

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

(Registered in Singapore under the Companies Act, Chapter 50 and Charities Act, Cap 37)
(Unique Entity No: 199300813R)

Statement by the Board and Financial Statements

Reporting Year Ended 30 June 2017

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FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement by the Board and Financial Statements

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FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement by the Directors

The directors of the Foundation of Rotary Clubs (Singapore) Ltd (the "Foundation") are pleased to present the audited financial statements of the Foundation for the reporting year ended 30 June 2017.

1. Opinion of the directors

In the opinion of the Directors,

- (a) the accompanying financial statements are drawn up so as to give a true and fair view of the financial position, financial activities and cash flow of the Foundation for the reporting year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

2. Directors in office at date of statement

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

Wu Dar Ching	(Chairman)
Chew Ghim Bok	(Vice Chairman)
Chin Soon Siang	(Vice Chairman)
Andrew Tan Beng Hwee	(Honorary Treasurer)
Tan Kay Hui Charles	(Honorary Secretary)
Chew Phak Heng	
Gong Ing San	(Appointed on 24 November 2016)
Phillip Tan Eng Seong	
Rajamohan Munisamy	(Co-opted on 28 March 2017)
Wee Leong How	(Appointed on 24 November 2016)
Yap Lip Kee	
Yeo Chuen Eng	(Co-opted on 1 August 2016)

3. Directors' interest in shares or debentures, and arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

The Foundation is a company limited by guarantee and has no share capital.

4. Options

The Foundation is a company limited by guarantee. As such, there are no share options or unissued shares of the company under option.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

5. Independent auditor

RSM Chio Lim LLP has expressed willingness to accept re-appointment.

The Board approved and authorised these financial statements for issue.

On behalf of the directors



.....
Wu Dar Ching
Chairman



.....
Andrew Tan Beng Hwee
Honorary Treasurer

26 September 2017

**Independent Auditor's Report to the Members of
FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD****Report on the audit of the financial statements****Opinion**

We have audited the financial statements of Foundation of Rotary Clubs (Singapore) Ltd (the "Foundation"), which comprise the statement of financial position as at 30 June 2017, and the statement of financial activities and statement of cash flows for the reporting year then ended, and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Foundation are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (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 30 June 2017 and of the financial activities and cash flows of the Foundation for the reporting year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Foundation in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises the information included in the statement by the directors and the annual report but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

**Independent Auditor's Report to the Members of
FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD**

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

Management is responsible for the preparation of the 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 are directors and they are responsible for overseeing the Foundation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

**Independent Auditor's Report to the Members of
FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD**

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

- d) Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided the board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, 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 year:

- (a) the Foundation has not used the donation moneys in accordance with its 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.

**Independent Auditor's Report to the Members of
FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD
(Registered in Singapore under the Charities Act, Cap 37 and Societies Act, Cap 311)**

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Other matters

The financial statements for the reporting year ended 30 June 2016 were audited by other independent auditor whose report dated 30 September 2016 expressed an unqualified opinion on those financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Chan Sek Wai.



RSM Chio Lim LLP
Public Accountants and
Chartered Accountants
Singapore

26 September 2017

Engagement partner – effective from reporting year ended 30 June 2017

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement of Financial Activities For the Reporting Year Ended 30 June 2017

	Unrestricted	Restricted			
	Accumulated Fund \$	Rotary House Project Fund \$	Rotary House Service Centre Fund \$	Programme funds (Note 15) \$	Sub Total \$
<u>Incoming Resources:</u>					
Government grants - MSF	5	89,501	1,421,106	—	1,421,106
Other grants	6	3,089	528,310	25,595	553,905
Donations	4	4,640	8,429	79,281	220,598
Income from programmes		23,301	8,062	—	8,062
Other miscellaneous income	7	144,168	2,149	—	2,149
Total incoming resources		264,699	1,968,056	104,876	2,205,820
<u>Resources Expended:</u>					
Programme expenses	10	—	39,236	196,567	235,803
Depreciation		14,386	18,411	—	109,994
Operating lease expenses		—	15,864	—	15,864
Maintenance expenses		47,437	52,652	—	52,652
Employee benefits expenses	8	112,183	1,510,255	—	1,510,255
Professional fee		14,750	40,878	—	40,878
Administrative costs		92,529	30,444	—	30,444
Goods and Service Tax		—	8,791	—	8,791
Total resources expended		281,285	1,716,531	196,567	2,004,681
Fund transfer		(18,948)	18,948	—	—
Net surplus (deficit)		(35,534)	270,473	(91,691)	184,553
Balance at 1 July 2016		692,389	4,520,740	661,425	7,124,510
Balance as at 30 June 2017		656,855	4,562,045	569,734	8,001,452

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement of Financial Activities For the Reporting Year Ended 30 June 2016

