

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 2018



Ronald McDonald House Charities Singapore

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Ronald McDonald House Charities Singapore

Independent auditor's report For the financial year ended 31 December 2018

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 2018, 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 2018 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 2018**

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's 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.

Ronald McDonald House Charities Singapore

**Independent auditor's report
For the financial year ended 31 December 2018**

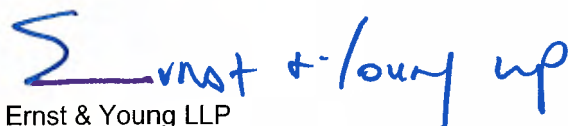
Independent auditor's report to the Management Committee of Ronald McDonald House Charities Singapore

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 with 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 2018 to 31 December 2018 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, the fund-raising appeal held during the period 1 January 2018 to 31 December 2018 has not been carried out in accordance with Regulation 7 of the Charities (Fund-Raising Appeals for Local and Foreign Charitable Purposes) Regulations 2012, and that the proper accounts and other records have not been kept of the fund-raising appeal.



Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore


28 May 2019

Ronald McDonald House Charities Singapore


**Statement of financial position
As at 31 December 2018**

	Note	2018 \$	2017 \$
Non-current asset			
Plant and equipment	4	148,695	199,200
Current assets			
Other receivables	5	229,745	76,658
Prepayments		17,239	–
Cash and cash equivalents	6	3,542,798	3,300,639
		3,789,782	3,377,297
Total assets		3,938,477	3,576,497
Current liabilities			
Deferred income	7	20,904	20,904
Other payables	8	27,071	29,275
		47,975	50,179
Non-current liability			
Deferred income	7	17,421	38,325
Total liabilities		65,396	88,504
Accumulated fund		3,873,081	3,487,993
Total fund and liabilities		3,938,477	3,576,497

The financial statements were approved by :



Pamela Tor Das
President



Ang I-Wing
Secretary

28 May 2019

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 2018**

	Note	2018 \$	2017 \$
Income			
Donations		1,132,675	812,807
Interest income		16,161	14,207
Grant income		87,663	50,529
Other income	9	10,478	14,808
		<hr/> 1,246,977	<hr/> 892,351
Expenditure			
Grant expenses		26,033	84,585
Maintenance of Ronald McDonald's House:			
- At National University Hospital		103,296	108,239
Ronald McDonald's Family Room:			
- At National University Hospital		47,128	49,639
- At Institute of Mental Health		18,465	-
Staff costs	10	331,286	285,972
Depreciation of plant and equipment		51,453	101,403
Other operating expenses	11	284,228	175,318
		<hr/> 861,889	<hr/> 805,156
Net surplus for the year, representing total comprehensive income for the year		<hr/> 385,088	<hr/> 87,195

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 2018**

	Accumulated fund \$
Opening balance as at 1 January 2017	3,400,798
Net surplus for the year, representing total comprehensive income for the year	87,195
Closing balance as at 31 December 2017	<u>3,487,993</u>
Net surplus for the year, representing total comprehensive income for the year	385,088
Closing balance as at 31 December 2018	<u><u>3,873,081</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 2018**

	Note	2018 \$	2017 \$
Cash flows from operating activities			
Net surplus for the year		385,088	87,195
Adjustments for:			
Interest income		(16,161)	(14,207)
Amortisation of deferred income	7	(20,904)	(20,904)
Depreciation of plant and equipment	4	51,453	101,403
Operating cash flows before changes in working capital		399,476	153,487
(Increase)/decrease in other receivables		(223,349)	87,412
Increase in prepayments		(17,239)	–
Increase/(decrease) in other payables		19,935	(25,422)
Grants disbursed		(22,139)	(16,987)
Grants received		71,467	34,333
Net cash generated from operating activities		228,151	232,823
Cash flows from investing activities			
Interest received		14,956	14,207
Purchase of plant and equipment		(948)	(124,279)
Net cash generated from/(used in) investing activities		14,008	(110,072)
Net increase in cash and cash equivalents		242,159	122,751
Cash and cash equivalents at beginning of the year		3,300,639	3,177,888
Cash and cash equivalents at end of the year	6	3,542,798	3,300,639

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 2018

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 2018. 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 116 <i>Leases</i>	1 January 2019
INT FRS 123 <i>Uncertainty over Income Tax Treatments</i>	1 January 2019
Amendments to FRS 109 <i>Prepayment Features with Negative Compensation</i>	1 January 2019
Amendments to FRS 28 <i>Long-term Interests in Associates and Joint Ventures</i>	1 January 2019
Annual Improvements to FRSs 2015 – 2017 Cycle	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	Date to be determined

The management committee expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

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

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.

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. Summary of significant accounting policies (cont'd)

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.

Subsequent measurement

Subsequent measurement of debt instruments depends on the Charity's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL). The Charity only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

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 for debt instruments 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 in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

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

2.6 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Subsequent measurement

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 derecognised, 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. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.7 Cash and cash equivalents

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

2.8 Impairment of financial assets

The Charity recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Charity expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For donation receivables and contract assets, the Charity applies a simplified approach in calculating ECLs. Therefore, the Charity does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Charity has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the donors and the economic environment.

For debt instruments at fair value through OCI, the Charity applies the low credit risk simplification. At every reporting date, the Charity evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Charity reassesses the internal credit rating of the debt instrument. In addition, the Charity considers that there has been a significant increase in credit risk when the contractual payments are more than 30 days past due.

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

2.8 Impairment of financial assets (cont'd)

The Charity considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Charity may also consider a financial asset to be in default when internal or external information indicates that the Charity is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Charity. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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 at a point in time, when the donation is received, or when the receipt of the amount is certain.

