

Sitoh Yih Pin
Chairman

Henry Tan
Managing Director

Kristin Kim
Director

Chin Chee Choon
Director

Jojo Alviedo
Principal

Sarah Koh
Tax Director

Chan Yee Hong
*Financial Advisory
Director*

Eliza Mar
*Finance & Operation
Director*

Lam Fong Kiew
Tax Director

Loh Ji Kin
Principal

MILK (Mainly I Love Kids) Fund
(UEN: T04SS0150L)

**Annual Report for the financial year ended
31 March 2010**

Associated With

Smith & Williamson

Nexia TS Public Accounting Corporation

UEN: 200507237N

Incorporated with limited liability

Nexia TS is a member of Nexia International, an international network of independent accounting and consulting firms.

EXECUTIVE COMMITTEE MEMBERS

President	:	Dr Sheryn Mah
Vice President	:	Mr Stanley Tan Poh Leng
Honorary Secretary	:	Mrs Joy Balakrishnan
Honorary Treasurer	:	Mr Tan Wah Yeow
Ordinary Committee Member	:	Mr Lee Lung Nien
Ordinary Committee Member	:	Ms Janet Lyn Yoke Chin

TRUSTEES OF THE PROPERTY

1. Mr Yeo Cheng Boon
2. Ms Janet Lyn Yoke Chin

REGISTERED AND PRINCIPAL PLACE OF OFFICE

No.1 Kaki Bukit Road 1
#02-10 Enterprise One
Singapore 415934

PRINCIPAL BANKER

Oversea-Chinese Banking Corporation Limited

Orchard Branch
Orchard Point
160 Orchard Road
#B1-12/13
Singapore 238842

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation

5 Shenton Way
#16-00 UIC Building
Singapore 068808
Director-in-charge: Kristin YS Kim
Appointed since financial year ended 31 March 2009

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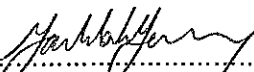
In the opinion of the Executive Committee,

- (a) the financial statements as set out on pages 5 to 31 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 March 2010, and of the results, changes in funds and cash flows of the Society for the financial year then ended; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Society will be able to pay its debts as and when they fall due.

On behalf of Executive Committee



STANLEY TAN POH LENG
VICE PRESIDENT



TAN WAH YEOW
HON. TREASURER

Singapore

5 August 2010

Sitoh Yih Pin
Chairman

Henry Tan
Managing Director

Kristin Kim
Director

Chin Chee Choon
Director

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Tax Director

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Independent Auditor's Report to the Members of MILK (Mainly I Love Kids) Fund

We have audited the accompanying financial statements of MILK (Mainly I Love Kids) Fund (the "Society"), which comprise the statement of financial position as at 31 March 2010, the statement of financial activities, statement of changes in funds and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory notes.

We have examined the Return of Tax-Deductible Receipts amounting to \$2,543,615 with regards to tax-deductible donations and \$988,490 with regards to non-tax-deductible donations of MILK (Mainly I Love Kids) Fund for the period from 1 April 2009 to 31 March 2010.

The Executive Committee's Responsibility for the Financial Statements

The Executive Committee is responsible for the preparation and fair presentation of these financial statements in accordance with the Singapore Financial Reporting Standards, the provision of the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Recommended Accounting Practice No. 6 (RAP 6). This responsibility includes:

- (a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair statement of financial activities and statement of financial position and to maintain accountability of assets;
- (b) selecting and applying appropriate accounting policies; and
- (c) making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Committee, as well as evaluating the overall presentation of the financial statements.

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

**Independent Auditor's Report to the Members of
MILK (Mainly I Love Kids) Fund
(Cont'd)**

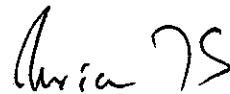
Opinion

In our opinion,

- (a) the financial statements are properly drawn up in accordance with the Singapore Financial Reporting Standards, the provision of the Charities Act, Chapter 37, the Societies Act, Chapter 311 and Recommended Accounting Practice No. 6 (RAP 6), so as to give a true and fair view of the state of affairs of the Society as at 31 March 2010 and of the results, changes in funds and cash flows of the Society for the financial year ended on that date;
- (b) the accounting and other records have been properly kept by the Society; and
- (c) the Return of Tax-Deductible Receipts presents fairly the tax-deductible receipts issued by the MILK (Mainly I Love Kids) Fund for the period from 1 April 2009 to 31 March 2010.

During the course of our examination, nothing came to our notice that cause us to believe that,

- (a) tax-deductible receipts were issued for donations other than outright cash donations;
- (b) donations for which tax-deductible receipts have been issued were not used for welfare activities approved by the Charitable Fund;
- (c) the internal accounting controls over the issue and custody of tax-deductible receipts were inadequate;
- (d) there were significant contraventions of the Rules for the Administration of NCSS Charitable Fund Scheme for Voluntary Welfare Organisations.