	Unrestricted	Restricted			
	Accumulated Fund \$	(Reclassified) Rotary House Project Fund \$	Rotary Family Service Centre Fund \$	Programme funds (Note 15) \$	Sub Total \$
					Total \$
Incoming Resources:					
Government grants - MSF	5	2,250,000	1,476,450	16,240	3,742,690
Other grants	6	11,850	620,139	14,580	646,569
Donations	4	21,995	7,912	229,252	2,129,690
Income from programmes		38,126	6,306	—	44,432
Other miscellaneous income	7	36,406	9,356	—	45,762
Total incoming resources		108,377	2,120,163	260,072	6,609,143
Resources Expended:					
Programme expenses	10	189,623	540	305,711	524,099
Depreciation		14,860	30,528	—	67,728
Operating lease expenses		—	22,340	—	15,949
Maintenance expenses		15,761	15,949	—	62,613
Employee benefits expenses	8	77,474	46,852	—	1,833,139
Professional fee		19,564	1,755,665	—	29,677
Administrative costs		78,251	10,113	—	115,752
Goods and Service Tax		—	37,501	—	5,775
Total resources expended		395,533	1,922,420	305,711	2,654,732
Fund transfer		(19,776)	19,776	—	—
Net surplus (deficit)		(306,932)	4,089,463	(45,639)	3,954,411
Balance at 1 July 2015		999,321	431,277	707,064	3,862,488
Balance as at 30 June 2016		692,389	4,520,740	661,425	7,816,899

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement of Financial Position As at 30 June 2017

	Notes	2017 \$	2016 \$
ASSETS			
<u>Non-current assets</u>			
Property, plant and equipment	10	4,523,201	4,644,800
Total non-current assets		4,523,201	4,644,800
<u>Current assets</u>			
Trade and other receivables	11	573,554	642,493
Inventories		14,440	4,494
Other assets	12	30,853	34,887
Cash and cash equivalents	13	3,100,681	3,728,334
Total current assets		3,719,528	4,410,208
Total assets		8,242,729	9,055,008
FUNDS AND LIABILITIES			
<u>Unrestricted funds</u>			
Accumulated funds	14	656,855	692,389
Total unrestricted funds		656,855	692,389
<u>Restricted funds</u>			
Rotary House Project		4,562,045	4,520,740
Rotary Family Service Centre		2,212,818	1,942,345
Programme/ project funds	15	569,734	661,425
Total restricted funds		7,344,597	7,124,510
Total funds	16	8,001,452	7,816,899
<u>Current liabilities</u>			
Other payables	17	241,277	238,109
Other financial liabilities	18	–	1,000,000
Total liabilities		241,277	1,238,109
Total funds and liabilities		8,242,729	9,055,008

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Statement of Cash Flows For the Reporting Year Ended 30 June 2017

	<u>2017</u> \$	<u>2016</u> \$
<u>Cash flows from operating activities</u>		
Surplus from operations	184,553	3,954,411
Adjustments for:		
Depreciation of plant and equipment	124,380	67,728
Interest income	(20,264)	(10,346)
Operating cash flow before changes in working capital	288,669	4,011,793
Inventories	(9,946)	(4,245)
Trade and other receivables	68,939	(488,095)
Other assets	4,034	7,772
Other payables	3,168	151,446
Cash restricted in use	(250,802)	193,484
Net cash flows from operating activities	<u>104,062</u>	<u>3,872,155</u>
<u>Cash flows from investing activities</u>		
Purchase of property, plant and equipment	(2,781)	(4,597,055)
Interest received	20,264	10,346
Net cash flows from (used in) investing activities	<u>17,483</u>	<u>(4,586,709)</u>
<u>Cash flows from financing activities</u>		
(Decrease)/increase in borrowings	(1,000,000)	1,000,000
Net cash flows (used in) from financing activities	<u>(1,000,000)</u>	<u>1,000,000</u>
Net (decrease)/increase in cash and cash equivalents	(878,455)	285,446
Cash and cash equivalents, cash flow statement, beginning balance	1,059,651	774,205
Cash and cash equivalents, cash flow statement, ending balance (Note 13A)	<u><u>181,196</u></u>	<u><u>1,059,651</u></u>

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

Notes to the Financial Statements 30 June 2017

1. General

The Foundation of Rotary Clubs (Singapore) Ltd (the "Foundation") is a company limited by guarantee incorporated in Singapore under the Companies Act, Chapter 50. The Foundation is also a registered charity under the Charities Act, Cap 37 and is an approved Institution of Public Character under the Singapore Income Tax Act, Cap 134. The financial statements are presented in Singapore dollars.

The principal activities of the Foundation are that of a voluntary welfare organisation. The principal activities are carried out by the following units:

- (a) Foundation of Rotary Clubs (Singapore) Ltd ("FRCS")
Provides services that alleviate poverty and suffering, promotes physical and mental well-being and which create environments for personal and societal improvement.
- (b) Rotary Family Service Centre ("RFSC")
Provides family oriented programmes which are responsive to the changing needs of the community.

The financial statements combine the state of affairs and the results of FRCS and RFSC.

The financial statements of Foundation are authorised for issuance by the Directors on the date of the statement by the Directors.

