

NATIONAL ARTHRITIS FOUNDATION
(Registered in the Republic of Singapore)
(UEN: S84SS0010J)

**AUDITED FINANCIAL STATEMENTS AND
OTHER FINANCIAL INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**



Kreston David Yeung PAC
UEN: 200717891W
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**NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)**

EXECUTIVE COMMITTEE

Name

LOW BENG TIN
LAU TANG CHING
GAW YING CHARN
FANG LEE WEI
WILSON CHEW HUAT CHYE
LEUNG YING YING
CHUA SIONG KIAT
ANG YOU NING
LIM KHENG JIN

Position on Board

CHAIRMAN
VICE-CHAIRMAN
HONORARY SECRETARY
HONORARY TREASURER
COMMITTEE MEMBER
COMMITTEE MEMBER
COMMITTEE MEMBER
COMMITTEE MEMBER
COMMITTEE MEMBER

**NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)**

REGISTERED OFFICE

627A Aljunied Road
#08-02 Biztech Centre
Singapore 389842

AUDITORS

Kreston David Yeung PAC
Public Accounting Corporation
128A Tanjong Pagar Road
Singapore 088535

BANKERS

UNITED OVERSEAS BANK
MAYBANK

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NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT BY EXECUTIVE COMMITTEE MEMBERS

In our opinion, the accompanying financial statements set out on pages 7 to 23 are properly drawn up in accordance with the provision of the Societies Act, the Charities Act, Cap. 37 and the Singapore Financial Reporting Standards, so as to give a true and fair view of the financial position of the National Arthritis Foundation (the "Foundation") as at 31 December 2016 and the financial performance, changes in funds and cash flows of the Foundation for the year then ended and at the date of this statement there are reasonable grounds to believe that the Foundation will be able to pay its debts as and when they fall due.

On behalf of the Executive Committee,



LOW BENG TIN
Chairman



FANG LEE WEI
Honorary Treasurer

Singapore, 17 MAY 2017



INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of National Arthritis Foundation (the "Foundation"), which comprise the statement of financial position as at 31 December 2016, and the statement of financial activities, statement of changes in funds, and statement of cash flows of the Foundation 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, Cap. 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 present fairly, in all material respects, the state of affairs of the Foundation as at 31 December 2016 and the results, changes in funds and cash flows of the Foundation 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J) (Continued)**

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the provisions of the Societies Act, Charities Act and Regulations and FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Executive Committee either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level 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 control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
NATIONAL ARTHRITIS FOUNDATION (UEN: S84SS0010J) (Continued)**

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required to be kept by the Foundation have been properly kept in accordance with the provisions of the Societies Regulations enacted under Societies Act, Charities Act and Regulations.

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

- a) the Foundation has not used the donation moneys in accordance with its objectives as required under Regulation 11 of the Charities (Institutions of a Public Character) Regulations; and
- b) the Foundation has not complied with the requirements of Regulation 15 (Fund raising expenses) of the Charities (Institutions of a Public Character) Regulations.

KRESTON DAVID YEUNG PAC
Public Accountants and
Chartered Accountants

Singapore, **17 MAY 2017**

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF FINANCIAL POSITION
As at 31 December 2016

	Note	2016 S\$	2015 S\$
ASSETS			
Non-current asset			
Plant and equipment	3	<u>4,266</u>	<u>3,518</u>
Total non-current asset		<u>4,266</u>	<u>3,518</u>
Current assets			
Inventories	4	1,749	1,849
Other receivable, deposits and prepayments	5	93,345	53,411
Cash at banks	6	<u>732,942</u>	<u>492,603</u>
Total current assets		<u>828,036</u>	<u>547,863</u>
Total assets		<u>832,302</u>	<u>551,381</u>
LIABILITY			
Current liability			
Accruals		<u>6,947</u>	<u>7,221</u>
Total current liability		<u>6,947</u>	<u>7,221</u>
Net Assets		<u>825,355</u>	<u>544,160</u>
FUNDS			
Restricted fund			
Janssen fund	7	-	2,881
Unrestricted funds			
General fund		212,398	190,453
Patient Subsidy Care Fund		<u>612,957</u>	<u>350,826</u>
Total funds		<u>825,355</u>	<u>544,160</u>