**Nexia TS Public Accounting Corporation
Public Accountants and Certified Public Accountants**

Singapore

5 August 2010

	Note	2010 \$	2009 \$
ASSETS			
Current assets			
Cash and cash equivalents	3	6,189,009	9,838,813
Donations and other receivables	4	150,309	82,461
Other current assets	5	5,541	6,005
		6,344,859	9,927,279
Non-current assets			
Leasehold property	6	700,978	716,134
Total assets		7,045,837	10,643,413
Current liabilities			
Accruals		13,212	15,145
NET ASSETS		7,032,625	10,628,268
FUNDS			
Unrestricted funds			
Local work:			
General fund	7	5,259,118	5,071,181
Designated funds	8	1,034,112	4,968,639
		6,293,230	10,039,820
Non-local work:			
General fund	7	245,731	474,952
Designated funds	9	493,664	113,496
		739,395	588,448
Total funds		7,032,625	10,628,268

The accompanying notes form an integral part of these financial statements

		Unrestricted Funds						
		Local Work General Fund 2010 \$	Local Work Designated Fund 2010 \$	Non- Local Work General Fund 2010 \$	Non-Local Work Designated Fund 2010 \$	Total Funds 2010 \$	Total Funds 2009 \$	
Note								
<u>Incoming resources</u>								
Incoming resources from generated funds								
	- Voluntary income	10	1,287,641	1,634,406	104,667	505,391	3,532,105	6,356,909
	- Investment income		4,845	1,461	-	60	6,366	26,723
	- Membership fees		100	-	-	-	100	100
	Total incoming resources		1,292,586	1,635,867	104,667	505,451	3,538,571	6,383,732
<u>Resources expended</u>								
	Costs of generating voluntary income	11	7,319	38,000	2,140	-	47,459	10,035
	Programme disbursements							
	- Local work		941,538	5,532,394	-	-	6,473,932	1,316,177
	- Non-local work		-	-	328,143	125,283	453,426	491,509
	Total programme disbursements	13	941,538	5,532,394	328,143	125,283	6,927,358	1,807,686
	Governance costs	14	155,792	-	3,605	-	159,397	147,034
	Total resources expended		1,104,649	5,570,394	333,888	125,283	7,134,214	1,964,755
	Net incoming/(outgoing) Resources		187,937	(3,934,527)	(229,221)	380,168	(3,595,643)	4,418,977
<u>Reconciliation of funds:-</u>								
	Total funds brought forward		5,071,181	4,968,639	474,952	113,496	10,628,268	6,209,291
	Total funds carried forward		5,259,118	1,034,112	245,731	493,664	7,032,625	10,628,268

The accompanying notes form an integral part of these financial statements

	Unrestricted Funds		
	Local Work	Non-Local Work	Total
	\$	\$	\$
At 1 April 2008	5,990,731	218,560	6,209,291
Net incoming resources for the year	4,049,089	369,888	4,418,977
At 31 March 2009	10,039,820	588,448	10,628,268
Net (outgoing)/incoming resources for the year	(3,746,590)	150,947	(3,595,643)
At 31 March 2010	6,293,230	739,395	7,032,625

The accompanying notes form an integral part of these financial statements

	Note	2010 \$	2009 \$
Cash flows from operating activities			
Net (deficit)/surplus for the financial year		(3,595,643)	4,418,977
Adjustment for:			
Depreciation of leasehold property	6	15,156	15,156
		<u>(3,580,487)</u>	<u>4,434,133</u>
Changes in working capital			
- Donations and other receivables		(67,848)	(24,735)
- Other current assets		464	(915)
- Accruals		(1,933)	8,960
Net cash (used in)/provided by operating activities		<u>(3,649,804)</u>	<u>4,417,443</u>
Net (decrease)/increase in cash and cash equivalents		<u>(3,649,804)</u>	<u>4,417,443</u>
Cash and cash equivalents at beginning of financial year		9,838,813	5,421,370
Cash and cash equivalents at end of financial year	3	<u>6,189,009</u>	<u>9,838,813</u>

The accompanying notes form an integral part of these financial statements

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

The financial statements of the Society for the financial year ended 31 March 2010 were authorised for issue in accordance with a resolution of the executive committee on 5 August 2010.

1 General information

MILK (Mainly I Love Kids) Fund is a society registered since 23 June 2004 with the Registrar of Societies under the Societies Act, Chapter 311, and has its registered office at No. 1 Kaki Bukit Road 1, Enterprise One, #02-10, Singapore 415934.

The principal activities of MILK (Mainly I Love Kids) Fund are reaching out to disadvantaged children in the hope of developing them into contributing members of society.