The registered office address is: 133 New Bridge Road #04-03, Chinatown Point, Singapore 059413. The Foundation is situated in Singapore.

Accounting convention

The financial statements have been prepared in accordance with the Financial Reporting Standards in Singapore ("FRS") and the related Interpretations to FRS ("INT FRS") as issued by the Singapore Accounting Standards Council and the Companies Act, Chapter 50. The financial statements are prepared on a going concern basis under the historical cost convention except where an FRS requires an alternative treatment (such as fair values) as disclosed where appropriate in these financial statements. The accounting policies in FRSs may not be applied when the effect of applying them is immaterial. The disclosures required by FRSs need not be provided if the information resulting from that disclosure is not material. Other comprehensive income comprises items of income and expense (including reclassification adjustments) that are not recognised in the income statement, as required or permitted by FRS. Reclassification adjustments are amounts reclassified to profit or loss in the income statement in the current period that were recognised in other comprehensive income in the current or previous periods.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

1. General (cont'd)

Basis of preparation of the financial statements

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

2. Significant accounting policies and other explanatory information

2A. Significant accounting policies

Income recognition

Income including donations, gifts and grants are recognised where there is (a) entitlement (b) certainty and (c) sufficient reliability of measurement. Such income is only deferred when: the donor specifies that the grant or donation must only be used in future accounting periods; or the donor has imposed conditions which must be met before the Foundation has unconditional entitlement.

(a) Grants

Grants to cover a particular expenditure or programme are accounted for as incoming resources upon receipt of notification of the grant award, which normally coincides with the year when the related expenses, for which the grant is intended to cover, are incurred. A government grant is recognised at fair value when there is reasonable assurance that the conditions attaching to it will be complied with and that the grant will be received. Grants and government subvention receipts in recognition of specific expenses are recognised as income to match them with the related costs that they are intended to compensate.

Under the conditions of grant received, over or under funding from National Council of Social Services ("NCSS"), Tote Board, Ministry of Social and Family Development ("MSF") and Ministry of Education ("MOE") are refundable to these entities.

(b) Donations

Income from donation is accounted for when received, except for committed donations and corporate sponsorship that are recorded when the commitments are signed.

(c) Fund raising

Income from special fund-raising events is recognised when the event takes place.

(d) Other income

Interest income is recognised on a time-proportion basis using the effective interest rate that takes into account the effective yield on the asset.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

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

2A. Significant accounting policies (cont'd)

Income recognition (cont'd)

(e) Rental income

Rental revenue is recognised on a time-proportion basis that takes into account the effective yield on the asset on a straight-line basis over the lease term.

Employee benefits

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

Income tax

As a charity, the Foundation is exempt from tax on income and gains falling within section 13U(1) of the Income Tax Act to the extent that these are applied to its charitable objects.

Foreign currency transactions

The functional currency is the Singapore dollar as it reflects the primary economic environment in which the Foundation operates. Transactions in foreign currencies are recorded in the functional currency at the rates ruling at the dates of the transactions.

Property, 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:

Leasehold properties	-	2%
Renovations	-	10%
Plant and equipment	-	20% to 33%

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.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

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

2A. Significant accounting policies (cont'd)

Plant and equipment (cont'd)

Property, 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 property, plant and equipment is measured as the difference between the net disposal proceeds, if any, and the carrying amount of the item and is recognised in statement of financial activities. 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 significantly 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, borrowing cost capitalised and any cost directly attributable to bringing the asset or component to the location and condition necessary for it to be capable of operating in the manner intended by management. Subsequent costs are recognised as an asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to statement of financial activities when they are incurred.

Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. For operating leases, lease payments are recognised as an expense in statement of financial activities 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 statement of financial activities as an integral part of the total lease expense.

Rental income from operating leases is recognised 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. Initial direct cost incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Inventory

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 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.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

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

2A. 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 statement of financial activities to its estimated recoverable amount. The impairment loss is the excess of the carrying amount over the recoverable amount and is recognised in statement of financial activities. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs of disposal and its value in use. When the fair value less costs of disposal method is used, any available recent market transactions are taken into consideration. When the value in use method is adopted, in assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). At each end of the reporting year non-financial assets other than goodwill with impairment loss recognised in prior periods are assessed for possible reversal of the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been measured, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

Initial recognition, measurement and derecognition:

A financial asset is recognised on the statement of financial position when, and only when, the entity becomes a party to the contractual provisions of the instrument. The initial recognition of financial assets is at fair value normally represented by the transaction price. The transaction price for financial asset not classified at fair value through profit or loss includes the transaction costs that are directly attributable to the acquisition or issue of the financial asset. Transaction costs incurred on the acquisition or issue of financial assets classified at fair value through profit or loss are expensed immediately. The transactions are recorded at the trade date. When the settlement date accounting is applied, any change in the fair value of the asset to be received during the period between the trade date and the settlement date is recognised in net profit or loss for assets classified as trading.

