

MILK (MAINLY I LOVE KIDS) FUND
(Charity Registration No. 1793)

**FINANCIAL REPORT FOR THE YEAR
ENDED 31 MARCH 2007**

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INDEPENDENT AUDITORS' REPORT
To the MEMBERS of the MILK (MAINLY I LOVE KIDS) FUND

(Charity Registration No. 1793)

We have audited the accompanying financial statements of MILK (Mainly I Love Kids) Fund which comprise the balance sheet as at 31 March 2007, the income and expenditure statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes as set out on pages 7 to 9.

We have examined the Return of Tax-Deductible Receipts amounting to \$2,361,009 with regards to tax-deductible donations and \$1,301,867 with regards to non-tax-deductible donations of MILK (Mainly I Love Kids) Fund for the period from 1 April 2006 to 31 March 2007.

Board of Management's responsibility for the financial statements

The Board of Management is responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and 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 whether the financial statements are free of 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 Society'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 Board of Management, 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.

Opinion

In our opinion,

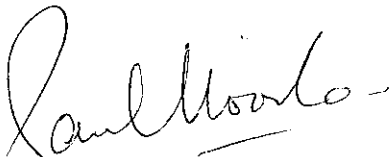
- (a) the financial statements of the Society present fairly, in all material respects the state of affairs of the Society as at 31 March 2007 and of the results, and cash flows of the Society for the year ended on that date in accordance with Singapore Financial Reporting Standards; and
- (b) proper accounting records, including those of all assets and liabilities of the Society have been kept.
- (c) the Return of Tax-Deductible Receipts presents fairly the tax-deductible receipts issued by MILK (Mainly I Love Kids) Fund for the period from 1 April 2006 to 31 March 2007.

INDEPENDENT AUDITORS' REPORT
To the MEMBERS of the MILK (MAINLY I LOVE KIDS) FUND

(Charity Registration No. 1793)

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.



PAUL HOOI & CO.,
Certified Public Accountants

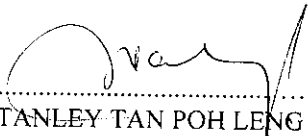
Singapore, 29 JUN 2007

MILK (MAINLY I LOVE KIDS) FUND
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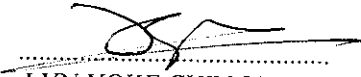
BALANCE SHEET AS AT 31 MARCH 2007

| | | As at 31.03.2007 | As at 31.03.2006 |
|--|-------|---------------------|---------------------|
| | Notes | \$ | \$ |
| <u>ASSETS</u> | | | |
| CURRENT ASSETS | | | |
| Cash at bank | | 946,107 | 805,927 |
| Fixed deposit | | 30,218 | 30,119 |
| | | 976,325 | 836,046 |
| Donations and Other receivables | 3 | 33,010 | - |
| TOTAL ASSETS | | 1,009,335 | 836,046 |
| <u>LIABILITIES</u> | | | |
| ACCUMULATED FUND | 4 | 787,754 | 830,046 |
| DESIGNATED FUND-COMPASSION FUND | 5 | 201,808 | - |
| | | 989,562 | 830,046 |
| CURRENT LIABILITIES | | | |
| Accruals | | 19,773 | 6,000 |
| TOTAL LIABILITIES | | 1,009,335 | 836,046 |

CERTIFIED CORRECT :-


 STANLEY TAN POH LENG
 VICE PRESIDENT

29 JUN 2007
 DATE


 LYN YOKE CHIN JANET
 HON. TREASURER

29 JUN 2007
 DATE

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

MILK (MAINLY I LOVE KIDS) FUND
(Charity Registration No. 1793)

INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | Note | Year from 01.04.2006 to 31.03.2007 \$ | Year from 01.04.2005 to 31.03.2006 \$ |
|---|------|--|--|
| INCOME | | | |
| Donations for Local Work | | | |
| Tax deductible Donations | | | |
| Non-committee Members | | 2,152,196 | 1,099,195 |
| Committee Members | 6 | 187,994 | 462,755 |
| | | 2,340,190 | 1,561,950 |
| Non-Tax deductible Donations | | | |
| Non-committee Members | | 679,427 | 370,727 |
| Non-committee Members for MILK Award 2005 | | - | 600,260 |
| | | 679,427 | 970,987 |
| Total Donations for Local Work | | 3,019,617 | 2,532,937 |
| Donations for Non-Local Work | | | |
| Non-Tax deductible Donations | | | |
| Non-committee Members | | 522,040 | 818,430 |
| Committee Members | | 100,400 | 104,400 |
| Total Donations for Non-Local Work | | 622,440 | 922,830 |
| Sponsorship Donations for Local Work | | | |
| Tax deductible Sponsorship Donations | | | |
| Non-committee Members | | 20,819 | 70,183 |
| Committee Members | | - | 37,194 |
| Total Sponsorship Donations for Local Work | | 20,819 | 107,377 |
| Sponsorship Donations for Non-Local Work | | | |
| Non-Tax deductible Sponsorship Donations | | | |
| Non-committee Members | | - | 7,542 |
| Total Sponsorship Donations for Non-Local Work | | - | 7,542 |
| Total Donations | 7 | 3,662,876 | 3,570,686 |
| Interest income | | 835 | 101 |
| Membership Fee | | 300 | - |
| | | 3,664,011 | 3,570,787 |
| EXPENDITURE | | | |
| Programme Funding - Local | | | |
| ARC (S) MILK Bursary | | 121,580 | 114,170 |
| Assistive Technology Fund Supplement | | 28,143 | - |
| Beyond Social Services | | 1,725,306 | 1,550,000 |
| Compassion Fund | | 92,195 | - |
| MILK Award 2005 | | - | 750,260 |
| SADeaf MILK Grant | | 4,655 | 25,991 |
| The Hope Fund | | 900,000 | 160,000 |
| | | 2,871,879 | 2,600,421 |

MILK (MAINLY I LOVE KIDS) FUND
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INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2007

| | Year from 01.04.2006 to 31.03.2007 | Year from 01.04.2005 to 31.03.2006 |
|--------------------------------------|--|--|
| Note | \$ | \$ |
| Programme Funding - Non-Local | | |
| Luoyuan Work | 352,746 | 217,012 |
| Philippines Work | 592 | - |
| Timor-Leste Work | 131,722 | 312,509 |
| Tsunami Work | - | 155,770 |
| | 485,060 | 685,291 |
| Total Programme Funding | 3,356,939 | 3,285,712 |
| Fund Raising Expenses | | |
| MILK Golf | - | 40,048 |
| Singapore Power Mailer | 16,247 | 19,597 |
| MILK Donation Draw | 15,125 | - |
| Share-A-Meal | 2,589 | 8,733 |
| MILK Dinner | 800 | - |
| | 34,761 | 68,378 |
| Operating Expenses: | | |
| Accounting fee | 3,000 | 3,000 |
| Audit fee | 4,800 | 3,000 |
| Bank charges | 1,276 | 809 |
| IT services | - | 74 |
| Printing and stationery | 72 | 1,169 |
| Manpower and related costs | 97,527 | 26,639 |
| NCSS Membership fees | 142 | - |
| Shipment expenses | - | 6,464 |
| Tax fee | 500 | - |
| Telecommunications | 5,310 | 4,750 |
| Training courses | - | 67 |
| Transport | 168 | 97 |
| | 112,795 | 46,069 |
| | 3,504,495 | 3,400,159 |
| Surplus for the year | 159,516 | 170,628 |

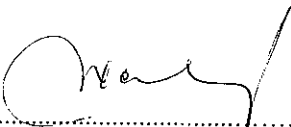
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CASH FLOW STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2007

| | <u>Year from 01.04.2006 to 31.03.2007</u> | <u>Year from 01.04.2005 to 31.03.2006</u> |
|--|---|---|
| | <u>\$</u> | <u>\$</u> |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Surplus for the period | 159,516 | 170,628 |
| OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES | 159,516 | 170,628 |
| Changes in operating assets/liabilities:- | | |
| Increase / decrease in :- | | |
| Donations and Other receivables | (33,010) | - |
| Accruals | 13,773 | (18,663) |
| Net cash generated from operating activities | <u>140,279</u> | <u>151,965</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 140,279 | 151,965 |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 836,046 | 684,081 |
| CASH AND CASH EQUIVALENTS AT END OF YEAR | <u><u>976,325</u></u> | <u><u>836,046</u></u> |