The MILK Fund is approved as an institution of a public character ("IPC") under the provision of the Income Tax Act. The MILK Fund's tax exempt status has been extended from 1 October 2007 to 31 December 2010.

The MILK Fund is registered as a charity under the Charities Act, Chapter 37 since 6 July 2004. It was granted Associate Membership with NCSS with effect from August 1, 2004.

2 Summary of significant accounting policies

(a) Basis of preparation

The financial statements have been prepared in accordance with the provisions of the Singapore Charities Act, Singapore Societies Act, Singapore Financial Reporting Standards (FRS) and Recommended Accounting Practice No.6 (RAP 6). The financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of these financial statements in conformity with FRS requires the Executive Committee to exercise its judgement in the process of applying the Society's accounting policies. It also requires the use of certain critical accounting estimates and assumptions.

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Interpretations and amendments to published standards effective in 2010

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 2009. The Society does not expect that adoption of these accounting standards or interpretations will have a material impact on the Society's financial statements.

2 Summary of significant accounting policies (Cont'd)

(b) Leasehold property

Leasehold property is recognised at cost less accumulated depreciation and accumulated impairment losses. The cost includes expenditure that is directly attributable to the acquisition of the asset.

Capitalisation and depreciation policies adopted are as follows:

	<u>Depreciation on straight-line method</u>
Leasehold property	Over the remaining period of lease
Moveable asset with unit cost below S\$20,000	Write off in the year of acquisition
Moveable asset with unit cost of S\$20,000 and above	Depreciate over 5 years

The residual values, estimated useful lives and depreciation method of property are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in the statement of financial activities when the changes arise.

(c) Impairment of non-financial assets

Leasehold property is reviewed for impairment whenever there is any objective evidence or indication that these assets may be impaired.

The carrying amounts of the MILK Fund's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. All impairment losses are recognised in the statement of financial activities whether the carrying amount of an asset exceeds its recoverable amount.

An impairment loss is only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation and had no impairment loss been recognized. All reversals of impairment are recognised in the statement of financial activities.

(d) Financial assets

Loans and receivables include "cash and cash equivalents" and "donations and other receivables" in the balance sheet.

These financial assets are initially recognised at fair value plus transaction cost and subsequently carried at amortised cost using the effective interest method. They are presented as current assets, except for those maturing later than 12 months after the balance sheet date which are presented as non-current assets.

The Society assesses at each balance sheet date whether there is objective evidence that these financial assets are impaired and recognises an allowance for impairment when such evidence exists. Allowance for impairment 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.

(e) Accruals

Accruals, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the MILK Fund.

2 Summary of significant accounting policies (Cont'd)

(f) *Incoming resources*

- (i) Donations and income from fund-raising projects are recognised on an accrual basis.
- (ii) Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with.
- (iii) Cash grants received from the government in relation to the Jobs Credit Scheme are recognised upon receipt. Such grants are provided to defray the wage costs incurred by the organisation and are offset against manpower and related costs in the financial statements.
- (iv) Income on bank current accounts and fixed deposits placed with banks are recognised on an accrual basis.

(g) *Resources expended*

All expenditures are accounted for on an accrual basis, aggregated under the respective areas. Direct costs are attributed to the activity where possible. Where costs cannot be wholly attributable to an activity, they have been apportioned on a basis consistent with the use of resources.

(i) *Costs of generating funds from fund-raising activities*

These costs are directly attributable to the fund-raising activities, separate from those costs incurred in undertaking charitable activities.

(ii) *Programme disbursements*

Programme disbursements comprise all disbursements made in relation to the charitable objects of the MILK Fund.

(iii) *Governance costs*

Governance costs include the costs of governance arrangements, which relate to the general running of the MILK Fund, providing governance infrastructure and ensuring public accountability. These costs include costs related to constitutional and statutory requirements, and an apportionment of overhead and shared costs.

(h) *Employee compensation*

Defined contribution plans

The Society's contributions to defined contribution plans, the Central Provident Fund, are recognised as employee compensation expense when the contributions are due.

2 Summary of significant accounting policies (Cont'd)

(i) Currency translation

The financial statements are presented in Singapore Dollar, which is the functional currency of the Society.

Transactions in a currency other than Singapore Dollar ("foreign currency") are translated into Singapore Dollar using the exchange rates prevailing at the dates of the transactions. Currency translation differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in the income statement. Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined. Currency translation differences on these items are included in the fair value reserve.

(j) Funds structure

The Unrestricted Funds comprises of designated and general fund are available for use at the discretion of the Executive Committee in furtherance of the MILK Fund's objects.

For administrative reasons, unrestricted funds may be designated by the Executive Committee for use under specific purposes.

(k) Fair value estimation of financial assets and liabilities

The fair values of current financial assets and liabilities carried at amortised cost approximately their carrying amounts.