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

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

2A. Significant accounting policies (cont'd)

Financial assets (cont'd)

Subsequent measurement:

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

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

Cash and cash equivalents

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

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

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

2A. Significant accounting policies (cont'd)

Financial liabilities

Initial recognition, measurement and derecognition:

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

Subsequent measurement:

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

1. Liabilities at fair value through profit or loss: Liabilities are classified in this category when they are incurred principally for the purpose of selling or repurchasing in the near term (trading liabilities) or are derivatives (except for a derivative that is a designated and effective hedging instrument) or have been classified in this category because the conditions are met to use the "fair value option" and it is used. All changes in fair value relating to liabilities at fair value through profit or loss are charged to profit or loss as incurred. 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.

Fair value measurement

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

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

2A. Significant accounting policies (cont'd)

Fair value measurement (cont'd)

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

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

2B. Other explanatory information

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 Committee. Externally restricted funds may only be utilised in accordance with the purposes established by the source of such funds or through the terms of an appeal and are in contrast with unrestricted funds over which the Management Committee retains full control to use in achieving any of its institutional purposes. An expense resulting from the operating activities of a fund that is directly attributable to the fund is charged to that fund. Common expense if any are allocated on a reasonable basis to the funds based on a method most suitable to that common expense.

Provisions

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

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

2C. Critical judgements, assumptions and estimation uncertainties

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

3. Related party relationships and transactions

FRS 24 on related party disclosures requires the reporting entity to disclose: (a) transactions with its related parties; and (b) relationships between parents and subsidiaries irrespective of whether there have been transactions between those related parties. A party is related to a party if the party controls, or is controlled by, or can significantly influence or is significantly influenced by the other party.

A related party includes the committee members and key management of FRCS and the Centre. 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.

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

3A. Related parties transactions:

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

The 22 Rotary Clubs in Singapore are members of the Foundation. No individual Rotary Club has significant influence on the Foundation. The significant transactions if any with these Rotary Clubs are disclosed in Note 15.

3B. Key management compensation:

	<u>2017</u>	<u>2016</u>
Number of key management in compensation bands:		
\$100,000 to \$200,000	<u>1</u>	<u>1</u>

Key management personnel are the persons having authority and responsibility for planning, directing and controlling the activities of the Foundation, directly or indirectly. The above amount for key management compensation is for the executive director of RFSC.

The directors of the Foundation are volunteers and receive no monetary remuneration for their contribution, except for reimbursement of out-of-pocket expenses, if any claimed.

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4. Tax deductible receipts

The Foundation enjoys a concessionary tax treatment whereby qualifying donors are granted 2.5 (2016: 2.5) times double tax deduction for the donations made to the general funds of the Foundation. The Institutions of Public Character ("IPC") status for general donations made to the general funds of the Foundation was for the period from 1 April 2015 to 31 January 2017. The IPC status has been renewed from 1 February 2017 to 31 July 2019.

	<u>2017</u>	<u>2016</u>
	\$	\$
Tax-exempt receipts issued for donations collected	<u>181,184</u>	<u>2,090,351</u>

5. Government grants - MSF

	<u>2017</u>	<u>2016</u>
	\$	\$
Grants from MSF	1,421,106	1,486,690
Government subsidies from Care N Share	88,206	2,250,000
Government subsidies for Children in Need Fund	—	6,000
Government subsidies from VCF Fund	1,295	—
Total government subvention	<u>1,510,607</u>	<u>3,742,690</u>

6. Other grants

	<u>2017</u>	<u>2016</u>
	\$	\$
Grants – NCSS: Community Chest	77,374	80,720
Grants – NCSS: Tote Board Social Service Fund	378,960	400,638
Other government grants	70,647	124,307
Other miscellaneous grants	30,013	40,904
	<u>556,994</u>	<u>646,569</u>

7. Other miscellaneous income

	<u>2017</u>	<u>2016</u>
	\$	\$
Interest income	20,264	10,346
Rental income	125,520	22,416
Other income	533	13,000
	<u>146,317</u>	<u>45,762</u>

8. Employee benefits expense

	<u>2017</u>	<u>2016</u>
	\$	\$
Salaries and other short-term employee benefits	1,297,772	1,508,900
Contributions to defined contribution plan	232,892	215,110
Other benefits	91,774	109,129
Total employee benefits expense	<u>1,622,438</u>	<u>1,833,139</u>

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9. Items in the statement of financial activities

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the statement of financial activities includes the following items:

	<u>2017</u>	<u>2016</u>
	\$	\$
Audit fees to independent auditors	<u>15,000</u>	<u>6,160</u>

