

Ronald McDonald House Charities Singapore

Registration Number: 0237/1997/WEL

(Registered under the Societies Act, Chapter 311)

Registration Number: 01395

(Registered under the Charities Act, Chapter 37)

Annual Financial Statements

31 December 2017



Ronald McDonald House Charities Singapore

Index

	Page
Independent auditor's report	1
Statement of financial position	4
Statement of comprehensive income	5
Statement of changes in fund	6
Statement of cash flow	7
Notes to the financial statements	8

Ronald McDonald House Charities Singapore

Independent auditor's report For the financial year ended 31 December 2017

Independent auditor's report to the Management Committee of Ronald McDonald House Charities Singapore

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ronald McDonald House Charities Singapore (the "Charity"), which comprise the statement of financial position as at 31 December 2017, the statement of comprehensive income, statement of changes in fund and statement of cash flows of the Charity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Societies Act, Chapter 311 (the Societies 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 Charity as at 31 December 2017 and of the financial performance, changes in fund and cash flows of the Charity for the 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 'Auditors' responsibilities for the audit of the Financial Statements section of our report. We are independent of the Charity in accordance with the Accounting and Corporate Regulatory Authority 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

Responsibility of management and Management Committee 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 Societies 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 losses 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 Charity'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 Charity or to cease operations, or has no realistic alternative but to do so.

The Management Committee's responsibility include overseeing the Charity's financial reporting process.

Ronald McDonald House Charities Singapore

Independent auditor's report For the financial year ended 31 December 2017

Independent auditor's report to the Management Committee of Ronald McDonald House Charities Singapore

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls 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 Charity's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 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 Charity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Charity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Other matters

The financial statements of Ronald McDonald House Charities Singapore for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those statements on 22 May 2017.

Ronald McDonald House Charities Singapore

**Independent auditor's report
For the financial year ended 31 December 2017**

Independent auditor's report to the Management Committee of Ronald McDonald House Charities Singapore

Report on other legal and regulatory requirements

In our opinion:

- (a) the accounting and other records required to be kept by the Charity have been properly kept in accordance the provisions of the Societies Regulations enacted under the Societies Act, the Charities Act and Regulations; and
- (b) the fund-raising appeal held during the period 1 January 2017 to 31 December 2017 has been carried out in accordance with Regulation 6 of the Societies Regulations issued under the Societies Act and proper accounts and other records have been kept of the fund-raising appeal.

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

- (a) the Charity 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 Charity has not complied with the requirements of Regulation 15 of the Charities (Institutions of a Public Character) Regulations.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore


30 May 2018

Ronald McDonald House Charities Singapore

Statement of financial position
As at 31 December 2017

	Note	2017 \$	2016 \$
Non-current asset			
Plant and equipment	4	199,200	176,324
Current assets			
Other receivables	5	76,658	198,403
Cash and cash equivalents	6	3,300,639	3,177,888
		3,377,297	3,376,291
Total assets		3,576,497	3,552,615
Current liabilities			
Deferred income	7	20,904	20,904
Other payables	8	29,275	71,684
		50,179	92,588
Non-current liability			
Deferred income	7	38,325	59,229
Total liabilities		88,504	151,817
Accumulated fund		3,487,993	3,400,798
Total fund and liabilities		3,576,497	3,552,615

The financial statements were approved by :



Pamela Tor Das
President



Amita Dutt
Secretary

30 May 2018

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Ronald McDonald House Charities Singapore

**Statement of comprehensive income
For the financial year ended 31 December 2017**

	Note	2017 \$	2016 \$
Income			
Donations		812,807	968,486
Interest income		14,207	17,198
Grant income		50,529	52,978
Other income	9	14,808	20,787
		<hr/> 892,351	<hr/> 1,059,449
Expenditure			
Grant expenses		84,585	90,912
Maintenance of Ronald McDonald's House:			
- At National University Hospital		108,239	103,230
Ronald McDonald's Family Room:			
- At National University Hospital		49,639	48,831
Staff costs	10	285,972	286,620
Depreciation of plant and equipment		101,403	99,841
Other operating expenses	11	175,318	253,002
		<hr/> 805,156	<hr/> 882,436
Net surplus for the year, representing total comprehensive income for the year		<hr/> 87,195	<hr/> 177,013

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Ronald McDonald House Charities Singapore

