

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION  
(SINGAPORE BRANCH)

FINANCIAL STATEMENTS FOR THE YEAR  
ENDED 31 DECEMBER 2008

T. Y. KAN & COMPANY  
Certified Public Accountants

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

STATEMENT BY DIRECTORS

*For the financial year ended 31 December 2008*

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In the opinion of the directors, the accompanying financial statements set out on pages 3 to 14 are properly drawn up so as to give a true and fair presentation of the state of affairs of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) at 31 December 2008 in accordance with Singapore Financial Reporting Standards, the results of its operation and changes in funds and cash flows for the financial year then ended.

On behalf of the Board of Directors,

  
LIN SU-YIN  
Director

  
LIU MING TA  
Chief Executive Officer

  
TEO CHEE SENG  
Director

Singapore, 20 MAR 2009

## INFORMATION

### *REGISTERED OFFICE*

9 Elias Road  
Singapore 519937

### *AUDITORS*

T. Y. KAN & CO.  
150 South Bridge Road  
#04-02 Fook Hai Building  
Singapore 058727

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**INDEPENDENT AUDITOR'S REPORT**

TO THE MEMBERS OF BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

We have audited the accompanying financial statements of Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) ("the Society"), which comprise the balance sheet as at 31 December 2008, the statement of financial activities, statement of changes in funds and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

***Management's Responsibility for the Financial Statements***

The Society's Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes:

- (a) designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

***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 Society'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 Society's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion,

- (a) the financial statements are properly drawn up in accordance with Singapore Financial Reporting Standards, and so as to present fairly the state of affairs of the Society at 31 December 2008 and of the results, changes in funds and cash flows of the Society for the year then ended on that date;
- (b) the accounting and other records required by the regulations enacted under the Societies Act Cap. 311 to be kept by the Society have been properly kept in accordance with those regulations; and
- (c) the fund-raising appeals held during the financial year have been carried out in accordance with regulation 6 of the Societies Regulations and proper accounting and other records have been kept of the fund-raising appeals.



T. Y. KAN & COMPANY  
Certified Public Accountants

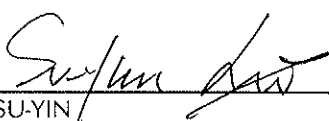
Singapore, 20 MAR 2009


BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)


STATEMENT OF FINANCIAL ACTIVITIES

For the financial year ended 31 December 2008

	Note	2008 \$	2007 \$
<b>Income</b>			
Voluntary income			
Donations	3	3,172,062	2,320,176
Donations for overseas charities	4	389,853	276,533
Income from fund-raising activities	5	3,411,469	494,148
Sales of goods		429,617	249,292
Rental income		-	12,000
Interest income		3,481	28,481
Sundry income		22,298	25,754
		<u>7,428,780</u>	<u>3,406,384</u>
<b>Expenditure</b>			
Charitable expenses	6	917,051	700,372
Overseas donations	7	3,329,948	250,054
Administrative expenses			
Staff costs	8	611,333	523,714
Depreciation		247,312	247,939
Other operating expenses	9	1,150,061	804,976
		<u>6,255,705</u>	<u>2,527,055</u>
Net surplus of income over expenditure		<u>1,173,075</u>	<u>879,329</u>

  
 LIN SU-YIN  
 Director

  
 TEO CHEE SENG  
 Director

  
 LIU MING TA  
 Chief Executive Officer

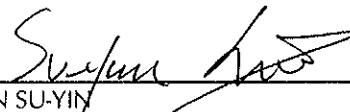
The annexed notes form an integral part of and should be read in conjunction with these financial statements


BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)