(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.

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

2.10 Employee benefits (cont'd)

(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.

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.

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2018**

4. Plant and equipment	Renovations \$												
Cost													
At 1 January 2017	502,329												
Additions	124,279												
At 31 December 2017 and 1 January 2018	626,608												
Additions	948												
At 31 December 2018	627,556												
Accumulated depreciation													
At 1 January 2017	326,005												
Charge for the year	101,403												
At 31 December 2017 and 1 January 2018	427,408												
Charge for the year	51,453												
At 31 December 2018	478,861												
Carrying amounts													
At 31 December 2018	148,695												
At 31 December 2017	199,200												
5. Other receivables	<table border="0" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">2018</td> <td style="text-align: center;">2017</td> </tr> <tr> <td style="text-align: center;">\$</td> <td style="text-align: center;">\$</td> </tr> <tr> <td style="text-align: right;">Donation receivables</td> <td style="text-align: right;">66,913</td> </tr> <tr> <td style="text-align: right;">Interest receivables</td> <td style="text-align: right;">9,724</td> </tr> <tr> <td style="text-align: right;">Other receivables</td> <td style="text-align: right;">21</td> </tr> <tr> <td style="text-align: right; border-top: 1px solid black;">229,745</td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">76,658</td> </tr> </table>	2018	2017	\$	\$	Donation receivables	66,913	Interest receivables	9,724	Other receivables	21	229,745	76,658
2018	2017												
\$	\$												
Donation receivables	66,913												
Interest receivables	9,724												
Other receivables	21												
229,745	76,658												

Information about the Charity's exposures to credit risks and impairment losses for other receivables are included in note 16.

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2018**

6. Cash and cash equivalents

	2018	2017
	\$	\$
Cash at bank and in hand	2,041,489	1,800,385
Short-term deposits	1,501,309	1,500,254
	<hr/>	<hr/>
	3,542,798	3,300,639
	<hr/>	<hr/>

The weighted average effective interest rates of fixed deposits with a bank at the end of the financial year is 1.04% (2017: 1.38%) per annum. Interest rates re-price at intervals of three months or one year.

7. Deferred income

	2018	2017
	\$	\$
At cost	104,521	104,521
	<hr/>	<hr/>
Less:		
Accumulated amortisation		
At 1 January	45,292	24,388
Amortisation for the year	20,904	20,904
	<hr/>	<hr/>
At 31 December	66,196	45,292
	<hr/>	<hr/>
Carrying amount:	38,325	59,229
	<hr/>	<hr/>
Non-current	17,421	38,325
Current	20,904	20,904
	<hr/>	<hr/>
	38,325	59,229
	<hr/>	<hr/>

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.

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2018**

8. Other payables

	2018	2017
	\$	\$
Accrued operating expenses	27,071	29,275

9. Other income

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

10. Staff costs

	2018	2017
	\$	\$
Salaries, bonuses and other costs	290,873	255,900
Contributions to defined contribution plans	40,413	30,072
	<u>331,286</u>	<u>285,972</u>

11. Other operating expenses

Other operating expenses include:

	2018	2017
	\$	\$
Fundraising expenses	127,866	40,110
Coin box collection expenses	66,338	49,701
Accounting and payroll expenses	29,854	32,009
Amortisation of deferred income	20,904	20,904

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.

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2018**

13. Commitments

	2018	2017
	\$	\$
Grant authorised but not disbursed	19,992	59,118

No new grant was awarded during the year.

During the year, the Charity has utilised \$26,033 (2017: \$84,585) as grant expenses in the statement of comprehensive income. There are no grants disbursed in advance to grantees during the year (2017: \$Nil).

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:

	2018	2017
	\$	\$
Ronald McDonald House Charities, Inc.		
Operating grant income	87,663	34,333

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:

	2018	2017
	\$	\$
Short-term employee benefits	92,703	85,800
Post-employment benefits	10,968	13,497
	103,671	99,297

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.

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.

(a) ***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 26% (2017: 20%) of the donation receivables carrying amount at 31 December 2018. 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.

Ronald McDonald House Charities Singapore

Notes to the financial statements
For the financial year ended 31 December 2018

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

(a) *Credit risk (cont'd)*

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

	2018 \$	2017 \$
Past due 1 - 30 days	204,549	25,625
Past due 31 - 60 days	12,843	41,288
	217,392	66,913

Based on historical default rates, the Charity believes that no impairment allowance is necessary in respect of donation receivables as at 31 December 2018.

(b) *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.

	2018		2017	
	1 year or less \$	Total \$	1 year or less \$	Total \$
Financial assets:				
Other receivables	229,745	229,745	76,658	76,658
Cash and cash equivalents	3,542,798	3,542,798	3,300,639	3,300,639
Total undiscounted financial assets	3,772,543	3,772,543	3,377,297	3,377,297
Financial liability:				
Other payables	27,071	27,071	29,275	29,275
Total undiscounted financial liability	27,071	27,071	29,275	29,275
Total net undiscounted financial assets	3,745,472	3,745,472	3,348,022	3,348,022

Ronald McDonald House Charities Singapore

**Notes to the financial statements
For the financial year ended 31 December 2018**

17. Financial instruments

Category of financial instruments

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

	2018	2017
	\$	\$
Loans and receivables		
Other receivables	229,745	76,658
Cash and cash equivalents	3,542,798	3,300,639
	<hr/>	<hr/>
	3,772,543	3,377,297
	<hr/>	<hr/>
Financial liability carried at amortised cost		
Other payables	27,071	29,275
	<hr/>	<hr/>

18. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2018 were authorised for issue by the Charity's Management Committee on 28 May 2019.