**Statement of changes in fund
For the financial year ended 31 December 2017**

	Accumulated fund \$
Opening balance at 1 January 2016	3,223,785
Net surplus for the year, representing total comprehensive income for the year	<u>177,013</u>
Closing balance as at 31 December 2016	3,400,798
Net surplus for the year, representing total comprehensive income for the year	<u>87,195</u>
Closing balance as at 31 December 2017	<u><u>3,487,993</u></u>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Ronald McDonald House Charities Singapore

**Statement of cash flow
For the financial year ended 31 December 2017**

	Note	2017 \$	2016 \$
Cash flows from operating activities			
Net surplus for the year		87,195	177,013
Adjustments for:			
Interest income		(14,207)	(17,198)
Amortisation of deferred income	7	(20,904)	(20,904)
Depreciation of plant and equipment	4	101,403	99,841
Operating cash flows before changes in working capital		153,487	238,752
Decrease/(increase) in other receivables		87,412	(70,894)
Decrease in prepayments		-	7,457
(Increase)/decrease in other payables		(25,422)	5,399
Grants disbursed		(16,987)	(96,192)
Grants received		34,333	36,781
Net cash generated from operating activities		232,823	121,303
Cash flows from investing activities			
Interest received		14,207	12,781
Purchase of plant and equipment		(124,279)	(12,375)
Net cash (used in)/generated from investing activities		(110,072)	406
Net increase in cash and cash equivalents		122,751	121,709
Cash and cash equivalents at beginning of the year		3,177,888	3,056,179
Cash and cash equivalents at end of the year	6	3,300,639	3,177,888

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Ronald McDonald House Charities Singapore

Notes to the financial statements For the financial year ended 31 December 2017

1. Corporate information

Ronald McDonald House Charities Singapore (the "Charity") was established on 12 February 1998. The registered office of the Charity is located at 5 Lower Kent Ridge Road, National University Hospital Main Building Level 4, Singapore 119074.

The purpose of the Charity is to receive donations towards providing financial aid in assisting the medical, physical, mental and emotional rehabilitation and reformation of children and youth in need.

The Charity was registered under the Charities Act, Chapter 37 since 3 November 1999.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

The financial statements are presented in Singapore dollars which is the Charity's functional currency.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Charity has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 January 2017, including the Amendments to FRS 7 *Disclosure Initiative*. The adoption of these standards did not have any effect on the financial performance or position of the Charity.

2.3 Standards issued but not yet effective

The Charity has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
FRS 115 Revenue from Contracts with Customers	1 January 2018
Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018
INT FRS 122 Foreign Currency Transactions and Advance Consideration	1 January 2018
Amendments to FRS 109: Prepayment Features with Negative Compensation	1 January 2019

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective (cont'd)

Except for FRS 109, the management committee expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of FRS 109 is described below.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting, and is effective for annual periods beginning on or after 1 January 2018. Financial assets are classified accordingly to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

The Charity has performed a preliminary assessment of adopting FRS 109 based on currently available information. This assessment may be subject to changes arising from ongoing analysis until the Company adopts FRS 109 in 2018.

(a) Classification and measurement

Debt instruments of the Charity are expected to give rise to cash flows representing solely payments of principal and interest. The carrying amount of the other receivables of the Charity is disclosed in Note 5. The Charity intends to hold the receivables to collect contractual cash flows, and accordingly expects to measure these receivables at amortised cost when it applies FRS 109. The Charity does not expect any significant impact to arise from adoption of FRS 109.

(b) Impairment

FRS 109 requires the Charity to record expected credit losses on all of its debt securities, loans, receivables and financial guarantees, either on a 12-month or lifetime basis. The Charity expects to apply the simplified approach and records lifetime expected losses on all receivables. As there has been no history of default, the Charity does not expect any significant impact to arise from the application of the expected credit loss model.

2.4 Plant and equipment

All plant and equipment are initially recorded at cost. The cost of an item of plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Charity and the cost of the item can be measured reliably.

Subsequent to recognition, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets as follows:

Renovations	-	5 to 10 years
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The carrying values of plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Summary of significant accounting policies (cont'd)

2.4 Plant and equipment (cont'd)

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of plant and equipment.

An item of plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

2.5 Impairment of non-financial asset

The Charity assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.6 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Charity becomes a party to the contractual provisions of the financial instrument. The Charity determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

2. Summary of significant accounting policies (cont'd)

2.6 Financial instruments (cont'd)

(a) Financial assets (cont'd)

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Charity becomes a party to the contractual provisions of the financial instrument. The Charity determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash and fixed deposit placed at bank.