The notes set out on pages 11 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)

STATEMENT OF FINANCIAL ACTIVITIES
For the financial year ended 31 December 2016

	Note	Unrestricted Funds		Restricted Funds		2016 Total S\$	2015 Total S\$
		General Fund S\$	Patient Subsidy Care Fund S\$	Janssen Fund S\$			
INCOME							
<i>Income from generated funds</i>							
Voluntary income							
- outright donations		55,076	-	-	55,076		51,583
- memberships		500	-	-	500		1,260
	8	55,576	-	-	55,576		52,843
Activities for generating funds							
- Charity golf (fund raising)	9	67,425	157,325	-	224,750		247,536
- Charity gala dinner (fund raising)	10	178,300	217,700	-	396,000		357,700
		245,725	375,025	-	620,750		605,236
<i>Income from charitable activities</i>							
- TaiChi DVD & handbook		520	-	-	520		235
- TaiChi for Arthritis		-	-	-	-		840
- Art works		-	-	-	-		325
		520	-	-	520		1,400
<i>Other income</i>							
- Temporary employment credit		632	-	-	632		-
- Wage credit scheme		3,823	-	-	3,823		4,255
- Special employment credit		2,691	-	-	2,691		2,424
- Interest income		537	-	-	537		-
		7,683	-	-	7,683		6,679
TOTAL INCOME		309,504	375,025	-	684,529		666,158
EXPENDITURES							
<i>Costs of generating funds</i>							
- costs of generating voluntary income							
- newsletters		2,400	-	-	2,400		6,219
		2,400	-	-	2,400		6,219
- costs of fundraising activities		51,071	65,934	-	117,005		99,692
<i>Charitable activities</i>							
- cost of inventory recognised as expenses		100	-	-	100		235
- medical subsidy		-	46,960	2,881	49,841		79,394
- World Arthritis for children		-	-	-	-		3,226
- JIA event		1,926	-	-	1,926		-
- SASC		2,000	-	-	2,000		1,760
- brochure		-	-	-	-		5,885
		4,026	46,960	2,881	53,867		90,500
<i>Governance costs</i>							
- audit fees		4,000	-	-	4,000		3,494
<i>Other expenditure</i>	11	226,062	-	-	226,062		153,946
TOTAL EXPENDITURE		(287,559)	(112,894)	(2,881)	(403,334)		(353,851)
NET INCOME BEFORE TAXATION		21,945	262,131	(2,881)	281,195		312,307
Taxation	13	-	-	-	-		-
NET MOVEMENT IN FUNDS		21,945	262,131	(2,881)	281,195		312,307
Balance at beginning of year		190,453	350,826	2,881	544,160		231,853
Balance at end of year		212,398	612,957	-	825,355		544,160

The notes set out on pages 11 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
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STATEMENT OF CHANGES IN FUNDS
For the financial year ended 31 December 2016

	<----- Unrestricted ----->		Restricted	Total
	General Fund S\$	Patient Subsidy Care Fund S\$	Janssen Fund S\$	
Balance as at 01.01.2015	228,972	-	2,881	231,853
As previously presented				
- Net surplus for the year	312,307	-	-	312,307
Prior year reclassification (Note 20)	(350,826)	350,826	-	-
Balance as at 31.12.2015 (Restated)	190,453	350,826	2,881	544,160
Net surplus for the year	21,945	262,131	(2,881)	281,195
Balance as at 31.12.2016	212,398	612,957	-	825,355

The notes set out on pages 11 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

**NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)**

**STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2016**

	Note	2016 S\$	2015 S\$
Cash flows from operating activities			
Surplus for the year		281,195	312,307
Adjustments for:-			
Plant and equipment written off		164	-
Depreciation of plant and equipment		1,872	1,385
Interest income		(537)	-
Net cash flows before working capital changes		<u>282,694</u>	<u>313,692</u>
Decrease in inventory		100	235
Increase in other receivable, deposits and prepayments		(39,934)	(42,514)
Decrease in other payables		(274)	(2,651)
Cash generated from operating activities		<u>242,586</u>	<u>268,762</u>
Cash flows from investing activities			
Purchase of plant and equipment		(2,784)	(1,598)
Interest received		537	-
Cash used in investing activities		<u>(2,247)</u>	<u>(1,598)</u>
Net increase in cash and cash equivalents		240,339	267,164
Cash and cash equivalents at beginning of year		<u>492,603</u>	<u>225,439</u>
Cash and cash equivalents at end of year	6	<u>732,942</u>	<u>492,603</u>

The notes set out on pages 11 to 23 form an integral part of and should be read in conjunction with this set of financial statements.

NATIONAL ARTHRITIS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

1. GENERAL

The principal activities of the Foundation are to encourage, promote and research and other activities relating to the prevention, diagnosis of causes and treatment of arthritis and rheumatism. The Foundation is a non-profit charity organization registered as a society on 27 June 1984 and registered as a charity under the Charities Act, Chapter 37 on 15 April 1985. It has been granted IPC status for the period from 5 December 2016 to 4 December 2017.

The registered office of the Foundation which is domiciled in Singapore, is located at 627A Aljunied Road, #08-02 Biztech Centre, Singapore 389842.

The Executive Committee of the Foundation has authorised these financial statements for issue on 17 May 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

The financial statements of the Foundation have been prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below, and are drawn up in accordance with the Singapore Financial Reporting Standards (“FRS”).

In the current financial year, the Foundation has adopted all the new and revised FRS and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual period beginning on or after 1 January 2016. The adoption of these new/revised FRSs and INT FRSs has no material effect on the financial statements.

b) Significant Accounting Estimates and Judgements

The preparation of the financial statements in conformity with FRS requires the use of judgements, 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, actual results may differ from those estimates.

The Executive Committee is of the opinion that there are no critical estimates/judgements involved that have a significant effect on the amounts recognised in the financial statements.

c) Plant and Equipment

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

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.

**NATIONAL ARTHRITIS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Plant and Equipment (Continued)

The residual values, useful life and depreciation method are reviewed at end of each reporting period, and adjusted prospectively as appropriate. The effects of any revision are recognised in profit or loss when the changes arise.

Depreciation is calculated on the straight-line method to write off the costs of the plant and equipment over their estimated useful lives as follows:-

Furniture and fitting	5 - 10 years
Office equipment	5 years
Computers	3 - 5 years
Renovation	2 years

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

d) Foreign Currency Transactions

Functional and Presentation Currencies

Items included in the financial statements of the Foundation are measured using the currency of the primary economic environment in which the Foundation operates (the "functional currency"). The financial statements of the Foundation are presented in Singapore dollar ("SGD"), which is the functional currency of the Foundation.

Transactions and Balances

Transactions in foreign currencies are converted at rates closely approximating those ruling at transaction dates. Monetary assets and liabilities in foreign currencies are translated into Singapore dollar at rates of exchange at the end of reporting period. Exchange differences arising from such transactions are taken to profit or loss.

The monetary financial assets and liabilities are denominated in SGD unless otherwise indicated.

e) Financial Assets

Classification

The Foundation classifies its financial assets as loans and receivables. The classification depends on the nature of the assets and the purpose for which the assets were acquired. The Executive Committee determines the classification of its financial assets at initial recognition.

NATIONAL ARTHRITIS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) **Financial Assets (Continued)**

Classification (Continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the Foundation provides money, goods or services directly to a debtor with no intention of trading the receivable. Loans and receivables include cash at bank balances and deposits. They are presented as current assets, except for those maturing more than 12 months after the end of the reporting period which are presented as non-current assets.

Recognition and Derecognition

All financial assets are recognised on their trade-date – the date on which the Foundation commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Foundation has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets are initially recognised at fair value plus directly attributable transaction costs.

Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Impairment

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) **Impairment of Non-Financial Assets**

The Foundation assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Foundation 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 to sell 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 group of assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in profit or loss.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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.

g) **Cash and Cash Equivalents**

For the purpose of presentation in statement of cash flows, cash and cash equivalents comprise cash at bank which are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

h) **Financial Liabilities**

Financial liabilities include accruals. Financial liabilities are recognised when, and only when, the Foundation becomes a party to the contractual provisions of the financial instrument. Financial liabilities are initially recognised at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transactions costs. Subsequent to initial recognition, all financial liabilities are measured at amortised cost using the effective interest method, except for derivatives, which are measured at fair value.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process. Any gains or losses arising from changes in fair value of derivatives are recognised in profit or loss. Net gains or losses in derivatives include exchange differences.

**NATIONAL ARTHRITIS FOUNDATION
(UEN: S84SS0010J)**

NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Financial Liabilities (Continued)

A financial liability is derecognised when the obligation under the liability is extinguished. 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 derecognition 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.

i) Provisions

Provisions are recognised when the Foundation has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

j) Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined by applying the first-in, first-out formula. Net realisable value is the price of which inventories are sold in ordinary course of business after allowing for cost of realisation. Provision is made, where necessary for obsolete, slow moving and defective inventories.

k) Contingencies

A contingent liability is:-

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation; or

A present obligation that arises from past events but is not recognised because:

- i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- ii) The amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Foundation.

Contingent liabilities and assets are not recognised on the statement of financial position of the Foundation.

NATIONAL ARTHRITIS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

l) Income Recognition

Income is recognised to the extent that it is probable the economic benefits will flow to the Foundation and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

Subscription fee from members and donations are recognised when due and received. Income from charitable trading activities are recognised when conducted.

Grant income is recognised when there is reasonable assurance that the conditions attaching to it will be complied with and the grant will be received.

m) Employee Benefits

Defined Contribution Plans

As required by law, the Foundation makes contributions to the state pension scheme, the Central Provident Fund (CPF). CPF contributions are recognised as compensation expense in the same year as the employment that gives rise to the contribution.

Employee Leave Entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. Accruals are made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

n) Leases

When the Foundation is the lessee

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. Contingent rents are charged to profit or loss when incurred.

o) Funds Structure

Unrestricted funds comprise of General fund and Patient Subsidy Care Fund, which are available for use at the discretion of the management in furtherance of the Foundation's purposes.

The Patient Subsidy Care Fund is designated to subsidise the medical cost and related costs of financially needy Singaporeans who are stricken with arthritis.

Restricted fund which are represented by "Janssen Fund" is subjected to restrictions on their expenditures according to the term and nature of the appeal.

Unless specifically indicated, fund balances are not represented by any specific accounts, but are represented by all assets of the Foundation.

NATIONAL ARTHRITIS FOUNDATION
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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) **Key Management Personnel**

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

q) **Offsetting of Financial Instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statements of financial position if, and only if, there is a legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settled the liabilities simultaneously.

3. PLANT AND EQUIPMENT

	Office Equipment S\$	Furniture and Fittings S\$	Computers S\$	Renovation S\$	Total S\$
Cost					
At 01.01.2015	2,709	912	2,180	950	6,751
Additions	548	1,050	-	-	1,598
Write off	(1,890)	-	-	(950)	(2,840)
At 31.12.2015/01.01.2016	1,367	1,962	2,180	-	5,509
Additions	658	-	2,126	-	2,784
Write off	-	(309)	-	-	(309)
At 31.12.2016	2,025	1,653	4,306	-	7,984
Accumulated Depreciation					
At 01.01.2015	2,226	107	480	633	3,446
Charge for the year	182	233	653	317	1,385
Write off	(1,890)	-	-	(950)	(2,840)
At 31.12.2015/01.01.2016	518	340	1,133	-	1,991
Charge for the year	284	356	1,232	-	1,872
Write off	-	(145)	-	-	(145)
At 31.12.2016	802	551	2,365	-	3,718
Net Book Value					
At 31.12.2016	1,223	1,102	1,941	-	4,266
At 31.12.2015	849	1,622	1,047	-	3,518

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

4. INVENTORIES

Inventories consist of Tai-Chi for Arthritis DVD and handbooks.