BALANCE SHEET

As at 31 December 2008

	Note	2008 \$	2007 \$
<b>NON-CURRENT ASSETS</b>			
Plant and equipment	10	616,219	503,647
<b>CURRENT ASSETS</b>			
Inventories	11	202,060	109,433
Deposits, prepayments & other receivables	12	275,035	5,187,015
Cash and bank balances		5,686,973	4,662,143
		<u>6,164,068</u>	<u>9,958,591</u>
<b>Total assets</b>		<u>6,780,287</u>	<u>10,462,238</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	13	575,285	420,225
Accrued operating expenses		53,240	60,068
		<u>628,525</u>	<u>480,293</u>
<b>Total liabilities</b>		<u>628,525</u>	<u>480,293</u>
<b>Net assets</b>		<u>6,151,762</u>	<u>9,981,945</u>
<b>Represented by:</b>			
Members' fund		42,136	42,136
New building fund (local)		-	7,083,146
Tzu-Chi International Medical Association Fund		117,456	117,456
Social activity fund		483,196	483,196
Accumulated surplus		5,508,974	2,256,011
		<u>6,151,762</u>	<u>9,981,945</u>

  
 LIN SU-YIN  
 Director

  
 TEO CHEE SENG  
 Director

  
 LIU MING TA  
 Chief Executive Officer

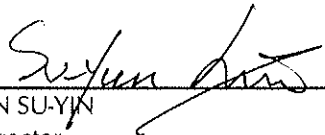
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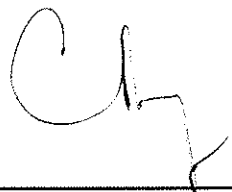
BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

STATEMENT OF CHANGES IN FUNDS

For the financial year ended 31 December 2008

	Accumulated <u>Surplus</u> \$	Members' <u>Fund</u> \$	Social Activity <u>Fund</u> \$	Tzu-Chi International Medical Association <u>Fund</u> \$	Local Building <u>Fund</u> \$	<u>Total</u> \$
Balance at 1 January 2008	2,256,011	42,136	483,196	117,456	7,083,146	9,981,945
Surplus for the financial year	1,173,075	-	-	-	-	1,173,075
Offset cost of building (Note 12)	-	-	-	-	(5,003,258)	(5,003,258)
Transfer to accumulated fund	2,079,888	-	-	-	(2,079,888)	-
Balance at 31 December 2008	5,508,974	42,136	483,196	117,456	-	6,151,762
Balance at 1 January 2007	1,376,682	42,136	483,196	117,456	6,300,972	8,320,442
Surplus for the financial year	879,329	-	-	-	-	879,329
Contribution received	-	-	-	-	782,174	782,174
Balance at 31 December 2007	2,256,011	42,136	483,196	117,456	7,083,146	9,981,945

  
LIN SU-YIN  
Director

  
TEO CHEE SENG  
Director

  
LIU MING TA  
Chief Executive Officer

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BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

CASH FLOW STATEMENT

For the financial year ended 31 December 2008

	2008	2007
	\$	\$
Cash flows from operating activities		
Net surplus of income over expenditure	1,173,075	879,329
Adjustment for :		
Depreciation expense	247,312	247,939
Loss on disposal of plant and equipment	-	841
Interest income	(3,481)	(28,481)
Operating cash flow before working capital changes	<u>1,416,906</u>	<u>1,099,628</u>
Changes in operating assets and liabilities		
Increase in inventories	(92,627)	(57,280)
Increase in deposits, prepayments & other receivables	(91,278)	(247,630)
Increase/(decrease) in trade and other payables	148,232	(7,000)
Cash generated from operations	<u>1,381,233</u>	<u>787,718</u>
Contribution received for Local Building Fund	-	782,174
<i>Net cash provided by operating activities</i>	<u>1,381,233</u>	<u>1,569,892</u>
Cash flows from investing activity :-		
Purchase of plant and equipment	(359,884)	(169,475)
Interest income received	3,481	28,481
<i>Net cash used in investing activity</i>	<u>(356,403)</u>	<u>(140,994)</u>
<i>Net increase in cash and cash equivalents</i>	1,024,830	1,428,898
Cash and cash equivalents at beginning of year	<u>4,662,143</u>	<u>3,233,245</u>
Cash and cash equivalents at end of year	<u>5,686,973</u>	<u>4,662,143</u>

