

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

**Annual Report for the financial year ended**  
**31 March 2011**

Associated With

**Smith & Williamson**

**Nexia TS Public Accounting Corporation**

UEN: 200507237N

Incorporated with limited liability

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

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Singapore

Shanghai

### **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,

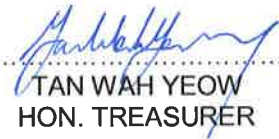
- (a) the financial statements of MILK (Mainly I Love Kids) Fund (the "Society") as set out on pages 5 to 34 are drawn up so as to give a true and fair view of the state of affairs of the Society as at 31 March 2011 and of the results of the Society, changes in funds and cash flows of the Society for 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



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STANLEY TAN POH LENG  
VICE PRESIDENT



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TAN WAH YEOW  
HON. TREASURER

**Singapore**

**3 August 2011**

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of MILK (Mainly I Love Kids) Fund set out on pages 5 to 34, which comprise the statement of financial position as at 31 March 2011, the statement of financial activities, the statement of changes in funds and the statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

We have examined the Return of Tax-Deductible Receipts amounting to \$3,851,936 with regards to tax-deductible donations and \$742,162 with regards to non-tax-deductible donations of MILK (Mainly I Love Kids) Fund for the period from 1 April 2010 to 31 March 2011.

### *The Executive Committee's Responsibility for the Financial Statements*

The Executive Committee is responsible for the preparation of financial statements that give a true and fair view in accordance with the provision of the Charities Act, Chapter 37, the Societies Act, Chapter 311, Recommended Accounting Practice No. 6 (RAP 6) and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition, that 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.

### *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 about 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 controls relevant to the entity's preparation of the financial statements that give a true and fair view 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 controls. 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 2011 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 2010 to 31 March 2011.

***Report on other legal and regulatory requirements***

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**

**3 August 2011**

	Note	2011 \$	2010 \$
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	3	8,701,596	6,189,009
Donations and other receivables	4	5,268	150,309
Other current assets	5	3,954	5,541
		8,710,818	6,344,859
<b>Non-current assets</b>			
Leasehold property	6	685,822	700,978
<b>Total assets</b>		9,396,640	7,045,837
<b>Current liabilities</b>			
Accruals		256,095	13,212
<b>NET ASSETS</b>		9,140,545	7,032,625
<b>FUNDS</b>			
<b>Unrestricted funds</b>			
Local work:			
General fund	7	6,834,775	5,259,118
Designated funds	8	1,518,261	1,034,112
		8,353,036	6,293,230
Non-local work:			
General fund	7	464,244	245,731
Designated funds	9	323,265	493,664
		787,509	739,395
<b>Total funds</b>		9,140,545	7,032,625

*The accompanying notes form an integral part of these financial statements*

		Unrestricted Funds					
		Local Work General Fund 2011 \$	Local Work Designated Fund 2011 \$	Non-Local Work General Fund 2011 \$	Non-Local Work Designated Fund 2011 \$	Total Funds 2011 \$	
Note							
<b><u>Incoming resources</u></b>							
<b>Incoming resources from generated funds</b>							
	- Voluntary income	10	2,183,400	1,890,671	499,067	20,960	4,594,098
	- Investment income						
	- Interest income		5,124	678	-	-	5,802
	- Membership fees		-	-	-	-	-
	<b>Total incoming resources</b>		<b>2,188,524</b>	<b>1,891,349</b>	<b>499,067</b>	<b>20,960</b>	<b>4,599,900</b>
<b><u>Resources expended</u></b>							
	Costs of generating voluntary income	11	242,689	-	-	-	242,689
	Programme disbursements						
	- Local work		83,701	1,407,200	-	-	1,490,901
	- Non-local work		-	-	275,778	191,359	467,137
	<b>Total programme disbursements</b>	13	<b>83,701</b>	<b>1,407,200</b>	<b>275,778</b>	<b>191,359</b>	<b>1,958,038</b>
	Governance costs	14	286,477	-	4,776	-	291,253
	<b>Total resources expended</b>		<b>612,867</b>	<b>1,407,200</b>	<b>280,554</b>	<b>191,359</b>	<b>2,491,980</b>
	<b>Net incoming/(outgoing) Resources</b>		<b>1,575,657</b>	<b>484,149</b>	<b>218,513</b>	<b>(170,399)</b>	<b>2,107,920</b>
<b><u>Reconciliation of funds:-</u></b>							
	Total funds brought forward		5,259,118	1,034,112	245,731	493,664	7,032,625
	Total funds carried forward		6,834,775	1,518,261	464,244	323,265	9,140,545

