-	-	-	422	-	422	422
	174,263	92,713	266,976	-	422	-	422	267,398
<u>Costs of charitable activities: Welfare services and homecare support expenses</u>								
Programme for the needy families	-	166,351	166,351	-	-	-	-	166,351
Programme for the medical treatment	-	329,376	329,376	-	-	-	-	329,376
Institutional care	-	9,476	9,476	-	-	-	-	9,476
Seed of Hope Programme	-	142,288	142,288	-	-	-	-	142,288
Free clinic & FuHui Health Centre Service	-	547,919	547,919	-	-	-	-	547,919
Other relief services	-	11,609	11,609	-	-	-	-	11,609
Medical mission	-	-	-	71,581	-	-	71,581	71,581
	-	1,208,019	1,208,019	71,581	-	-	71,581	1,279,600
<u>Costs of charitable activities: Overseas donations</u>								
Overseas donations	-	-	-	-	1,210,370	-	50,510	1,260,880
	-	-	-	-	1,210,370	-	50,510	1,260,880
<u>Administrative costs</u>								
Staff cost	551,562	-	551,562	-	-	-	-	551,562
Depreciation	180,125	-	180,125	-	-	-	-	180,125
Other operating expenses	588,850	-	588,850	-	-	-	-	588,850
	1,320,537	-	1,320,537	-	-	-	-	1,320,537
Total resources expended	1,494,800	1,300,732	2,795,532	71,581	1,210,792	-	50,510	4,128,415

Notes to the Financial Statements
31 December 2010

1. General

Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) ("the "Foundation") is established in Singapore under the Societies Act, Cap 311. The financial statements are presented in Singapore dollars.

The board of directors approved and authorised these financial statements for issue on 6 May 2011.

The principal objectivities 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 of the Foundation.

The registered office address is : 9 Elias Road Singapore 519937.

2. Summary of Significant Accounting Policies

Accounting Convention

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards ("FRS") as well as all related Interpretations to FRS ("INT FRS") issued by the Singapore Accounting Standards Council and the Recommended Accounting Practice 6, Accounting and Reporting by Charities. 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.

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 period. 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. Summary of Significant Accounting Policies (Cont'd)

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

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.

(iv) Other revenue

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

Employee Benefits

Contributions to defined contribution retirement benefit plans 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 which is the Central Provident Fund in Singapore (a government managed retirement benefit plan). For employee leave entitlement the expected cost of short-term employee benefits in the form of compensated absences is recognised in the case of accumulating compensated absences, when the employees render service that increases their entitlement to future compensated absences; and in the case of non-accumulating compensated absences, when the absences occur. A liability for bonuses is recognised where the entity is contractually obliged or where there is constructive obligation based on past practice.

Income Tax

As a charity, the Foundation is exempt from tax on income and gains falling within section 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 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.

2. Summary of Significant Accounting Policies (Cont'd)

Plant and Equipment

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

Renovations	5 years
Office equipment	3- 5 years
Furniture and fittings	10 years
Motor vehicles	6 years

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 determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in profit or loss. The residual value and the useful life of an asset is reviewed at least at each end of the reporting year and, if expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate, and the depreciation charge for the current and future periods are adjusted.

Cost also includes acquisition cost, any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent 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.

Leased 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.

2. Summary of Significant Accounting Policies (Cont'd)

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 to sell and its value in use. In assessing 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 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 determined, net of depreciation, if no impairment loss had been recognised.

Financial Assets

Initial recognition and 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 derecognition test prescribed by FRS 39 relating to the transfer of risks and rewards of ownership and the transfer of control.

Subsequent measurement:

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

1. Financial assets at fair value through profit or loss: As at year end date there were no financial assets classified in this category.

2. Summary of Significant Accounting Policies (Cont'd)

Financial Assets (Cont'd)

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

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. Financial liabilities including bank and other borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting year.

2. Summary of Significant Accounting Policies (Cont'd)

Financial Liabilities (Cont'd)

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. Financial liabilities at fair value through profit or loss: As at end of the reporting year, there were no financial liabilities classified in this category.
- #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 are 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.