CERTIFIED CORRECT :-



 STANLEY TAN POH LENG
 VICE PRESIDENT

29 JUN 2007

 DATE



 LYN YOKE CHIN JANET
 HON.TREASURER

29 JUN 2007

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

MILK (MAINLY I LOVE KIDS) FUND
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2007**

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

1. INFORMATION OF THE SOCIETY

MILK (Mainly I Love Kids) Fund was registered as a charity under the Charities Act on July 6, 2004. It was granted Associate Membership with NCSS with effect from August 1, 2004.

The place of operations of the Society is at 231 Outram Road #02-00, The Hope Centre, Singapore 169040.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared in accordance with the historical cost convention and have been properly drawn up in accordance with the provisions of the Singapore Charities Act, Singapore Societies Act and Singapore Financial Reporting Standards (SFRS). The financial statements are expressed in Singapore dollars.

3. DONATIONS AND OTHER RECEIVABLES

| | As at 31.03.2007 | As at 31.03.2006 |
|-----------------------|-----------------------------|-----------------------------|
| | \$ | \$ |
| Donations Receivables | 31,615 | - |
| Other Receivables | 1,395 | - |
| | <u>33,010</u> | <u>-</u> |

MILK (MAINLY I LOVE KIDS) FUND
(Charity Registration No. 1793)

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2007**

4. **ACCUMULATED FUND**

| | Local Work \$ | Non-Local Work \$ | Total \$ |
|---|-------------------------|-----------------------------|----------------|
| | Tax deductible \$ | Non-Tax deductible \$ | Total \$ |
| Balance brought forward as at 1 April 2006 | 45,022 | 785,024 | 830,046 |
| Reclassification of prior years' figures* | 555,519 | (555,519) | - |
| Balance after reclassification as at 1 April 2006 | 600,541 | 229,505 | 830,046 |
| Donations received | 3,040,436 | 622,440 | 3,662,876 |
| Other income | 1,135 | - | 1,135 |
| Disbursements | (3,019,435) | (485,060) | (3,504,495) |
| | 22,136 | 137,380 | 159,516 |
| Transfer to Designated Fund-Compassion Fund | (201,808) | - | (201,808) |
| Balance as at 31 March 2007 | <u>420,869</u> | <u>366,885</u> | <u>787,754</u> |

* The reclassification of prior years' figures relate to Non-Tax deductible Donations for Local Work.

5. **DESIGNATED FUND-COMPASSION FUND**

| | As at 31.03.2007 \$ | As at 31.03.2006 \$ |
|--------------|---------------------------|---------------------------|
| Schools Fund | 144,401 | - |
| General Fund | 57,407 | - |
| | <u>201,808</u> | <u>-</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 objectives 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.

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**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED
31 MARCH 2007**

6. DONATIONS FROM COMMITTEE MEMBERS

In the current financial year, all operating costs were borne by donations from Committee Members.

7. DONATIONS

The following items form the donations income :-

| | From 01.04.2006 to 31.03.2007 S |
|---|---------------------------------------|
| Donations for Local work: | |
| MILK Dinner | 1,438,050 |
| Share-A-Meal | 126,857 |
| MILK Donation Draw | 234,149 |
| MILK Donation Draw Sponsorship | 5,069 |
| Singapore Power Mailer | 95,655 |
| Singapore Power Mailer Sponsorship | 15,750 |
| Donations from Committee Members (Direct Donations) | 144,500 |
| Comcare | 178,307 |
| Third Party Events | 681,949 |
| General Donations | 120,150 |
| | 3,040,436 |
| Donations for Non-Local work: | |
| Timor-Leste Appeal | 119,343 |
| Donation for Tala - Philippines | 1,529 |
| Donation for Luoyuan | 201,578 |
| General Donations | 299,990 |
| | 622,440 |
| | 3,662,876 |

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to comply with current year's presentation.