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

The accompanying notes form an integral part of these financial statements

	Unrestricted Funds		
	Local Work	Non-Local Work	Total
	\$	\$	\$
<b>At 31 March 2009</b>	10,039,820	588,448	10,628,268
Net (outgoing)/incoming resources for the year	(3,746,590)	150,947	(3,595,643)
<b>At 31 March 2010</b>	6,293,230	739,395	7,032,625
Net incoming resources for the year	2,059,806	48,114	2,107,920
<b>At 31 March 2011</b>	8,353,036	787,509	9,140,545

*The accompanying notes form an integral part of these financial statements*

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Net surplus/(deficit) for the financial year		2,107,920	(3,595,643)
Adjustment for:			
Depreciation	6	15,156	15,156
		<u>2,123,076</u>	<u>(3,580,487)</u>
Changes in working capital			
- Donations and other receivables		145,041	(67,848)
- Other current assets		1,587	464
- Accruals		242,883	(1,933)
		<u>2,512,587</u>	<u>(3,649,804)</u>
<b>Net cash provided by/(used in) operating activities</b>		<b>2,512,587</b>	<b>(3,649,804)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>2,512,587</b>	<b>(3,649,804)</b>
Cash and cash equivalents at beginning of financial year		6,189,009	9,838,813
<b>Cash and cash equivalents at end of financial year</b>	3	<u><u>8,701,596</u></u>	<u><u>6,189,009</u></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 2011 were authorised for issue in accordance with a resolution of the executive committee on 3 August 2011.

## **1 General information**

MILK (Mainly I Love Kids) Fund is incorporated and domiciled in Singapore. 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. The address of its registered office is 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 January 2011 to 31 December 2012.

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***

On 1 April 2010, the Society adopted the new or amended FRS and Interpretations to FRS ("INT FRS") that are mandatory for application from that date. Changes to the Society's accounting policies have been made as required, in accordance with the transitional provisions in the respective FRS and INT FRS.

The adoption of these new or amended FRS and INT FRS did not result in substantial changes to the Society's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

## 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 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) Interest 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 comprise designated and general fund available that are 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**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Cash at bank	4,076,948	1,570,139
Fixed deposits	4,624,648	4,618,870
	<u>8,701,596</u>	<u>6,189,009</u>

**4 Donations and other receivables**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Donations receivables	5,000	150,000
Interest receivables	268	309
	<u>5,268</u>	<u>150,309</u>

**5 Other current assets**

	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
Deposits	350	2,400
Prepayment	3,604	3,141
	<u>3,954</u>	<u>5,541</u>

## 6 Leasehold property

	2011 \$	2010 \$
<b>Cost</b>		
Beginning and end of financial year	735,079	735,079
<b>Accumulated depreciation</b>		
Beginning of financial year	34,101	18,945
Depreciation charge	15,156	15,156
End of financial year	49,257	34,101
<b>Net book value at end of financial year</b>	<b>685,822</b>	<b>700,978</b>

Leasehold property located at No.1 Kaki Bukit Road 1 #02-10, Enterprise One, Singapore 415934 is held in trust by Mr Yeo Cheng Boon and Ms Janet Lyn Yoke Chin. The lease tenure is 60 years with period of lease from 9 July 1996 to 8 July 2056. The depreciation of the property started on 1 January 2008.