3 Cash and cash equivalents

	2010	2009
	\$	\$
Cash at bank	1,570,139	4,882,098
Fixed deposits	4,618,870	4,956,715
	<u>6,189,009</u>	<u>9,838,813</u>

4 Donations and other receivables

	2010	2009
	\$	\$
Donations receivables	150,000	81,900
Other receivables	-	111
Interest receivables	309	450
	<u>150,309</u>	<u>82,461</u>

5 Other current assets

	2010	2009
	\$	\$
Deposits	2,400	2,400
Prepayment	3,141	3,605
	<u>5,541</u>	<u>6,005</u>

6 Leasehold property

	2010 \$	2009 \$
Cost		
Beginning and end of financial year	735,079	735,079
Accumulated depreciation		
Beginning of financial year	18,945	3,789
Depreciation charge	15,156	15,156
End of financial year	34,101	18,945
Net book value at end of financial year	700,978	716,134

Leasehold property is held in trust by Mr Yeo Cheng Boon and Ms Janet Lyn Yoke Chin.

7 General funds

	Unrestricted Funds		
	Local Work \$	Non-Local Work \$	Total \$
Balance as at 1 April 2009	5,071,181	474,952	5,546,133
Incoming resources	1,292,586	104,667	1,397,253
Resources expended	(1,104,649)	(333,888)	(1,438,537)
	187,937	(229,221)	(41,284)
Balance as at 31 March 2010	5,259,118	245,731	5,504,849

8 Designated funds for local work

Composition

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
ATF supplement for adult beneficiary	12,064	16,692
ATF supplement for child beneficiary	-	-
Beyond Social Services	-	-
Compassion Fund	68,596	473,148
Hope Chronic Illness Programme	174,660	173,356
MILK Education Fund	415,583	143,151
Babes	301,505	300,894
MILK Bursary for students with autism	61,532	188,984
MILK Community Foundation for Children	-	3,618,094
President's Challenge 2009	172	-
Out-patient care for children with cleft lip/palate	-	54,320
	<u>1,034,112</u>	<u>4,968,639</u>

(i) ATF supplement for adult beneficiary

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	16,692	5,732
Donations received:		
- Designated donations	-	25,000
	-	25,000
Disbursements	(4,628)	(14,040)
	(4,628)	10,960
At end of financial year	<u>12,064</u>	<u>16,692</u>

Through the generous donation of a wellwisher, the ATF-MILK top-up provides funding for individuals over 25 years of age. This programme is aimed at enhancing potential mainstream employment and encouraging active living for persons suffering from disabilities.

8 Designated funds for local work (Cont'd)

(ii) ATF supplement for child beneficiary

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	-	-
Donations received:		
- MILK Dinner	2,200	-
	<u>2,200</u>	<u>-</u>
Disbursements	(2,200)	-
	<u>-</u>	<u>-</u>
At end of financial year	<u>-</u>	<u>-</u>

(iii) Beyond Social Services

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	-	-
Donations received:		
- Designated donations	133,928	183,348
- MILK Dinner	28,200	-
- Third party events	11,000	-
	<u>173,128</u>	<u>183,348</u>
Disbursements	(173,128)	(183,348)
	<u>-</u>	<u>-</u>
At end of financial year	<u>-</u>	<u>-</u>

MILK, through our partner Beyond Social Services, supports programmes dedicated to reducing delinquency among children and youth from less privileged backgrounds by providing guidance, care, protection and resources that keep young people in school and out of trouble.

8 Designated funds for local work (Cont'd)

(iv) Compassion Fund

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	473,148	362,507
Donations received:		
- Designated donations	-	56,107
- Investment income	92	62
- MILK Dinner	-	128,031
- Share-A-Meal	68,596	66,772
- Third party events	28,160	6,519
	<u>96,848</u>	<u>257,491</u>
Disbursements	(501,400)	(146,850)
	<u>(404,552)</u>	<u>110,641</u>
At end of financial year	<u>68,596</u>	<u>473,148</u>

Compassion Fund is a fund set up for students whose families may be in crisis as a result of the death of a breadwinner, a sudden illness or accident in the family.

The main objective of Compassion Fund is to give early and timely financial assistance to students in crisis so as to prevent the crisis from causing the families to spiral into poverty or other chronic family problems.

(v) Hope Chronic Illness Programme

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	173,356	172,317
Donations received:		
- Designated donations	1,000	1,000
- Investment income	304	39
	<u>1,304</u>	<u>1,039</u>
At end of financial year	<u>174,660</u>	<u>173,356</u>

8 Designated funds for local work (Cont'd)

(v) Hope Chronic Illness Programme (Cont'd)

Hope Chronic Illness Programme is set up to provide access to medical treatment for children who suffer from chronic illnesses that have good medical and social prognosis for mainstream education and employment. With medical attention that they would otherwise not afford, these children are able to live as active a life as possible as contributing members of society.