10. Plant and equipment

	<u>Leasehold properties</u>	<u>Renovations</u>	<u>Plant and equipment</u>	<u>Total</u>
	\$	\$	\$	\$
<u>Cost:</u>				
At 1 July 2015	–	341,566	285,002	626,568
Additions	4,579,142	–	17,913	4,597,055
At 30 June 2016	4,579,142	341,566	302,915	5,223,623
Additions	–	–	2,781	2,781
Disposals	–	(335,519)	(125,962)	(461,481)
At 30 June 2017	4,579,142	6,047	179,734	4,764,923
<u>Accumulated depreciation:</u>				
At 1 July 2015	–	336,768	174,327	511,095
Depreciation for the year	30,528	604	36,596	67,728
At 30 June 2016	30,528	337,372	210,923	578,823
Depreciation for the year	91,583	605	32,192	124,380
Disposals	–	(335,519)	(125,962)	(461,481)
At 30 June 2017	122,111	2,458	117,153	241,722
<u>Carrying Value:</u>				
At 1 July 2015	–	4,798	110,675	115,473
At 30 June 2016	4,548,614	4,194	91,992	4,644,800
At 30 June 2017	4,457,031	3,589	62,581	4,523,201

	<u>2017</u>	<u>2016</u>
	\$	\$
Depreciation expense charged to:		
Accumulated Fund	14,386	14,860
Rotary House Project Fund	91,583	30,528
Rotary Family Service Centre Fund	18,411	22,340
	<u>124,380</u>	<u>67,728</u>

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11. Trade and other receivables

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Trade receivables:</u>		
Outside parties	33,769	3,930
Related parties (Note 3)	963	287
Trade receivables – subtotal	<u>34,732</u>	<u>4,217</u>
<u>Other receivables:</u>		
Grant receivable	125,595	95,396
GST receivables	325,021	317,880
Outside parties	88,206	225,000
Other receivables – subtotal	<u>538,822</u>	<u>638,276</u>
Total trade and other receivables	<u>573,554</u>	<u>642,493</u>

12. Other assets

	<u>2017</u>	<u>2016</u>
	\$	\$
Deposits to secure services	18,759	9,119
Prepayments	12,094	25,768
	<u>30,853</u>	<u>34,887</u>

13. Cash and cash equivalents

	<u>2017</u>	<u>2016</u>
	\$	\$
Cash in hand	2,340	2,066
Cash at banks	1,358,892	1,700,117
Fixed deposits	1,739,449	2,026,151
	<u>3,100,681</u>	<u>3,728,334</u>

	<u>2017</u>	<u>2016</u>
	\$	\$
Not restricted in use	181,196	1,059,651
Cash under unrestricted designated funds	112,613	–
Cash ring-fenced for exclusive use of RFSC	2,238,137	2,007,258
Cash under restricted funds	568,735	661,425
	<u>3,100,681</u>	<u>3,728,334</u>

Interest earning balances	<u>1,739,449</u>	<u>2,026,151</u>
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The rate of interest for the cash on interest earning balances is between 0.15% and 1.40% (2016: 0.15% and 1.86%) per annum.

The interest earning balances are not significant.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

13. Cash and cash equivalents (cont'd)

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Amount as shown above	3,100,681	3,728,334
Cash under unrestricted designated funds	(112,613)	–
Cash ring-fenced for exclusive use of RFSC	(2,238,137)	(2,007,258)
Cash under restricted funds	(568,735)	(661,425)
Cash and cash equivalents for statement of cash flows purposes at end of year	<u>181,196</u>	<u>1,059,651</u>

14. Accumulated funds

	<u>2017</u>	<u>2016</u>
	\$	\$
Unrestricted accumulated funds	<u>656,855</u>	<u>692,389</u>
Resources expended	281,285	395,533
Ratio of reserves to annual resources expended (times)	<u>2.34</u>	<u>1.75</u>

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

The Foundation is a company limited by guarantee and has no share capital. The Foundation has 22 (2016: 22) members represented by the Rotary Clubs in Singapore.

15. Restricted funds – programme/project funds

The programme/project funds of the Foundation comprise the following.

Programme funds

- (a) Children in Need Fund represents fund raised by Rotary Club of Bugis Junction to provide financial assistance to children identified by the social workers.
- (b) ITE Excellence Awards Fund represents funds for the purpose of rewarding ITE outstanding students to build self-confidence and pride in their skills.
- (c) Avoidable Blindness Fund represents funds raised to combat against blindness that can be avoided. The fund is used to help those inflicted with such illnesses and others who are at risk.
- (d) My Wish Fund represents funds raised by Rotary eClub of District 3310 to grant meaningful wishes to terminally-ill adult patients from low-income households.
- (e) Family Aid Fund represents funds raised by Rotary Club of Pandan Valley to provide financial aid for low-income families.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