## 7 General funds

	Unrestricted Funds		
	Local Work \$	Non-Local Work \$	Total \$
Balance as at 1 April 2010	5,259,118	245,731	5,504,849
Incoming resources	2,188,524	499,067	2,687,591
Resources expended	(612,867)	(280,554)	(893,421)
	1,575,657	218,513	1,794,170
Balance as at 31 March 2011	<b>6,834,775</b>	<b>464,244</b>	<b>7,299,019</b>

## 8 Designated funds for local work

### Composition

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
(i) ATF supplement for adult beneficiary	20,045	12,064
(ii) ATF supplement for child beneficiary	32,584	-
(iii) Beyond Social Services	181,423	-
(iv) Compassion Fund	-	68,596
(v) Hope Chronic Illness Programme	174,886	174,660
(vi) MILK Education Fund	507,092	415,583
(vii) Babes	301,957	301,505
(viii) MILK Bursary for students with autism	66,593	61,532
(ix) MILK Community Foundation for Children	-	-
(x) President's Challenge 2009	83,681	172
(xi) Out-patient care for children with cleft lip/palate	-	-
(xii) Northlight School	150,000	-
	<u>1,518,261</u>	<u>1,034,112</u>

### (i) ATF supplement for adult beneficiary

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
At beginning of financial year	12,064	16,692
Donations received:		
- Designated donation	25,000	-
	<u>25,000</u>	<u>-</u>
Disbursements	(17,019)	(4,628)
	<u>7,981</u>	<u>(4,628)</u>
At end of financial year	<u>20,045</u>	<u>12,064</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

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	-	-
Donations received:		
- MILK Dinner	-	2,200
- Third party event	50,000	-
	50,000	2,200
Disbursements	(17,416)	(2,200)
	32,584	-
At end of financial year	32,584	-

(iii) Beyond Social Services

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	-	-
Donations received:		
- Designated donations	148,016	133,928
- MILK Dinner	-	28,200
- Third party events	33,407	11,000
	181,423	173,128
Disbursements	-	(173,128)
	181,423	-
At end of financial year	181,423	-

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

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	68,596	473,148
Donations received:		
- Investment income	-	92
- Share-A-Meal	-	68,596
- Third party event	10,000	28,160
	10,000	96,848
Disbursements	(78,596)	(501,400)
	(68,596)	(404,552)
At end of financial year	-	68,596

Compassion Fund is a crisis response fund that provides support to needy students from low-income families who are in crisis due to the death, sudden major illness or accident in the family. Without assistance and support, such families are at risk of declining into poverty and developing chronic family problems, with a detrimental impact on the lives of the children. Thus, Compassion Fund aims to give early and timely assistance to these families.

Compassion Fund Ltd was incorporated on 11 March 2009 and received Charity status and IPC status since 28 August 2009.

### (v) Hope Chronic Illness Programme

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	174,660	173,356
Donations received:		
- Designated donation	-	1,000
- Investment income	226	304
	226	1,304
At end of financial year	174,886	174,660

## 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>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
At beginning of financial year	415,583	143,151
Donations received:		
- Designated donations	156,000	200,000
- Investment income	-	54
- MILK Dinner	-	141,150
- Third party event	50,608	-
	<u>206,608</u>	<u>341,204</u>
Disbursements	(115,099)	(68,772)
	<u>91,509</u>	<u>272,432</u>
At end of financial year	<u>507,092</u>	<u>415,583</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

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
At beginning of financial year	301,505	300,894
Donations received:		
- Investment income	452	611
	<u>452</u>	<u>611</u>
At end of financial year	<u>301,957</u>	<u>301,505</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

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
At beginning of financial year	61,532	188,984
Donations received:		
- Investment income	-	17
- MILK Dinner	-	10,000
- Third party event	167,640	10,000
	<u>167,640</u>	<u>20,017</u>
Disbursement	(162,579)	(147,469)
	<u>5,061</u>	<u>(127,452)</u>
At end of financial year	<u>66,593</u>	<u>61,532</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	
	2011 \$	2010 \$
At beginning of financial year	-	3,618,094
Donations received:		
- Designated donation – Khoo Teck Puat Foundation	1,000,000	1,000,000
- Investment income	-	370
	1,000,000	1,000,370
Disbursement	(1,000,000)	(4,580,464)
Bad debt written off-MILK Dinner	-	(38,000)
	-	(3,618,094)
At end of financial year	-	-

The 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 programmes that fall through the cracks or programmes that need long-term sustainable funding.