(vi) MILK Education Fund

	<u>Unrestricted Fund</u>	
	<u>2010</u>	<u>2009</u>
	\$	\$
At beginning of financial year	143,151	33,716
Donations received:		
- Designated donations	200,000	-
- Investment income	54	25
- MILK Dinner	141,150	105,000
- Third party events	-	11,784
	<u>341,204</u>	<u>116,809</u>
Disbursements	(68,772)	(7,374)
	<u>272,432</u>	<u>109,435</u>
At end of financial year	<u>415,583</u>	<u>143,151</u>

MILK Education Fund was conceived to provide disadvantaged children with the opportunity to reach their full potential through tertiary education. The programme specifically targets deserving children from low-income households who are facing family problems and pecuniary hardship, who would otherwise have to forego the opportunity to attain tertiary qualifications.

8 Designated funds for local work (Cont'd)

(vii) Babes

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	300,894	-
Donations received:		
- Investment income	611	77
- MILK Dinner	-	190,000
- Third party events	-	110,817
	<u>611</u>	<u>300,894</u>
At end of financial year	<u>301,505</u>	<u>300,894</u>

Babes is an SMS hotline to guide teenagers who are experiencing a pregnancy crisis so that they do not take the drastic step of abandoning their baby. This is done by proactively providing information, support and community resources that nurture responsible decision making and behaviours. Designated fund for Babes to be disbursed upon the setting up of Babes as separate charity entity.

(viii) MILK Bursary for students with autism

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	188,984	-
Donations received:		
- Investment income	17	-
- MILK Dinner	10,000	188,984
- Third party events	10,000	-
	<u>20,017</u>	<u>188,984</u>
Disbursement	(147,469)	-
	<u>(127,452)</u>	<u>188,984</u>
At end of financial year	<u>61,532</u>	<u>188,984</u>

MILK provides educational grant to students from low-income families in Pathlight School. Pathlight School is the first autism-focused school offering the Singapore mainstream curriculum with special accommodations and support to students with Autism Spectrum Disorder (ASD). MILK's bursary provides supplementary support to cover school transport, pocket money, uniforms, textbooks, stationery and enrichment programmes.

8 Designated funds for local work (Cont'd)

(ix) MILK Community Foundation for Children

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	3,618,094	-
Donations received:		
- Designated donations – Khoo Teck Puat Foundation	1,000,000	2,000,000
- Investment income	370	-
- MILK Dinner	-	1,618,094
	<u>1,000,370</u>	<u>3,618,094</u>
Disbursement	(4,580,464)	-
Bad debt written off-MILK Dinner	(38,000)	-
	<u>(3,618,094)</u>	<u>3,618,094</u>
At end of financial year	<u>-</u>	<u>3,618,094</u>

Community Foundation of Singapore is an initiative of National Volunteer and Philanthropy Centre (NVPC) to form a donor-advised funding mechanism for long-term strategic giving. MILK has formed the 'MILK Community Foundation for Children' whereby MILK is the donor. The objective of this is to support new initiatives for children or programmes that fall through the cracks or programmes that need long-term sustainable funding.

(x) President's Challenge 2009

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	-	-
Donations received:		
- Designated donations	172	-
At end of financial year	<u>172</u>	<u>-</u>

MILK Fund is one of the beneficiaries of President's Challenge 2009 and the fund is designated towards MILK's programmes with IPC status.

8 Designated funds for local work (Cont'd)

(xi) Out-patient care for children with cleft lip/palate

	Unrestricted Fund	
	2010 \$	2009 \$
At beginning of financial year	54,320	-
Donations received:		
- Investment income	13	2
- MILK Dinner	-	54,318
	13	54,320
Disbursements	(54,333)	-
	(54,320)	54,320
At end of financial year	-	54,320

Facial deformities are often life-threatening and emotionally traumatizing; many children are unable to eat or speak; some are even kept out of school. Funds will support children from low-income families with facial deformities, with their outpatient care. With proper outpatient care such as consultations, speech therapy, counselling etc, the children will be able to lead active lives.

9 Designated funds for non-local work

Composition

	Unrestricted Fund	
	2010 \$	2009 \$
Indonesia work	27,000	-
Luo Yuan work	12,984	73,921
Lee Hing Investment Company Limited	415,200	-
Philippines work	-	39,575
Thailand work	38,480	-
Timor Leste work	-	-
	493,664	113,496

9 Designated funds for non-local work (Cont'd)

(i) Indonesia work

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	-	-
Donations received:		
- MILK Dinner	27,000	-
	<u>27,000</u>	<u>-</u>
At end of financial year	<u>27,000</u>	<u>-</u>

Exploratory discussions on a water project in Indonesia were recently initiated. The project aims to provide affordable pure water and wholistic community services to impact health, nutrition and education in poor communities in Indonesia. A local agency helps assess and identify a suitable location and thereafter the execution where applicable.