2. Summary of significant accounting policies (cont'd)

2.8 Impairment of financial assets

The Charity assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

For financial assets carried at amortised cost, the Charity first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Charity determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Charity considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.9 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Charity and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific recognition criteria must also be met before revenue is recognised:

(a) *Donations*

Donations are recognised in the statement of comprehensive income in the period of receipt, or when the receipt of the amount is certain.

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2017**

2. Summary of significant accounting policies (cont'd)

2.9 Revenue recognition (cont'd)

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Grant income*

Grant income is recognised in the statement of comprehensive income when the right to receive payment is established.

Grant income related to plant and equipment are taken to deferred income or to the statement of comprehensive income for assets which are written off in the year of purchase. Such grants recognised in deferred income is recognised in the statement of comprehensive income over the periods necessary to match the depreciation and write off of the plant and equipment purchased with the related grants. Upon the disposal of the plant and equipment, the balance of the related deferred income is recognised in the statement of comprehensive income to reflect the net book value of the assets disposed.

2.10 Employee benefits

(a) *Defined contribution plans*

The Charity participates in the national pension scheme, the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Short term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus if the Charity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.11 Grant expense

Grant expenses are recognised in the statement of comprehensive income when approval is obtained from the Management Committee and upon receipt of invoices from the applicants.

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

3. Significant accounting estimates and judgements

The preparation of the Charity's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the asset or liability affected in the future periods.

There are no critical judgement in applying accounting policies that have significant effect on the amount recognised in the financial statements and no assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

4. Plant and equipment

	Renovations \$
Cost	
At 1 January 2016	489,954
Additions	12,375
At 31 December 2016 and 1 January 2017	502,329
Additions	124,279
At 31 December 2017	626,608
Accumulated depreciation	
At 1 January 2016	226,164
Charge for the year	99,841
At 31 December 2016 and 1 January 2017	326,005
Charge for the year	101,403
At 31 December 2017	427,408
Carrying amounts	
At 31 December 2017	199,200
At 31 December 2016	176,324

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

5. Other receivables

	2017 \$	2016 \$
Grant disbursed in advance to grantees	–	110,126
Donation receivables	66,913	76,454
Interest receivables	9,724	11,808
Other receivables	21	15
	76,658	198,403

Grantees have the obligation to repay the unutilised grant to the Charity at the end of the grant period for respective programmes.

Information about the Charity's exposures to credit risks and impairment losses for other receivables are included in note 13.

6. Cash and cash equivalents

	2017 \$	2016 \$
Cash at bank and in hand	1,800,385	1,674,060
Short-term deposits	1,500,254	1,503,828
	3,300,639	3,177,888

The weighted average effective interest rates of fixed deposits with a bank at the end of the financial year is 1.38% (2016: 1.22%) per annum. Interest rates re-price at intervals of three months or one year.

7. Deferred income

	2017 \$	2016 \$
At cost	104,521	104,521
Less:		
Accumulated amortisation		
At 1 January	24,388	3,484
Amortisation for the year	20,904	20,904
At 31 December	45,292	24,388
Carrying amount:	59,229	80,133
Non-current	38,325	59,229
Current	20,904	20,904
	59,229	80,133

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2017**

7. Deferred income (cont'd)

The Charity's deferred income comprised:

- (i) Grants received for the purchase of plant and equipment; and
- (ii) Plant and equipment which are donated to the Charity.

Deferred income is amortised over the periods necessary to match the depreciation of plant and equipment purchased with the related grants and/or donated by a third party.

8. Other payables

	2017	2016
	\$	\$
Accrued operating expenses	29,275	24,529
Grant payables	-	42,155
Donation received in advance	-	5,000
	<u>29,275</u>	<u>71,684</u>

9. Other income

Other income mainly comprises government grants such as Wage Credit Scheme and Special Employment Credit.

10. Staff costs

	2017	2016
	\$	\$
Salaries, bonuses and other costs	255,900	245,003
Contributions to defined contribution plans	30,072	41,617
	<u>285,972</u>	<u>286,620</u>

11. Other operating expenses

Other operating expenses include:

	2017	2016
	\$	\$
Fundraising expenses	40,110	67,501
Coin box collection expenses	49,701	37,243
Accounting and payroll expenses	32,009	28,503
Amortisation of deferred income	20,904	20,904
	<u>142,724</u>	<u>154,151</u>

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2017**

12. Income taxes

The Charity is an approved charity organisation under the Charities Act, Chapter 37. No provision for taxation has been made in the financial statements as the Charity is a registered charity with income tax exemption.