5. OTHER RECEIVABLE, DEPOSITS AND PREPAYMENTS

	2016	2015
	S\$	S\$
Deposits	6,410	7,700
Prepayments	3,310	4,455
Grant receivables from Singapore Totalisator Board		
- NAF Charity Golf Tournament	33,625	41,256
- NAF Charity Gala Dinner	50,000	-
	<u>93,345</u>	<u>53,411</u>

6. CASH AT BANKS

Fixed deposit	100,000	-
Cash at banks	632,942	492,603
	<u>732,942</u>	<u>492,603</u>

The fixed deposit is re-priced for a period of 12 months which earns interest at 1.4% per annum.

7. RESTRICTED FUND

The Janssen Fund is established in year 2013 for the funding received from Janssen Pte Ltd. The fund is set up for educational programme and to provide patient medical subsidy and handicapped patients' needs. The fund has been fully utilised during the year.

8. INCOME

	2016	2015
	S\$	S\$
Donations - tax exempt	51,300	30,070
Donations - non-tax exempt	3,776	21,513
Membership fee	500	1,260
	<u>55,576</u>	<u>52,843</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

9. CHARITY GOLF

	2016	2015
	S\$	S\$
Income		
Donation- tax exempt	191,125	194,550
Donation - non-tax exempt	-	11,730
Grant - Singapore Totalisator Board	33,625	41,256
	<u>224,750</u>	<u>247,536</u>

10. CHARITY GALA DINNER

Income		
Donation- tax exempt	336,000	295,700
Donation - non-tax exempt	10,000	12,000
Grant - Singapore Totalisator Board	50,000	50,000
	<u>396,000</u>	<u>357,700</u>

11. OTHER EXPENDITURES

Accountancy fee	4,200	4,200
Bank charges	65	89
Cleaning expense	840	-
Condolences	-	1,887
Corporate video	9,600	-
Courier expenses	486	820
Course fee	413	-
Depreciation	1,872	1,385
Internet and telephone	4,766	2,747
Late payment fee	-	24
Legal and professional fees	50	-
Office expenses	1,345	588
Parking fee	660	1,789
Plant and equipment written off	164	-
Postage and stamps	508	1,315
Printing and stationery	4,680	2,105
Refreshments	1,468	140
Rental of copier	-	4,618
Rental of premises	36,000	31,000
Repair and maintenance	1,055	491
Salary and related costs (Note 12)	152,398	96,123
Secure retention fees	552	972
Stamp duty	-	455
Subscription fee	157	180
Transport	1,691	2,076
Water and electricity	3,092	942
	<u>226,062</u>	<u>153,946</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

12. SALARY AND RELATED COSTS

	2016 S\$	2015 S\$
Salary and other short term compensation:-		
- Key management personnel (Note 15)	102,000	48,500
- Other staff	38,400	39,025
	140,400	87,525
CPF contribution:-		
- Key management personnel	7,560	3,638
- Other staff	3,456	4,556
	11,016	8,194
Other short term benefits	982	404
	<u>152,398</u>	<u>96,123</u>

The Foundation has no paid staff with annual remuneration above \$100,000.

13. TAXATION

The Foundation as a Charity institution is exempted from income tax under Chapter 134, section 13(u) of the Income Tax Act subject to the compliance with the relevant provisions in the Income Tax Act.

14. OPERATING LEASE COMMITMENTS

The Foundation leases office premises and photocopying machine under non-cancellable operating lease. Rental expense for the financial year is S\$36,000 and S\$NIL respectively (2015: S\$31,000 and S\$4,618). Future minimum rental payment under non-cancellable leases as at the end of the reporting period are as follows:-

	2016 S\$	2015 S\$
Amount payable:-		
- Within 1 year	36,000	36,000
- Between 2 to 3 years	27,000	63,000
	<u>63,000</u>	<u>99,000</u>

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

15. RELATED PARTY TRANSACTIONS

- (i) The Foundation does not remunerate Executive Committee members for their services rendered to the Foundation.
- (ii) During the year, the Foundation received donation (fund raising events) of S\$62,500 from the executive committee members.
- (iii) Key management personnel compensation (Note 12): The amounts include ex-gratia payment of S\$10,000 to a retired executive director during the year.