(ii) Luo Yuan work

	Unrestricted Fund	
	2010	2009
	\$	\$
At beginning of financial year	73,921	-
Donations received:		
- Designated donations	720	2,000
- Investment income	39	19
- MILK Dinner	-	73,902
	<u>759</u>	<u>75,921</u>
Disbursements	(61,696)	(2,000)
	<u>(60,937)</u>	<u>73,921</u>
At end of financial year	<u>12,984</u>	<u>73,921</u>

MILK works in partnership with the Luo Yuan County government and the Luo Yuan church, and focuses on providing education grants to the school children, bursaries and scholarships for university education. MILK hopes to enhance these children's opportunities, present with chances for the children to break out of the poverty cycle and plant the seeds for uplifting the community as a whole.

9 Designated funds for non-local work (Cont'd)

(iii) Lee Hing Investment Company Limited

	Unrestricted Fund	
	2010 \$	2009 \$
At beginning of financial year	-	-
Donations received:		
- Designated donations	415,200	-
	<u>415,200</u>	<u>-</u>
At end of financial year	<u>415,200</u>	<u>-</u>

(iv) Philippines work

	Unrestricted Fund	
	2010 \$	2009 \$
At beginning of financial year	39,575	-
Donations received:		
- Designated donations	-	18,939
- Investment income	21	10
- MILK Dinner	-	39,565
	<u>21</u>	<u>58,514</u>
Disbursements	(39,596)	(18,939)
	<u>(39,575)</u>	<u>39,575</u>
At end of financial year	<u>-</u>	<u>39,575</u>

Our work in Philippines is implemented by MILK's counterpart -- MILK Foundation Inc. Philippines. Our programmes are aimed at enabling the street children access educational and livelihood opportunities so that they can uplift themselves and their communities economically and get out of the perpetual poverty cycle.

9 Designated funds for non-local work (Cont'd)

(v) Thailand work

	Unrestricted Fund	
	2010 \$	2009 \$
At beginning of financial year	-	-
Donations received:		
- Designated donations	50,000	50,160
- MILK Dinner	6,000	69,121
	<u>56,000</u>	<u>119,281</u>
Disbursements	(17,520)	(119,281)
	<u>38,480</u>	<u>-</u>
At end of financial year	<u>38,480</u>	<u>-</u>

MILK's work in Thailand had begun with a few rural communities in the North Eastern and Southern regions of Thailand. With economic empowerment as the first strategy to uplift these communities out of poverty, MILK supported several community development projects in partnership with Population and Community Development Association (PDA), known for their years of development work with the rural poor.

(vi) Timor Leste work

	Unrestricted Fund	
	2010 \$	2009 \$
At beginning of financial year	-	-
Donations received:		
- Designated donations	-	123,075
- MILK Dinner	-	58,510
- Third party events	6,471	-
	<u>6,471</u>	<u>181,585</u>
Disbursements	(6,471)	(181,585)
	<u>-</u>	<u>-</u>
At end of financial year	<u>-</u>	<u>-</u>

MILK's work in Timor Leste involves primary health care, education, maternal/infant care and disease prevention programmes. Through a joint partnership involving MILK, Clinic Café Timor (CCT) and the Ministry of Health, we support 11 fixed clinics and 4 mobile clinics which serve about 200,000 patients every year. MILK supports Maternal and Child health and immunization programmes through rural clinics.

10 Voluntary income

	Unrestricted Funds					
	Local Work General Fund 2010 \$	Local Work Designated Fund 2010 \$	Non-Local Work General Fund 2010 \$	Non-Local Work Designated Fund 2010 \$	Total Funds 2010 \$	Total Funds 2009 \$
	Donation in Cash					
- Direct donations from MILK Members	32,500	-	-	-	32,500	46,600
- Designated Donations	-	1,335,100	-	465,920	1,801,020	2,459,629
- General Donations	176,762	-	101,667	-	278,429	609,180
- MILK Dinner *	475,850	181,550	3,000	33,000	693,400	2,601,525
- SG Gives	110	-	-	-	110	-
- Share-A-Meal	-	68,596	-	-	68,596	66,772
- Singapore Power Mailer	230	-	-	-	230	13,461
- Third Party Events	602,189	49,160	-	6,471	657,820	488,124
Government Grants	-	-	-	-	-	71,618
Total	1,287,641	1,634,406	104,667	505,391	3,532,105	6,356,909

* Donations received for MILK Dinner were from:

	2010 \$	2009 \$
MILK Members	-	178,600
Other donors	693,400	2,422,925
	<u>693,400</u>	<u>2,601,525</u>

Included in the voluntary income for local work are tax deductible donations of \$2,543,615 (2009: \$4,931,920).