Fair Value of Financial Instruments

The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments. Disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of 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. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. The fair value of a financial instrument is derived from an active market or by using an acceptable valuation technique. The appropriate quoted market price for an asset held or liability to be issued is usually the current bid price without any deduction for transaction costs that may be incurred on sale or other disposal and, for an asset to be acquired or for liability held, the asking price. If there is no market, or the markets available are not active, the fair value is established by using an acceptable valuation technique. The fair value measurements are classified using a fair value hierarchy of 3 levels that reflects the significance of the inputs used in making the measurements, that is, Level 1 for the use of quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 for the use of inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and Level 3 for the use of inputs for the asset or liability that are not based on observable market data (unobservable inputs). The level is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety. Where observable inputs that require significant adjustment based on unobservable inputs, that measurement is a Level 3 measurement.

Inventories

Inventories are measured at the lower of cost (first in first out 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 for 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.

2. Summary of Significant Accounting Policies (Cont'd)

Gifts In Kind

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

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.

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. Provisions are 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 period they occur.

Grants

A 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. Grants related to depreciable assets are allocated to income over the period in which such assets are used in the project subsidised by the grant. Grants related to assets, including non-monetary grants at fair value, are presented in the statement of financial position by deducting the grant in arriving at the carrying amount of the asset.

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 financial year.

3. Related Party Transactions

3.1. 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 Foundation and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The current related parties balances are unsecured without fixed repayment terms and interest 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 company</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
Purchases of goods	<u>383,412</u>	<u>-</u>
	<u>Related party – Tzu-Chi Taiwan</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
Rental expense	<u>50,012</u>	<u>12</u>

3.2. Key management compensation:

	<u>2010</u>	<u>2009</u>
	\$	\$
Salaries and other short-term employee benefits	<u>30,000</u>	<u>7,500</u>

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3. Related Party Transactions (Cont'd)

3.2 Key management compensation (Cont'd):

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the company, directly or indirectly. Key management personnel comprise the chief executive officer and the directors of the Foundation.

The above amounts are included in employee benefits expense (Note 7).

The directors of the Foundation do not receive any compensation from the Foundation. The above amounts are for salary paid to the chief executive officer.

3.3 Other receivables from and other payables to related parties:

The trade transactions and the trade receivables and payables balances arising from sales and purchases of goods and services are disclosed elsewhere in the notes to the financial statements.

The movements in other receivables from and other payables to related parties are as follows:

	<u>Related party – Tzu-Chi Taiwan</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
<u>Other payables:</u>		
Balance at beginning of the year	–	–
Amounts paid in and settlement of liabilities on behalf of the foundation	(19,723)	–
Balance at end of the year	<u>(19,723)</u>	<u>–</u>

4. Tax Deductible Receipts

The Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted double tax deduction for the donations made to the Foundation. The Foundation is required to renew its IPC status with the Ministry of Community Development, Youth & Sports ("MCYS") on an annual basis.

	<u>2010</u>	<u>2009</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>1,783,505</u>	<u>2,151,156</u>

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5. Investment Income

	<u>2010</u> \$	<u>2009</u> \$
Interest income from financial institutions	-	655

6. Overseas Donations

	<u>2010</u> \$	<u>2009</u> \$
Donation to Taiwan Tzu Chi – Typhoon Marakot Survivors	-	1,210,370
Donation to Buddhist Tzu Chi Foundation in USA – Haiti Earthquake	956,600	50,510
Donation to Taiwan Tzu Chi – China’s Winter Relief in 2010	701,416	-
	<u>1,658,016</u>	<u>1,260,880</u>

7. Employee Benefits Expense

	<u>2010</u> \$	<u>2009</u> \$
Employee benefits expense	684,280	597,458
Contributions to defined contribution plan	67,819	72,495
Total employee benefits expense	<u>752,099</u>	<u>669,953</u>

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

	<u>2010</u> \$	<u>2009</u> \$
Administrative expenses	626,088	551,562
Charitable expenses	126,011	118,391
Total employee benefits expense	<u>752,099</u>	<u>669,953</u>

8. Other operating expenses

The major components include the following:

	<u>2010</u> \$	<u>2009</u> \$
Audit fees paid to independent auditors		
- Current auditors	12,500	-
- Others auditors	3,421	5,750
Rental expenses	174,271	103,681
Repair and maintenance	36,492	140,489
Utilities	71,114	71,411
Printing costs	59,562	33,518
Other social activities	449,052	62,181
Security services	-	26,322

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9. 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.