16. FINANCIAL RISK MANAGEMENT

Financial Risk Management Objectives and Policies

The Foundation's financial risk comprising exchange risk, credit risk, interest rate risks and liquidity risk are managed and monitored by the Executive Committee.

Credit Risk

The Foundation has no significant concentration of credit risk. Cash is placed with established financial institutions.

Interest Rate Risk

The Foundation is not significantly exposed to interest rate risk. The fixed deposits are bearing fixed interest rate. As a result, sensitivity analysis is not performed.

Foreign Currency Risk

The Foundation is not exposed to foreign currency risk as all its transactions are denominated in Singapore dollar.

Liquidity Risk

The Executive Committee manages the liquidity prudently and aims at maintaining an adequate level of liquidity. The Foundation has sufficient funds to finance its ongoing working capital requirements.

The maturity profile of the Foundation's financial liabilities at the end of the reporting period is within 12 months.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

17. CATEGORIES OF FINANCIAL INSTRUMENTS

The following table sets out the financial instruments as at the end of the reporting period:-

	2016	2015
	S\$	S\$
Assets		
Loans and receivables: -		
Other receivables	83,625	41,256
Deposits	6,410	7,700
Cash at banks	<u>732,942</u>	<u>492,603</u>
Total financial assets	<u>822,977</u>	<u>541,559</u>
Liabilities		
At amortised cost: -		
Accruals	<u>6,947</u>	<u>7,221</u>
Total financial liabilities	<u>6,947</u>	<u>7,221</u>

18. FAIR VALUES

The carrying amounts of financial assets and financial liabilities are recorded in the financial statements at their approximate fair values, determined in accordance with the accounting policies disclosed in Note 2 to the financial statements.

19. FUNDS MANAGEMENT

The Executive Committee reviews and manages the working capital and reserves regularly to ensure that the Foundation will be able to continue as a going concern and fulfill its objectives and services to the community. There have been no changes to the Foundation's approach to fund management during the financial year. The Foundation has no share capital and it is not subject to any externally imposed capital requirements.

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NOTES TO THE FINANCIAL STATEMENTS – 31 DECEMBER 2016

20. RECLASSIFICATION OF COMPARATIVE FIGURES

Reclassification – Patient Subsidy Care Fund

The Executive Committee reclassified the designated fund – Patient Subsidy Care Fund from general fund during the year. As a result, The Foundation reclassified the comparative figures. The reclassification has no impact on the cash flows in prior years. The effect of reclassification is as follows:-

	As previously reported S\$	Effect of reclassification S\$	As restated S\$
<u>As at 31.12.2015</u>			
Statement of financial position:-			
General fund	541,279	(350,826)	190,453
Patient Subsidy Care Fund	-	350,826	350,826
	<hr/>	<hr/>	<hr/>
<u>As at 31.12.2015</u>			
Statement of financial activities:-			
<u>General fund</u>			
Income			
- Charity golf (fundraising)	247,536	(198,029)	49,507
- Charity gala dinner (fundraising)	357,700	(286,160)	71,540
Expenditures			
- Costs of fundraising activities	(99,692)	79,754	(19,938)
- Medical subsidy	(53,609)	53,609	-
	<hr/>	<hr/>	<hr/>
<u>Patient subsidy care fund</u>			
Income	-	484,189	484,189
Expenditures	-	(133,363)	(133,363)
	<hr/>	<hr/>	<hr/>

The detailed comparative figures of statement of financial activities have not been presented as the reclassifications have no impact to the overall net movement for the year other than those disclosed above.

21. NEW OR REVISED ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 January 2017. The Executive Committee does not expect that adoption of these accounting standards or interpretations will have a material impact on the Foundation's financial statement.