15. Restricted funds – programme/project funds (cont'd)

- (f) Crohn's Irritable Bowel (IBS) Fund represents funds raised by Rotary Club of Raffles City to support the patients suffering from IBS.
- (g) Cotton On Youth Project Fund represents funds to support youth projects that create positive and measureable change in the lives of young men and women in Singapore or an ASEAN country.
- (h) Meals from the Heart Fund represents funds raised to provide meal coupons to needy senior citizens residing in Boon Lay and Yuhua Constituency.
- (i) Happiness Fund represents funds raised by Rotary Club of Jurong Town for use in Inter-generational projects for the needy aged.
- (j) Crohn's & Colitis Society of Singapore (CCSS) Fund represents funds raised by Rotary Club of Raffles City for the purpose of providing financial assistance to patients.
- (k) Children's Education/Kid's Read Fund represents funds raised by Rotary Club of Queenstown to provide interactive reading session with the school students.
- (l) Lee Foundation – Financial Assistance Fund represents funds from Lee Foundation for the purpose of providing financial assistance to low-income individuals for a period of six months.
- (m) School Pocket Money Fund represents funds (initiated by the Straits Times) to assist students from low-income families with their educational expenses.
- (n) Family Service Centre (FSC) Comcare fund represents funds from the Ministry of Social and Family Development for the purpose of providing urgent financial assistance to the FSC's active clients. Assistance to clients is disbursed in the form of cash, vouchers or food rations.
- (o) RFSC SuperStudents Fund represents funds for primary and secondary school students bursary awards, education assistance fund and back to school fund.
- (p) Community Chest Haze Fund represents funds for the purpose of alleviating the haze situation by supporting programme operations and clients during the haze situation.

Projects funds

- (a) Check in for Charity fund;
- (b) RCSpore East Education Bursary fund;
- (c) Diaper and milk project fund;
- (d) Stop Hunger fund;
- (e) Kick Sarcoma (Tanglin) fund;
- (f) Bishan Home Van Project fund;
- (g) CNY Red Hill Resident Outreach fund;
- (h) ISCOS Project (RC Raffles City) fund;
- (i) SG50 Giving (MOE) fund;
- (j) KKBT Joint Home Makeover RCBJ.

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

15A. Programme and other project funds

2017

2017	FRCS										RFSC							
	Children in Need Fund \$	ITE Excellence Awards Fund \$	Avoidable Blindness Fund \$	My Wish Fund \$	Family Aid Fund \$	Crohn's IBS Fund \$	Cotton-On Youth Project Fund \$	Meals from the Hearts Fund \$	Happiness Fund \$	CCSS Fund \$	Children's Education /Kid's Read Fund \$	Other Project Funds (Note 15B) \$	Lee Foundation – Financial Assistance Fund \$	School Pocket Money Fund \$	FSC Comcare Fund \$	RFSC SuperStu-dents Fund \$	Communi-ty Chest Haze Fund \$	Total \$
Incoming Resources:																		
Other grants	-	-	-	-	-	-	-	-	-	-	-	-	13,920	-	-	11,675	-	25,595
Donations	-	-	-	1,500	-	-	-	-	-	-	-	29,995	-	45,786	-	2,000	-	79,281
Total incoming resources	-	-	-	1,500	-	-	-	-	-	-	-	29,995	13,920	45,786	-	13,675	-	104,876
Resources Expended:																		
Programme expenses	-	960	6,000	3,092	-	40,000	30,000	-	3,000	15,420	20,000	4,500	15,160	44,220	3,015	11,200	-	196,567
Total resources expended	-	960	6,000	3,092	-	40,000	30,000	-	3,000	15,420	20,000	4,500	15,160	44,220	3,015	11,200	-	196,567
Net surplus (deficit)	-	(960)	(6,000)	(1,592)	-	(40,000)	(30,000)	-	(3,000)	(15,420)	(20,000)	25,495	(1,240)	1,566	(3,015)	2,475	-	(91,691)
Balance as at 1 July 2016	1,592	2,348	174,167	32,038	1,240	56,329	197,000	45,028	75,804	15,420	24,318	13,590	7,960	5,501	8,218	-	872	661,425
Balance as at 30 June 2017	1,592	1,388	168,167	30,446	1,240	16,329	167,000	45,028	72,804	-	4,318	39,085	6,720	7,067	5,203	2,475	872	569,734

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

15A. Programme and other project funds (cont'd)

2016

2016	FRCS												RFSC				
	Children in Need Fund \$	ITE Excellence Awards Fund \$	Avoidable Blindness Fund \$	My Wish Fund \$	Family Aid Fund \$	Crohn's IBS Fund \$	Cotton-On Youth Project Fund \$	Meals from the Hearts Fund \$	Happiness Fund \$	CCSS Fund \$	Children's Education /Kid's Read Fund \$	Other Project Funds (Note 15B) \$	Lee Foundation – Financial Assistance Fund \$	School Pocket Money Fund \$	FSC Comcare Fund \$	(Reclassified) Community Chest Haze Fund \$	Total \$
Incoming Resources:																	
Government grant	6,000	-	-	-	-	-	-	-	-	-	-	-	-	-	10,240	-	16,240
Other grants	-	-	-	-	-	-	-	-	-	-	-	152,937	14,580	-	-	-	167,517
Donations	4,989	1,700	2,092	800	-	1,000	-	-	-	20,000	-	-	-	45,734	-	-	76,315
Total incoming resources	10,989	1,700	2,092	800	-	1,000	-	-	-	20,000	-	152,937	14,580	45,734	10,240	-	260,072
Resources Expended:																	
Programme expenses	9,397	960	1,000	2,428	-	-	30,000	1,913	4,671	4,580	20,000	146,687	15,570	63,070	5,307	128	305,711
Total resources expended	9,397	960	1,000	2,428	-	-	30,000	1,913	4,671	4,580	20,000	146,687	15,570	63,070	5,307	128	305,711
Net surplus (deficit)	1,592	740	1,092	(1,628)	-	1,000	(30,000)	(1,913)	(4,671)	15,420	(20,000)	6,250	(990)	(17,336)	4,933	(128)	(45,639)
Balance as at 1 July 2015	-	1,608	173,075	33,666	1,240	55,329	227,000	46,941	80,475	-	44,318	7,340	8,950	22,837	3,285	1,000	707,064
Balance as at 30 June 2016	1,592	2,348	174,167	32,038	1,240	56,329	197,000	45,028	75,804	15,420	24,318	13,590	7,960	5,501	8,218	872	661,425