The annexed notes form an integral part of and should be read in conjunction with these financial statements



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

### NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

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

#### 1 General information & principal activities

The Buddhist Compassion Relief Tzu-Chi Foundation (Singapore Branch) ("the Society") is registered under the Societies Act, Cap. 311. The registered address and principal place of activities is:

9 Elias Road  
Singapore 519937

The principal activities of the Society 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 society.

#### 2 Significant accounting policies

##### a) *Basis of accounting and preparation*

The financial statements are expressed in Singapore dollars which is the Society's functional currency, have been prepared in accordance with Singapore Financial Reporting Standards ("FRS"). The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with FRS requires the use of 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 financial year. Although these estimates are based on management's best knowledge of current events and actions and historical experiences and various other factors that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The significant accounting policy that requires management's judgement in its application that has the most significant effect on the financial statements is in respect of management's decision on the estimated useful lives of plant and equipment which is disclosed in note 2d).

##### b) *Revenue recognition*

i) Income from donations is recognised on a receipt basis.

ii) Income generated from cultural and social activities is recognised upon the completion of events organised by the Society.

iii) Interest income is recognised on an accrual basis.

##### c) *Employee benefits*

###### Employee leave entitlement

Employee leave entitlements are recognised when they accrued to employees. A provision is made for the estimated liability of employees' unutilised annual leave up to the balance sheet date.

###### Central Provident Fund contribution

The Society makes legally required contributions to the state pension scheme, Central Provident Fund ("CPF"). CPF contributions are recognised as compensation expense in the same period as the employment that gives rise to the contribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2 Significant accounting policies – cont'd

d) *Plant and equipment*

All plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Donated plant and equipment are stated at estimated realisable value determined by the Board of Directors at the date of receipt of such donated assets.

Depreciation is calculated on the straight-line method to write off the cost or estimated realizable value of the assets over their estimated useful lives. The estimated useful lives of the assets have been taken as follows:

Furniture, fittings & equipment	10 years
Office equipment	4 – 5 years
Computer equipment	1 year
Electrical appliances	3.33 – 5 years
Medical equipment	5 years
Motor vehicles	6.25 years
Renovation	5 years
Tentage	5 years
Office improvement	5 years

Fully depreciated assets are retained in the financial statements until they are no longer in use.

e) *Inventories*

Inventories are stated at the lower of cost and net realisable value. Cost is determined by the first-in, first-out basis. Net realisable value is the estimate of the selling price in the ordinary course of business less selling expenses.

f) *Financial assets*

The Society's principal financial assets are cash and bank balances, trade and other receivables.

Cash and bank balances are stated at cost.

Trade and other receivables are recognised and carried at original invoice amount less allowance for any uncollectible amount. An allowance for doubtful receivables is made when the collection for the full amount is no longer probable. Known bad receivables are written off as incurred.

g) *Financial liabilities*

Financial liabilities are classified according to the substance of the contractual arrangements entered into. Trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods received and services rendered, whether or not billed to the Society.

h) *Provisions*

Provisions are recognised when the Society has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

i) *Operating leases*

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are taken to the statement of financial activities on a straight-line basis over the period of the lease.

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

2 Significant accounting policies – cont'd

j) *Impairment of non-financial assets*

Non-financial assets are reviewed for impairment at each balance sheet date or whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised in the statement of financial activities.

Reversal of impairment losses recognised in prior years is recorded when there is any indication that the impairment losses recognised for the asset no longer exist or have decreased. The reversal is recorded in income. However, the increased in carrying amount of an asset due to a reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for that asset in prior years.

k) *Funds*

*Members' Fund*

The Members' Fund was set up to finance the operation of the Society. The entrance membership subscription fee is recognised as income to the Members' fund on a receipt basis.