11 Costs of generating voluntary income

The following items form the cost of generating voluntary income:-

	Unrestricted Funds	
	2010	2009
	\$	\$
MILK Dinner	4,986	3,349
Share-A-Meal	4,348	6,557
Singapore Power Mailer	125	129
Bad debt expense – MILK Dinner	38,000	-
Total	47,459	10,035

12 Sponsorship in kind

Sponsorship in kind received for fund raising events were as follows:

	Estimated	
	2010	2009
	\$	\$
MILK Dinner	98,485	527,962
Share-A-Meal	8,345	350
Total	106,830	528,312

Sponsorship in kind for MILK Dinner includes cost to organize event, venue and dinner (estimated at \$41,240) and donated items for auction (estimated at \$57,245).

Sponsorship in kind for Share-A-Meal includes lorry rental, food for volunteers, poster design and printing.

13 Programme disbursements

	Unrestricted Funds					
	Local Work General Fund 2010 \$	Local Work Designated Fund 2010 \$	Non-Local Work General Fund 2010 \$	Non-Local Work Designated Fund 2010 \$	Total Funds 2010 \$	Total Funds 2009 \$
Local work						
Assistive Technology Fund Supplement	14,666	6,828	-	-	21,494	36,619
Beyond Social Services	926,872	173,128	-	-	1,100,000	1,125,334
Compassion Fund	-	501,400	-	-	501,400	146,850
MILK Bursary for Pathlight students	-	147,469	-	-	147,469	-
MILK Community Foundation for Children	-	4,580,464	-	-	4,580,464	-
MILK Education Fund	-	68,772	-	-	68,772	7,374
Post operative care for cleft lip/palate children	-	54,333	-	-	54,333	-
Total	941,538	5,532,394	-	-	6,473,932	1,316,177
Non-local work						
Luo Yuan work	-	-	296,614	61,696	358,310	128,996
Philippines work	-	-	-	39,596	39,596	18,939
Thailand work	-	-	-	17,520	17,520	121,353
Timor Leste work	-	-	31,529	6,471	38,000	222,221
Total	-	-	328,143	125,283	453,426	491,509
Total programme disbursements	941,538	5,532,394	328,143	125,283	6,927,358	1,807,686

14 Governance costs

	Unrestricted Funds			
	Local Work General Fund 2010 \$	Non-Local Work General Fund 2010 \$	Total Funds 2010 \$	Total Funds 2009 \$
Audit fee	7,490	-	7,490	8,290
Bank charges	455	796	1,251	1,901
Building maintenance	4,515	-	4,515	4,354
Courier	324	31	355	544
Depreciation	15,156	-	15,156	15,156
Equipment expensed off	4,496	-	4,496	-
General expenses	4,135	-	4,135	2,597
Insurance	1,559	-	1,559	1,584
IT services	941	-	941	1,502
Manpower and related costs	103,082	-	103,082	93,809
Printing and stationery	3,121	41	3,162	3,081
Property tax	1,633	-	1,633	3,943
Staff benefit and welfare	292	-	292	347
Subscription	-	-	-	471
Telecommunications	2,862	284	3,146	3,811
Training	43	-	43	-
Transport	2,711	7	2,718	1,401
Travel	-	2,446	2,446	1,564
Utilities	2,977	-	2,977	2,679
Total	155,792	3,605	159,397	147,034

15 Donations from Members

In the current financial year, operating costs were partially covered by donations from Members.

16 Reserves

Reserves to be built up continuously as much as is necessary to achieve our vision of "No child capable of developing into a contributing member of the society will be marginalised because of disability, illness, poverty or social circumstances" for as long as there exist a need, immediate or otherwise, and accordingly, no set desired level of reserves is necessary.

Investment of reserves must only be in Singapore Dollar denominated bank deposit and with banks within Singapore only.

The reserves policy will be reviewed from time to time on a need basis and to be disclosed in the annual report.

17 Employee compensation

	2010 \$	2009 \$
Wages and salaries	94,790	84,545
Employer's contribution to Central Provident Fund	8,292	9,264
	103,082	93,809

The Jobs Credit Scheme (the "Scheme") is a cash grant introduced in the Singapore Budget 2009 to help businesses preserve jobs in the economic downturn. The Jobs Credit will be paid to eligible employee in 2009 in four payments and the amount an employer can receive would depend on the fulfillment of the conditions as stated in the Scheme. The Employer's contribution to Central Provident Fund is presented net of cash grant from the Scheme of \$5,269 (2009: \$1,675).

18 Related party transactions

For the purposes of these financial statements, parties are considered to be related to the MILK Fund if the MILK Fund has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the MILK Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Use of office premise

A legally binding and enforceable relationship was created between:-

MILK (Mainly I Love Kids) Fund and Mission House Investment Pte Ltd.