10. Plant and Equipment

	<u>Renovations</u> \$	<u>Office Equipment</u> \$	<u>Furniture and fittings</u> \$	<u>Motor vehicles</u> \$	<u>Total</u> \$
<u>Cost</u>					
At 1 January 2009	354,582	751,225	465,667	93,027	1,665,501
Additions	11,419	44,952	40,118	–	96,489
Disposals	–	(17,033)	(17,073)	–	(34,106)
At 1 January 2010	366,001	780,144	488,712	93,027	1,727,884
Additions	249,183	239,838	59,315	–	548,336
Written Off	–	(11,514)	–	–	(11,514)
At 31 December 2010	615,184	1,008,468	548,027	93,027	2,264,706
<u>Accumulated Depreciation</u>					
At 1 January 2009	184,810	605,908	201,204	57,360	1,049,282
Depreciation for the year	73,200	95,493	63,248	15,222	247,163
Disposals	–	(17,033)	(16,821)	–	(33,854)
At 1 January 2010	258,010	684,368	247,631	72,582	1,262,591
Depreciation for the year	60,155	61,509	67,417	14,885	203,966
Written Off	–	(4,734)	–	–	(4,734)
At 31 December 2010	318,165	741,143	315,048	87,467	1,461,823
<u>Net book value:</u>					
At 1 January 2009	169,772	146,317	264,463	35,667	616,219
At 1 January 2010	107,991	95,776	241,081	20,445	465,293
At 31 December 2010	297,019	266,325	232,979	5,560	802,883

Fully depreciated plant and equipment still in use had a cost of \$406,295 (2009: \$605,043).

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

	<u>2010</u> \$	<u>2009</u> \$
Administrative expenses	95,628	180,125
Charitable expenses	108,338	67,038
Total depreciation expense	<u>203,966</u>	<u>247,163</u>

11. Inventories

	<u>2010</u> \$	<u>2009</u> \$
Inventories at cost	<u>303,671</u>	<u>198,866</u>

There are no inventories pledged as security for liabilities.

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12. Other Receivables

	<u>2010</u>	<u>2009</u>
	\$	\$
<u>Other receivables:</u>		
Outside parties	<u>30,156</u>	<u>1,461</u>

13. Other Assets

	<u>2010</u>	<u>(Restated)</u> <u>2009</u>	<u>(Restated)</u> <u>2008</u>
	\$	\$	\$
Deposits to secure services	25,832	23,139	42,330
Prepayments (Note A)	<u>1,214,367</u>	<u>1,232,548</u>	<u>1,237,584</u>
	<u>1,240,199</u>	<u>1,255,687</u>	<u>1,279,914</u>
Presented as:			
Other assets, current	190,199	104,974	129,201
Other assets, non-current	<u>1,050,000</u>	<u>1,150,713</u>	<u>1,150,713</u>

Note A:

Included in prepayments is an amount of \$1,100,713 (2008 and 2007: \$1,150,713) 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.

The analysis of the amount is as follows:

	\$
Cost of building	5,003,258
Amount paid by Tzu-Chi Taiwan	<u>(3,852,545)</u>
Amount funded by Local Building Fund recognised as prepayment in the Statement of Financial Position	<u>1,150,713</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 Tzuchi 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 15 years effective from 1 January 2006 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. The rental for the lease will be offset against the prepayment. Consequently, the Foundation has in 2010 commence the amortisation of the prepayment over the lease period.

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14. Cash and Cash Equivalents

	<u>2010</u>	<u>2009</u>
	\$	\$
Not restricted in use	7,241,047	5,856,951
Restricted in use for restricted funds (Note 16)	<u>2,679,024</u>	<u>2,988,200</u>
	<u>9,920,071</u>	<u>8,845,151</u>

14A. Cash and Cash Equivalents in the Statement of Cash Flow:

	<u>2010</u>	<u>2009</u>
	\$	\$
Amount as shown above	9,920,071	8,845,151
Restricted in use	<u>(2,679,024)</u>	<u>(2,988,200)</u>
Cash and cash equivalents for Statement of Cash Flows purposes at end of year	<u>7,241,047</u>	<u>5,856,951</u>

The interest earning balances are not significant.