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15B. Other project funds

2017	FRCS			Total \$
	Check in for Charity (Tanglin) Fund \$	RCSpore East Education Bursary Fund \$	RCPV CNY 2017 Fund \$	
<u>Incoming Resources:</u>				
Donations	-	25,495	4,500	29,995
Total incoming resources	-	25,495	4,500	29,995
<u>Resources Expended:</u>				
Programme expenses	-	-	4,500	4,500
Total resources expended	-	-	4,500	4,500
Net surplus (deficit)	-	25,495	-	25,495
Balance as at 1 July 2016	7,340	6,250	-	13,590
Balance as at 30 June 2017	7,340	31,745	-	39,085

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

15B. Other project funds (cont'd)

	FRCS									
	Check in for Charity (Tanglin) Fund \$	RCSpore East Education Bursary Fund \$	Diaper and Milk Project Fund \$	Stop Hunger Fund \$	Kick Sarcoma Fund \$	Bishan Home Van Project Fund \$	CNY Red Hill Resident Outreach Fund \$	ISCOS Project Fund \$	SG50 Giving Fund \$	KKBT Joint Home Makeover Fund \$
<u>Incoming Resources:</u>										
Donations	-	6,250	11,500	10,000	19,587	58,300	7,000	20,000	10,000	10,300
Total incoming resources	-	6,250	11,500	10,000	19,587	58,300	7,000	20,000	10,000	10,300
<u>Resources Expended:</u>										
Programme expenses	-	-	11,500	10,000	19,587	58,300	7,000	20,000	10,000	10,300
Total resources expended	-	-	11,500	10,000	19,587	58,300	7,000	20,000	10,000	10,300
Net surplus (deficit)	-	6,250	-	-	-	-	-	-	-	-
Balance as at 1 July 2015	7,340	-	-	-	-	-	-	-	-	-
Balance as at 30 June 2016	7,340	6,250	-	-	-	-	-	-	-	-

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

16. Categorisation of fund account balances

	Unrestricted	Restricted				Elimination	
	Accumulated Fund \$	Rotary House Project Fund \$	Rotary Family Service Centre Fund \$	Programme funds (Note 15) \$	Sub Total \$	between funds \$	Total \$
2017							
Assets							
Non-current assets							
Property, plant and equipment	33,413	4,457,031	32,757	—	4,489,788	—	4,523,201
	33,413	4,457,031	32,757	—	4,489,788	—	4,523,201
Current assets							
Trade and other receivables	447,959	—	125,595	—	125,595	—	573,554
Inventories	14,440	—	—	—	—	—	14,440
Other assets	18,182	—	12,671	—	12,671	—	30,853
Interfund balances	11,292	—	(2,386)	1,000	(1,386)	(9,906)	—
Cash and cash equivalents	181,176	105,014	2,245,757	568,734	2,919,505	—	3,100,681
	673,049	105,014	2,381,637	569,734	3,056,385	(9,906)	3,719,528
Total assets	706,462	4,562,045	2,414,394	569,734	7,546,173	(9,906)	8,242,729
Current liabilities							
Other payables	55,604	—	185,673	—	185,673	—	241,277
Transfer between funds	(12,230)	—	12,230	—	12,230	—	—
Interfund balances	6,233	—	3,673	—	3,673	(9,906)	—
	49,607	—	201,576	—	201,576	(9,906)	241,277
Net assets	656,855	4,562,045	2,212,818	569,734	7,344,597	—	8,001,452