(x) President's Challenge 2009

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	172	-
Donations received:		
- Designated donation	100,000	172
	100,000	172
Disbursements- ATF supplement	(16,491)	-
	83,509	172
At end of financial year	83,681	172

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	
	2011 \$	2010 \$
At beginning of financial year	-	54,320
Donations received:		
- Investment income	-	13
	-	13
Disbursement	-	(54,333)
	-	(54,320)
At end of financial year	-	-

Facial deformities are often life-threatening and emotionally traumatizing; many children are unable to eat or speak; some are even kept out of school. This fund supports 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.

(xii) Northlight School

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	-	-
Donations received:		
- Designated donation	150,000	-
	150,000	-
Disbursement	-	-
	150,000	-
At end of financial year	150,000	-

Northlight School targets students who have had many unsuccessful attempts at passing their Primary School Leaving Examinations (PSLE) examinations. The students are exposed to a vocational educational programme, customised to prepare their students for life-long learning and employability. Through a donor's support, MILK aims to support some of these programmes.

9 Designated funds for non-local work

Composition

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
(i) Indonesia work	27,000	27,000
(ii) Luo Yuan work	11,421	12,984
(iii) Lee Hing Investment Company Limited	250,335	415,200
(iv) Philippines work	-	-
(v) Thailand work	34,509	38,480
(vi) Timor Leste work	-	-
	<u>323,265</u>	<u>493,664</u>

(i) Indonesia work

	<u>Unrestricted Fund</u>	
	<u>2011</u>	<u>2010</u>
	\$	\$
At beginning of financial year	27,000	-
Donations received:		
- MILK Dinner	-	27,000
	<u>-</u>	<u>27,000</u>
At end of financial year	<u>27,000</u>	<u>27,000</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.

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

(ii) Luo Yuan work

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	12,984	73,921
Donations received:		
- Designated donation	360	720
- Investment income	-	39
	360	759
Disbursements	(1,923)	(61,696)
	(1,563)	(60,937)
At end of financial year	11,421	12,984

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	
	2011 \$	2010 \$
At beginning of financial year	415,200	-
Donations received:		
- Designated donation	-	415,200
	-	415,200
Disbursement:	(164,865)	-
	(164,865)	415,200
At end of financial year	<u>250,335</u>	<u>415,200</u>

Disbursement to the beneficiaries requires prior approval of the donor. During the year, disbursements approved by the donor were for work in Luo Yuan (\$11,721), work in Philippines (\$117,320) and work in Timor Leste (\$35,824).

(iv) *Philippines work*

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	-	39,575
Donations received:		
- Investment income	-	21
	-	21
Disbursements	-	(39,596)
	-	(39,575)
At end of financial year	<u>-</u>	<u>-</u>

The work in Philippines is implemented by MILK's counterpart – MILK Foundation Inc. Philippines. The programmes are aimed at enabling the street children access to 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	
	2011 \$	2010 \$
At beginning of financial year	38,480	-
Donations received:		
- Designated donation	20,600	50,000
- MILK Dinner	-	6,000
	<u>20,600</u>	<u>56,000</u>
Disbursements	(24,571)	(17,520)
	<u>(3,971)</u>	<u>38,480</u>
At end of financial year	<u>34,509</u>	<u>38,480</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 the communities out of poverty.

(vi) *Timor Leste work*

	Unrestricted Fund	
	2011 \$	2010 \$
At beginning of financial year	-	-
Donations received:		
- Third party event	-	6,471
	<u>-</u>	<u>6,471</u>
Disbursement	-	(6,471)
	<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.