15. Trade and Other Payables

	<u>2010</u>	<u>2009</u>
	\$	\$
<u>Trade payables:</u>		
Outside parties and accrued liabilities	59,282	215,781
Related party (Note 3)	<u>59,242</u>	<u>-</u>
Sub-total	<u>118,524</u>	<u>215,781</u>
<u>Other payables:</u>		
Related party (Note 3)	19,723	-
Other payables	<u>261,740</u>	<u>30,533</u>
Sub-total	<u>281,463</u>	<u>30,533</u>
Total trade and other payables	<u>399,987</u>	<u>246,314</u>

16. Fund Account Balances

	<u>2010</u>	<u>(Restated)</u>	<u>(Restated)</u>
	\$	2009	2008
	\$	\$	\$
<u>Unrestricted Funds:</u>			
General Fund	2,879,634	2,267,946	1,688,727
Local Relief Fund	5,643,886	4,534,526	2,067,183
Total unrestricted funds	<u>8,523,520</u>	<u>6,802,472</u>	<u>3,755,910</u>
<u>Restricted Funds:</u>			
International Relief Fund	142,872	487,071	280,904
Local Building Fund	3,230,601	3,230,601	3,230,601
Overseas Development Fund	-	-	35,060
Total restricted funds	<u>3,373,473</u>	<u>3,717,672</u>	<u>3,546,565</u>
Total funds	<u>11,896,993</u>	<u>10,520,144</u>	<u>7,302,475</u>
Ratio of Reserves to Annual Operating Expenditure (times)*	<u>2.50</u>	<u>2.43</u>	<u>1.28</u>

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16. Fund Account Balances (Cont'd)

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

- (i) The General Fund is set up to finance the operation of the Foundation and all other expenses to carry out the missions of the Foundation.
- (ii) The Local Relief Fund is set up to maintain donations (both tax deductible and non-tax deductible) received from the public to be utilised for the purpose of provision of financial/non-financial assistance to the needy so as to benefit the community in Singapore as a whole regardless of race, gender and religion.
- (iii) The International Relief Fund is set up to undertake humanitarian support to overseas states by carrying out various activities such as overseas medical missions, medical treatment and etc.
- (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

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

	<u>2010</u>	<u>2009</u>
	\$	\$
Not later than one year	122,475	90,432
Later than one year and not later than five years	<u>87,532</u>	<u>173,341</u>
Total	<u>210,012</u>	<u>263,773</u>
Rental expense for the year	<u>174,271</u>	<u>103,680</u>

Operating lease payments are for rentals payable by the Foundation for its office premises and office equipment. The leases for certain office premises and office equipment are negotiated for an average term of two to five years and are subject to an escalation clause but the amount of the rent increase is not to exceed a certain percentage.

18. Other Matters

In accordance with RAP 6, the assets and liabilities representing each category of fund should be summarised and analysed between those funds in the notes to the financial statements. However, the assets and liabilities have not been allocated to the respective funds as management is of the opinion it is impracticable to do so. However the General Fund would practically be represented by all the non-cash items and the cash balance not attributable to other funds.

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19. Financial Instruments: Information on Financial Risks

19A. Classification of Financial Assets and Liabilities

The following table summarises the carrying amount of financial assets and liabilities recorded at the end of the reporting year by FRS 39 categories:

	<u>2010</u>	<u>2009</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	9,920,071	8,845,151
Other receivables	30,156	1,461
At end of the year	<u>9,950,227</u>	<u>8,846,612</u>
<u>Financial liabilities:</u>		
Trade and other payables at amortised cost	<u>399,987</u>	<u>246,314</u>
At end of the year	<u>399,987</u>	<u>246,314</u>

Further quantitative disclosures are included throughout these financial statements.

There are no significant fair value measurements recognised in the statement of financial position.

19B. Financial Risk Management

The main purpose for holding or issuing financial instruments is to raise and manage the finances for the Foundation'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 price risk comprising interest rate, currency risk and price risk exposures. The 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 and board members. 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

19C. Fair Values of Financial Instruments

The financial assets and financial liabilities at amortised cost are at a carrying amount that is a reasonable approximation of fair value.

19D. Credit Risk on Financial Assets

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner consist principally of cash balances with banks, cash equivalents and receivables. The maximum exposure to credit risk is the fair value of the financial instruments at the end of the reporting year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counter-parties are banks with acceptable credit ratings.

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19. Financial Instruments: Information on Financial Risks (Cont'd)

19D. Credit Risk on Financial Assets (Cont'd)

Ageing analysis of the age of other receivable amounts that are past due as at the end of reporting year but not impaired:

	<u>2010</u>	<u>2009</u>
	\$	\$
Other receivables		
Less than 60 days	<u>30,156</u>	<u>1,461</u>

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 12).

19E. Liquidity risk

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 (2009: 30 days). In order to meet such cash commitments the operating activity is expected to generate sufficient cash inflows.