13. Commitments

	2017	2016
	\$	\$
Grant authorised but not disbursed	59,118	29,118

In 2017, the Charity approved the award of grants of \$30,000 in total to the following grantees with the respective programmes:

(1)	National University Hospital	NUH Kids' New World Project
(2)	National University Hospital	Back to Sleep
(3)	National University Hospital	Equipment Resource Library
(4)	Cerebral Palsy Alliance Singapore	Equipment Loan and Trial Library

During the year, the Charity has utilised \$84,585 (2016: \$90,912) as grant expenses in the statement of comprehensive income. There are no grants disbursed in advance to grantees during the year (2016: \$110,126) (Note 5).

14. Related party disclosures

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Charity and related parties took place at terms agreed between the parties during the financial period:

	2017	2016
	\$	\$
Ronald McDonald House Charities, Inc.		
Operating grant	34,333	36,781

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

14. Related party disclosures (cont'd)

Key management personnel

Key management personnel of the Charity are those persons having the authority and responsibility for planning, directing and controlling the activities of the Charity. The Management Committee and Executive Director are considered as key management personnel of the Charity.

The compensation payable to key management personnel by the Charity comprises:

	2017	2016
	\$	\$
Short-term employee benefits	85,800	78,155
Post-employment benefits	13,497	12,909
	99,297	91,064
	99,297	91,064

The Charity does not reimburse the Management Committee for the services rendered by the Management Committee.

15. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

The carrying amounts of other receivables, cash and cash equivalents and other payables are reasonable approximation of fair values due to their short term nature or that they are floating rate instruments that are re-priced to market interest rate on or near the balance sheet date.

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

16. Financial risk management objectives and policies

The Charity is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk.

Risk Management Framework

Risk management is integral to the whole operation of the Charity. The Charity has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The Management Committee continually monitors the Charity's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Charity's exposure to credit risk arises primarily from its receivables. Cash at bank are placed with reputable financial institutions.

The Charity's most significant donor, McDonald's Restaurants, accounts for 20% (2016: 19%) of the donation receivables carrying amount at 31 December 2017. Cash and cash equivalents are placed with financial institutions which are regulated and have good credit standing. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The ageing of donations receivables that were not impaired at the reporting date was:

	2017	2016
	\$	\$
Past due 1 - 30 days	25,625	52,162
Past due 31 - 60 days	41,288	24,292
	<hr/>	<hr/>
	66,913	76,454
	<hr/>	<hr/>

Based on historical default rates, the Charity believes that no impairment allowance is necessary in respect of donation receivables as at 31 December 2017.

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

16. Financial risk management objectives and policies (cont'd)

Liquidity risk

Liquidity risk is the risk that the Charity will encounter difficulties in meeting financial obligations due to shortage of funds. The Charity's exposure to liquidity risk arises from mismatches of the maturities of financial assets and liabilities. The Charity's operating cash flows is actively managed to ensure adequate working capital requirements.

The Charity monitors and maintains a level of cash and bank balances deemed adequate by the management to mitigate the effects of fluctuations in cash flows.

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

	2017		2016	
	1 year or less	Total	1 year or less	Total
	\$	\$	\$	\$
Financial assets:				
Other receivables	76,658	76,658	88,277	88,277
Cash and cash equivalents	3,300,638	3,300,638	3,177,888	3,177,888
Total undiscounted financial assets	3,377,296	3,377,296	3,266,165	3,266,165
Financial liability:				
Other payables	29,275	29,275	66,684	66,684
Total undiscounted financial liability	29,275	29,275	66,684	66,684
Total net undiscounted financial assets	3,348,021	3,348,021	3,199,481	3,199,481

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2017

17. Financial instruments

Category of financial instruments

The carrying amount by category of financial assets and liabilities are as follows:

	2017	2016
	\$	\$
Loans and receivables		
Other receivables	76,658	88,277
Cash and cash equivalents	3,300,638	3,177,888
	<u>3,377,296</u>	<u>3,266,165</u>
Financial liability carried at amortised cost		
Other payables	<u>29,275</u>	<u>66,684</u>

18. Comparative figures

The financial statements for the financial year ended 31 December 2016 were audited by another auditor.

19. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2017 were authorised for issue by the Charity's Management Committee on 30 May 2018.