*Social Activity Fund*

The Social Activity Fund was established to carry out social and cultural activities.

*Tzu-Chi International Medical Association Fund*

Tzu-Chi International Medical Association Fund is designated to finance the set-up and operations of a free clinic in Singapore.

3 Donations

	2008	2007
	\$	\$
Donations for charitable activities	1,005,372	1,325,173
Donations for cultural and social activities	2,166,690	995,003
	<u>3,172,062</u>	<u>2,320,176</u>

4 Donations income for overseas charities

	2008	2007
	\$	\$
Donations for Overseas Development Fund	296,475	261,300
Donations for Overseas International Relief Fund	76,578	15,233
Donations for Overseas International Fund – Singapore	16,800	-
	<u>389,853</u>	<u>276,533</u>

5 Income from fund raising activities

	2008	2007
	\$	\$
Donations for Myanmar cyclone and China earthquake	2,971,961	-
Donations from other fund raising activities	439,508	494,148
	<u>3,411,469</u>	<u>494,148</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

6	Charitable expenses	2008 \$	2007 \$
	Local expenses		
	Donations to home of the aged	19,855	7,698
	Donations to long term caring family	166,245	154,670
	Medical treatment expenses - local patients	261,139	184,265
	Special donations	46,950	34,260
	Subsistence	9,456	19,117
	Miscellaneous	38,498	14,458
	Free clinic expenses	366,603	162,174
		<u>908,746</u>	<u>576,642</u>
	Overseas expenses		
	Medical treatment expenses		
	- Overseas patients	124	62,346
	- Medical mission	8,181	61,384
		<u>8,305</u>	<u>123,730</u>
	Total charitable expenses	<u>917,051</u>	<u>700,372</u>
7	Overseas donations	2008 \$	2007 \$
	Donations to head office - Myanmar cyclone and China earthquake	2,971,961	-
	Donations to head office - Overseas development fund	357,987	250,054
		<u>3,329,948</u>	<u>250,054</u>
8	Staff costs	2008 \$	2007 \$
	Wages and salaries	543,669	467,901
	CPF contribution	67,664	55,813
		<u>611,333</u>	<u>523,714</u>

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

9 Other operating expenses	2008	2007
	\$	\$
Auditors' remuneration	3,500	3,500
Bank charges	1,700	1,690
Cost of sales	348,675	196,342
Education and culture	6,283	9,255
General expenses	128,542	63,452
Insurance	10,264	12,957
Internet, postage & stamps	4,194	5,482
Loss on disposal of plant and equipment	-	841
Other social activities	299,285	210,684
Printing & stationary	16,898	16,340
Professional fees	1,020	2,535
Property tax	3,120	-
Rental expense	65,053	70,697
Repair & maintenance	87,092	48,014
Security services	24,887	24,600
Staff welfare	7,338	6,271
Telephone expenses	12,442	8,317
Transport expenses	1,084	1,506
Travelling expenses	26,919	16,190
Upkeep of motor vehicles	14,640	10,377
Utilities	87,125	95,926
	<u>1,150,061</u>	<u>804,976</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**