FOUNDATION OF ROTARY CLUBS (SINGAPORE) LTD

16. Categorisation of fund account balances (cont'd)

	Unrestricted	Restricted				Elimination between funds	Total
	Accumulated Fund \$	Rotary House Project Fund \$	Rotary Family Service Centre Fund	Programme funds (Note 15) \$	Sub Total \$	\$	\$
2016							
Assets							
Non-current assets							
Property, plant and equipment	45,018		51,168	—	4,599,782	—	4,644,800
	45,018	4,548,614	51,168	—	4,599,782	—	4,644,800
Current assets							
Trade and other receivables	547,097	—	95,396	—	95,396	—	642,493
Inventories	4,494	—	—	—	—	—	4,494
Other assets	20,950	—	13,937	—	13,937	—	34,887
Interfund balances	—	—	4,770	—	4,770	(4,770)	—
Cash and cash equivalents	1,059,651	—	2,007,258	661,425	2,668,683	—	3,728,334
	1,632,192	—	2,121,361	661,425	2,782,786	(4,770)	4,410,208
Total assets	1,677,210	4,548,614	2,172,529	661,425	7,382,568	(4,770)	9,055,008
Current liabilities							
Other payables	20,155	—	217,954	—	217,954	—	238,109
Other financial liabilities	1,000,000	—	—	—	—	—	1,000,000
Transfer between funds	(40,104)	27,874	12,230	—	40,104	—	—
Interfund balances	4,770	—	—	—	—	(4,770)	—
	984,821	27,874	230,184	—	258,058	(4,770)	1,238,109
Net assets	692,389	4,520,740	1,942,345	661,425	7,124,510	—	7,816,899

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17. Other payables

	<u>2017</u>	<u>2016</u>
	\$	\$
Other payable and accrued liabilities	218,357	225,189
Rental deposit received	<u>22,920</u>	<u>12,920</u>
	<u>241,277</u>	<u>238,109</u>

18. Other financial liabilities

	<u>2017</u>	<u>2016</u>
	\$	\$
Loans from directors	–	400,000
Loans from Rotarians	<u>–</u>	<u>600,000</u>
	<u>–</u>	<u>1,000,000</u>

The loans were unsecured, and non interest bearing. The loans were fully repaid during the current reporting year.

19. Operating lease income commitments – as lessor

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Not later than one year	95,009	77,520
Later than one year and not later than five years	<u>12,000</u>	<u>35,009</u>
	<u>107,009</u>	<u>112,529</u>
Rental income for the year	<u>125,520</u>	<u>22,416</u>

20. Financial instruments: information on financial risks

20A. Categories of financial assets and liabilities

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

	<u>2017</u>	<u>2016</u>
	\$	\$
<u>Financial assets:</u>		
Cash and cash equivalents	3,100,681	3,728,334
Loans and receivables	<u>573,554</u>	<u>642,493</u>
At end of the year	<u>3,674,235</u>	<u>4,370,827</u>
<u>Financial liabilities:</u>		
Other payables measured at amortised cost	<u>241,276</u>	<u>238,109</u>
At end of the year	<u>241,276</u>	<u>238,109</u>

Further quantitative disclosures are included throughout these financial statements.

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

20B. Financial risk management

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

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

20C. Fair values of financial instruments

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

20D. 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 year. Credit risk on cash balances with banks and derivative financial instruments is limited because the counterparties are banks with acceptable credit ratings. For credit risk on receivables an ongoing credit evaluation is performed of the counter-parties' financial condition and a loss from impairment is recognised in the statement of financial activities. There is significant concentration of credit risk on receivables, as the exposure is spread over a small number of counter-parties and debtors. The Foundation has policies in place to ensure that credit risk is mitigated.

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

20E. Liquidity risk – financial liabilities maturity

There are no liabilities contracted to fall due after twelve months at the end of the reporting 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 (2016: 30 days). The other payables are with short-term durations. The classification of the financial assets is shown in the statement of financial position as they may be available to meet liquidity needs and no further analysis is deemed necessary.

The Foundation has sufficient cash balances to support cash commitments from their existing liabilities.

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

20F. Interest rate risk

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

	<u>2017</u>	<u>2016</u>
	\$	\$
Financial assets:		
Fixed rates	<u>1,739,449</u>	<u>2,026,151</u>

Sensitivity analysis: The effect on pre-tax profit is not significant.

20G. Foreign currency risks

There is insignificant exposure to foreign currency risk.

21. Changes and adoption of financial reporting standards

For the current reporting year new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council. Those applicable to the reporting entity are listed below. These applicable new or revised standards did not require any modification of the measurement methods or the presentation in the financial statements.

FRS No. Title

FRS 1 Amendments to FRS 1: Disclosure Initiative

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

For the future reporting years new or revised Financial Reporting Standards in Singapore and the related Interpretations to FRS ("INT FRS") were issued by the Singapore Accounting Standards Council and these will only be effective for future reporting years. Those applicable to the reporting entity for future reporting years are listed below. The transfer to the applicable new or revised standards from the effective dates is not expected to result in material adjustments to the financial position, results of operations, or cash flows for the following year.

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

23. Reclassifications and comparative figures

Disclosure Initiative (Amendments to FRS1) effective from 1 January 2016 requires that an entity shall not reduce the understandability of its financial statements by obscuring material information with immaterial information. The certain regrouping were made to the balances in the financial statements for reporting year 2016. These reclassifications have no significant impact to the financial performance or the financial position of Foundation. Therefore the opening balance of the earliest comparative period is not presented in the statement of financial position.