10 Voluntary income

	Unrestricted Funds				Total Funds 2011 \$
	Local Work General Fund 2011 \$	Local Work Designated Fund 2011 \$	Non-Local Work General Fund 2011 \$	Non-Local Work Designated Fund 2011 \$	
Donation in Cash					
- Direct donations from MILK Members	27,700	-	5,180	-	32,880
- Designated Donations	-	1,579,016	-	20,960	1,599,976
- General Donations	123,685	-	25,087	-	148,772
- MILK Dinner *	1,708,900	-	468,800	-	2,177,700
- SG Gives	12,480	-	-	-	12,480
- Share-A-Meal	-	-	-	-	-
- Singapore Power Mailer	-	-	-	-	-
- Third Party Events	310,635	311,655	-	-	622,290
<b>Total</b>	<b>2,183,400</b>	<b>1,890,671</b>	<b>499,067</b>	<b>20,960</b>	<b>4,594,098</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Donation in Cash					
- Direct donations from MILK Members	32,500	-	-	-	32,500
- Designated Donations	-	1,335,100	-	465,920	1,801,020
- General Donations	176,762	-	101,667	-	278,429
- MILK Dinner *	475,850	181,550	3,000	33,000	693,400
- SG Gives	110	-	-	-	110
- Share-A-Meal	-	68,596	-	-	68,596
- Singapore Power Mailer	230	-	-	-	230
- Third Party Events	602,189	49,160	-	6,471	657,820
<b>Total</b>	<b>1,287,641</b>	<b>1,634,406</b>	<b>104,667</b>	<b>505,391</b>	<b>3,532,105</b>

\* Donations received for MILK Dinner were from:

	2011 \$	2010 \$
MILK Members	52,000	-
Other donors	2,125,700	693,400
	<b>2,177,700</b>	<b>693,400</b>

Included in the voluntary income for local work are tax deductible donations of \$3,851,936 (2010: \$2,543,615).

## 11 Costs of generating voluntary income

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

	Unrestricted Funds	
	2011 \$	2010 \$
MILK Dinner	242,689	4,986
Share-A-Meal	-	4,348
Singapore Power Mailer	-	125
Bad debt expense – MILK Dinner	-	38,000
<b>Total</b>	<b>242,689</b>	<b>47,459</b>

## 12 Sponsorship in kind

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

	Estimated	
	2011 \$	2010 \$
MILK Dinner	294,548	98,485
Share-A-Meal	-	8,345
<b>Total</b>	<b>294,548</b>	<b>106,830</b>

2011: Sponsorship in kind for MILK Dinner included cost of food and venue (estimated at \$51,290), beer (estimated at \$3,000), cost to organize event (estimated at \$186,618) and part of the cost of watches for auction (estimated at \$53,640).

2010: Sponsorship in kind for MILK Dinner included cost to organize event, venue and dinner (estimated at \$41,240) and donated items for auction (estimated at \$57,245).

Other sponsorship in kind received in 2011 included sponsor for creative and printing of 8,000 pcs of MILK Books and sponsor for the shipment of 750 kgs of second hand books to set up a library in Tala, Philippines. Sponsors declined to declare the cost.

### 13 Programme disbursements

	Unrestricted Funds					
	Local Work General Fund 2011 \$	Local Work Designated Fund 2011 \$	Non-Local Work General Fund 2011 \$	Non-Local Work Designated Fund 2011 \$	Total Funds 2011 \$	Total Funds 2010 \$
<b>Local work</b>						
Assistive Technology Fund Supplement	3,701	50,926	-	-	54,627	21,494
Assumption Pathway School	80,000	-	-	-	80,000	-
Beyond Social Services	-	-	-	-	-	1,100,000
Compassion Fund	-	78,596	-	-	78,596	501,400
MILK Bursary for Pathlight students	-	162,579	-	-	162,579	147,469
MILK Community Foundation for Children	-	1,000,000	-	-	1,000,000	4,580,464
MILK Education Fund 2009	-	-	-	-	-	38,490
MILK Scholarships	-	115,099	-	-	115,099	5,282
Post operative care for cleft lip/palate children	-	-	-	-	-	54,333
Republic Poly Schemes	-	-	-	-	-	25,000
<b>Total</b>	<b>83,701</b>	<b>1,407,200</b>	<b>-</b>	<b>-</b>	<b>1,490,901</b>	<b>6,473,932</b>
<b>Non-local work</b>						
Luo Yuan work	-	-	205,090	13,644	218,734	358,310
Philippines work	-	-	-	117,320	117,320	39,596
Thailand work	-	-	-	24,571	24,571	17,520
Timor Leste work	-	-	70,688	35,824	106,512	38,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>275,778</b>	<b>191,359</b>	<b>467,137</b>	<b>453,426</b>
<b>Total programme disbursements</b>	<b>83,701</b>	<b>1,407,200</b>	<b>275,778</b>	<b>191,359</b>	<b>1,958,038</b>	<b>6,927,358</b>