*For the financial year ended 31 December 2008*

10 Plant and equipment	Office	Furniture,	Electrical	Medical	Motor	Donated	Statures	Reno-	Tentage	Total		
	improvement	office	appliances	equipment	vehicles	fixed	assets	vation				
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$		
<b>Cost</b>												
As at 01.01.2007	-	271,454	136,250	42,628	300,416	114,284	93,027	454	9,440	189,822	-	1,157,775
Additions	-	4,642	5,404	45,705	2,408	1,838	-	-	-	-	109,478	169,475
Disposal	-	(3,892)	(9,223)	-	(8,518)	-	-	-	-	-	-	(21,633)
As at 31.12.2007 and 01.01.2008	-	272,204	132,431	88,333	294,306	116,122	93,027	454	9,440	189,822	109,478	1,305,617
Additions	164,760	51,705	9,664	14,431	41,825	54,659	-	-	-	-	22,840	359,884
As at 31.12.2008	164,760	323,909	142,095	102,764	336,131	170,781	93,027	454	9,440	189,822	132,318	1,665,501
<b>Accumulated depreciation</b>												
As at 01.01.2007	-	91,713	106,239	42,628	156,077	65,877	26,920	-	9,440	75,929	-	574,823
Charge for 2007	-	24,887	21,871	45,705	57,171	23,224	15,220	-	-	37,965	21,896	247,939
Disposals	-	(3,253)	(9,021)	-	(8,518)	-	-	-	-	-	-	(20,792)
As at 31.12.2007 and 01.01.2008	-	113,347	119,089	88,333	204,730	89,101	42,140	-	9,440	113,894	21,896	801,970
Charge for 2008	32,952	30,057	7,652	14,431	55,045	27,527	15,220	-	-	37,964	26,464	247,312
As at 31.12.2008	32,952	143,404	126,741	102,764	259,775	116,628	57,360	-	9,440	151,858	48,360	1,049,282
<b>Net carrying value</b>												
As at 31.12.2008	131,808	180,505	15,354	-	76,356	54,153	35,667	454	-	37,964	83,958	616,219
As at 31.12.2007	-	158,857	13,342	-	89,576	27,021	50,887	454	-	75,928	87,582	503,647

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

11	Inventories	2008	2007
		\$	\$
	Books, uniforms & accessories at cost	202,060	109,433
12	Deposits, prepayments & other receivables	2008	2007
		\$	\$
	Other receivables	145,834	101,081
	Deposits	42,330	48,180
	Prepayments	86,871	12,536
	Progress payment – new building (refer below)	-	5,025,218
		275,035	5,187,015
	Movement in progress payment – new building :		
	Balance at beginning of year	5,025,218	4,735,016
	Progress payment during the year	28,040	290,202
	Overpayment in prior year written back	(50,000)	-
		5,003,258	5,025,218
	Transfer to Local Building Fund	(5,003,258)	-
	Balance at end of year	-	5,025,218
13	Trade and other payables	2008	2007
		\$	\$
	Other payables	482,700	415,276
	Donation	92,585	4,949
	Accrued operating expenses	53,240	60,068
		628,525	480,293
14	Income tax		
	No provision was made as with effect from the Year of Assessment 2008, the requirement for charities to spend at least 80% of their annual receipts on charitable objects in Singapore within 2 years in order to enjoy income tax exemption has been removed.		
15	Operating lease commitments		
	The future minimum lease payments under non-cancellable operating leases are payable as follows:		
		2008	2007
		\$	\$
	Within one year	66,418	56,318
	After one year but not more than 5 years	62,601	79,974
		129,019	136,292

BUDDHIST COMPASSION RELIEF TZU-CHI FOUNDATION (SINGAPORE BRANCH)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2008

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16 Related party transactions

The following related party transactions took place between the Society and related parties during the financial year on terms agreed by the parties concerned:

	2008	2007
	\$	\$
Purchase of goods from related parties	396,971	202,136
Rental expenses to the head office	12	26,412

17 Financial risk management

The main risks arising from the Society's financial statements are credit risk and liquidity risk.

*Credit risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

At balance sheet date, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

*Liquidity risk*

In the management of liquidity risk, the company monitors and maintains a level of cash and bank balances deemed adequate by the management to finance the Society's operations and mitigate the effects of fluctuations in cash flows.

*Fair values*

The carrying amounts of the financial assets and financial liabilities in the financial statements represent their respective net fair values.

18 Authorisation of financial statements

The financial statements of the Society for the financial year ended 31 December 2008 were authorised by the Board of Directors for issue on 20 March 2009.