MILK (Mainly I Love Kids) Fund, a Charity registered in July 2004 and existing under the laws of Singapore with mailing address at No.1 Kaki Bukit Road 1, #02-10 Enterprise One, Singapore 415934, represented by its President, Dr Sheryn Mah and hereinafter referred to as 'MILK'.

Mission House Investment Pte Ltd, a company registered under Singapore Laws with address at 27 Cantonment Road, Singapore 089745, represented by its directors Mr Stanley Tan Poh Leng (Vice President of MILK) and Mr Yeo Cheng Boon (a MILK Member and one of the trustees of the leasehold property), and hereinafter referred to as "Mission House".

MILK, undertakes to allow Mission House and all those authorised by Mission House, without charge, the free and unlimited access and use of unit #02-10 including but not limited to storage purposes.

Mission House, as a gesture of goodwill and in its aim of assisting in the charitable work of MILK, as the registered owner of No.1 Kaki Bukit Road 1, #02-09 Enterprise One, Singapore 415934 undertakes to allow MILK, without charge:

- a) the free and unlimited access and use of unit #02-09 for its operations,
- b) the free and unlimited access and use of all equipment, including and not limited to computers, printers, fax machines, work stations and all other machines and equipment located at unit #02-09.

Key management personnel compensation

The MILK Fund is governed by the Executive Committee Members. All Executive Committee Members are volunteers and receive no monetary remuneration for their contributions.

18 Related party transactions (Cont'd)

Declaration of Interest

MILK Fund has established a policy relating to management and avoidance of conflicts of interests in compliance with Regulation 18 of Charities (Institutions of a Public Character) Regulations. Under this policy, Executive Committee Members have declared their relationships in other Voluntary Welfare Organisations who have relationships with MILK Fund. In addition, the declaration of interest will be made upon assuming office or commencement of work and will be reviewed annually or earlier when updates are made.

The details of Executive Committee Members serving in these organisations are:

- 1 Dr Sheryn Mah
Compassion Fund Ltd:
Director (since 11 March 2009)
Chairman (since 31 March 2009)

- 2 Mr Stanley Tan Poh Leng
 - 2.1 Beyond Social Services:
Board Member (since 10 October 2000)
Vice President (24 March 2009 - 18 May 2010)
 - 2.2 National Volunteer and Philanthropy Centre (NVPC):
Board Member (since 1 September 2005)
Chairman (since 1 November 2007)
 - 2.3 The Community Foundation of Singapore:
Director (since 8 September 2008)
Chairman (since 3 November 2008)
 - 2.4 Fundasaun Alola (Timor Leste):
Board Member (since 6 March 2008)
 - 2.5 M.I.L.K. (Mainly I Love Kids) Foundation, Incorporated (Philippines):
Director (since 23 August 2006)

- 3 Mrs Joy Balakrishnan
Compassion Fund Ltd:
Director (since 1 April 2009)

- 4 Ms Janet Lyn Yoke Chin
Beyond Social Services:
Board Member (since 19 April 2005)
Honorary Treasurer (since 24 March 2009)

Compassion Fund Ltd

MILK Fund provides administrative support including the use of office space, infrastructure support cost including and not limited to communication, printing and stationery, utilities, office equipment as well as staff support to a programme partner and related party - Compassion Fund Ltd at no cost.

19 Income tax

The MILK Fund is registered as a charity under the Charity Act (Cap 37) and is exempt from income tax.

20 Financial risk management

Financial risk management objectives and policies

The main risks arising from the MILK Fund's financial instruments are credit risk and interest rate risk. The MILK Fund does not use derivatives and other instruments in its risk management activities. The MILK Fund does not hold or issue derivative financial instruments for trading purposes. The Executive Committee Members review and agree policies for managing each of these risks and they are summarised below:

Credit risk

The carrying amount of bank balances and other receivables represent the MILK Fund's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The MILK Fund has no significant concentration to credit risk and placed its surplus funds with licensed banks in Singapore.

Interest rate risk

The MILK Fund's exposure to changes in interest rates relates primarily to its holding of fixed deposits. The MILK Fund's policy is to obtain favorable interest rates that are available.

Fair value measurement

The carrying value of financial assets and liabilities approximate their fair value because of short period to maturity. The carrying amounts of these financial assets and liabilities carried at cost or amortised costs are not materially different from their fair values as at 31 March 2010 and 2009.

21 New or revised accounting Standards and Interpretations

Certain new standards, amendments and interpretations to existing standards have been published and are mandatory for the Society's accounting periods beginning on or after 1 January 2010 or later periods and which the Society has not early adopted. The Society's assessment of the impact of adopting those standards, amendments and interpretations that are relevant, have no significant impact to the Society.