14 Governance costs

	Unrestricted Funds			
	Local Work General Fund 2011 \$	Non-Local Work General Fund 2011 \$	Total Funds 2011 \$	Total Funds 2010 \$
Audit fee	7,490	-	7,490	7,490
Bank charges	799	624	1,423	1,251
Building maintenance	4,215	-	4,215	4,515
Courier	330	-	330	355
Depreciation	15,156	-	15,156	15,156
Equipment expensed off	-	-	-	4,496
General expenses	4,168	-	4,168	4,135
Insurance	1,918	-	1,918	1,559
IT services	785	-	785	941
Manpower and related costs	230,031	-	230,031	103,082
Printing and stationery	3,175	-	3,175	3,162
Property tax	3,165	-	3,165	1,633
Staff benefit and welfare	1,045	-	1,045	292
Telecommunications	2,832	216	3,048	3,146
Training	2,193	-	2,193	43
Transport	5,046	-	5,046	2,718
Travel	-	3,936	3,936	2,446
Utilities	3,255	-	3,255	2,977
SG Gives charges	440	-	440	-
NCSS membership fee	144	-	144	-
ROS charges	290	-	290	-
<b>Total</b>	<b>286,477</b>	<b>4,776</b>	<b>291,253</b>	<b>159,397</b>

## 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

	2011 \$	2010 \$
Wages and salaries	201,715	94,790
Employer’s contribution to Central Provident Fund	28,316	8,292
	<u>230,031</u>	<u>103,082</u>

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. In October 2009, the Government extended the Jobs Credit scheme for half a year with another two payments at stepped-down rates of 6% and 3% in March and June 2010 respectively. 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 \$715 (2010: \$5,269).

## **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.

### **Use of printer**

MILK has the free use of a printer provided by Global Yellow Pages Limited (GYP) since 31 July 2009 and MILK only needs to pay the meter charges to GYP. Mr Stanley Tan Poh Leng, Vice President of MILK is Chairman, Director and Shareholder of Global Yellow Pages Limited.

### **SG Gives or Singapore Gives- online donation portal, an initiative of the National Volunteer and Philanthropy Centre (NVPC)**

MILK subscribed to SG Gives since March 2010. SG Gives waived the annual subscription of \$200 until 31 March 2013. SG Gives charges a fee of 3% on total donations of \$13,592 received (2010: \$110). The amount of \$13,592 comprised of direct donation of \$12,480 and \$1,112 from third party events. Mr Stanley Tan Poh Leng, Vice President of MILK is Board Member and Chairman of NVPC.

### **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)  
President (since 20 May 2011)
  - 2.2 National Volunteer and Philanthropy Centre (NVPC):  
Board Member (since 1 September 2008)  
Chairman (since 1 September 2008)
  - 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 (24 March 2009 – 19 May 2011)

### 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 exempted 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 2011 and 2010.

## 21 New or revised accounting Standards and Interpretations

The mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Society's accounting periods beginning on or after 1 January 2011 or later periods and which the Society has not early adopted are:

- Amendments to FRS 24 – Related parties disclosures (effective for annual periods beginning on or after 1 January 2011).

The management anticipates that the adoption of the above FRSs, INT FRSs and amendments to FRS in the future periods will not have a material impact on the financial statements of the Society.