19F. Interest Rate Risk

The interest rate risk exposure is mainly from changes in fixed rate and floating interest rates. The interest from financial assets including cash balances is not significant.

19G. Foreign Currency Risks

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

Sensitivity analysis: The effect on post-tax surplus is not significant.

20. Changes and Adoption of Financial Reporting Standards

For the reporting year ended 31 December 2010 the following new or revised Singapore Financial Reporting Standards were adopted. The new or revised standards did not require any modification of the measurement method or the presentation in the financial statements.

<u>FRS No.</u>	<u>Title</u>
FRS 1	Presentation of Financial Statements (Amendments)
FRS 7	Statement of Cash Flows (Amendments)
FRS 17	Leases (Amendments)
FRS 27	Consolidated and Separate Financial Statements (Revised) (*)
FRS 28	Investments in Associates (Revised) (*)
FRS 36	Impairment of Assets (Amendments)
FRS 38	Intangible Assets (Amendments) (*)
FRS 39	Financial Instruments: Recognition and Measurement – Eligible Hedged Item (Amendments) (*)
FRS 39	Financial Instruments: Recognition and Measurement (Amendments)
FRS 102	Share-based Payment (Amendments) (*)
FRS 103	Business Combinations (Revised) (*)
FRS 105	Non-current Assets Held for Sale and Discontinued Operations (Amendments) (*)
FRS 108	Operating Segments (Amendments) (*)
INT FRS 109	Reassessment of Embedded Derivatives (Amendments) (*)
INT FRS 116	Hedges of a Net Investment in a Foreign Operation (Amendments) (*)
INT FRS 117	Distributions of Non-cash Assets to Owners (*)
INT FRS 118	Transfers of Assets from Customers (*)

(*) Not relevant to the Foundation.

21. Future Changes in Financial Reporting Standards

The following new or revised Singapore Financial Reporting Standards that have been issued will be effective in future. The transfer to the new or revised standards from the effective dates are 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	Presentation of Financial Statements Disclosures (Amendments)	1 Jan 2011
FRS 103	Business Combinations (Amendments) (*)	1 Jul 2010
FRS 107	Financial Instruments: Disclosures (Amendments)	1 Jan 2011
FRS 107	Financial Instruments: Disclosures (Amendments) - Transfers of Financial Assets (*)	1 Jul 2011
FRS 12	Deferred Tax (Amendments) – Recovery of Underlying Assets (*)	1 Jan 2012
FRS 24	Related Party Disclosures (revised)	1 Jan 2011
FRS 27	Consolidated and Separate Financial Statements (Amendments) (*)	1 Jul 2010
FRS 32	Classification Of Rights Issues (Amendments) (*)	1 Feb 2010
FRS 34	Interim Financial Reporting (Amendments) (*)	1 Jan 2011
INT FRS 113	Customer Loyalty Programmes (Amendments) (*)	1 Jan 2011
INT FRS 114	Prepayments of a Minimum Funding Requirement (revised) (*)	1 Jan 2011
INT FRS 115	Agreements for the Construction of Real Estate (*)	1 Jan 2011
INT FRS 119	Extinguishing Financial Liabilities with Equity Instruments (*)	1 Jul 2010

(*) Not relevant to the Foundation.

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22. Restatement of Comparative Figures

Restatements have been made to prior year's financial statements for the following matter:

In 2008, the Foundation has offset the prepayment against the Local Building Fund and has transferred the remaining restricted Local Building Fund amounted to \$2,079,888 to the General Fund. During the year, the management has reviewed the appropriateness of such transfer and noted that this fund is raised for specific purposes and therefore a reclassification is made to restate the amount as a Local Building Fund, which is restricted in use (See Note16 for further details).

The restatements are as follow:-

Statement of Financial Position Year Ended 31 December 2009	As previously reported <u>2009</u> \$	Restated <u>2009</u> \$
<u>Non-Current Assets</u>		
Other Assets- Non-current	-	<u>1,150,713</u>
<u>Unrestricted Funds</u>		
General Fund	<u>4,347,834</u>	<u>2,267,946</u>
<u>Restricted Funds</u>		
Local Building Fund	-	<u>3,230,601</u>

The financial statements for the year ended 31 December 2009 were audited by other independent auditors (other than RSM Chio Lim LLP) whose report dated 29 March 2010 expressed an unqualified opinion on those financial statement.