

MILK (Mainly I Love Kids) Fund

(Registered under the Charities Act, Chapter 37)

(Registered under the Societies Act, Chapter 311)

(Incorporated in the Republic of Singapore)

(UEN: T04SS0150L)

Annual Report for the Financial Year Ended 31 March 2021

EXECUTIVE COMMITTEE MEMBERS

President	:	Mrs Joy Balakrishnan
Vice President	:	Mrs Deborah Ong
Honorary Secretary	:	Ms Janet Lyn Yoke Chin
Honorary Treasurer	:	Ms Woo Shea Leen
Executive Committee Member	:	Mr Tan Wah Yeow

TRUSTEES

1. Ms Janet Lyn Yoke Chin
2. Dr Sheryn Mah

REGISTERED AND PRINCIPAL PLACE OF OFFICE

1 Lorong 2 Toa Payoh
#07-00 Braddell House
Singapore 319637

INDEPENDENT AUDITOR

Nexia TS Public Accounting Corporation

80 Robinson Road
#25-00

Singapore 068898

Director-in-charge: Loh Hui Nee


Appointed since financial year ended 31 March 2019

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In the opinion of the Executive Committee, the accompanying financial statements of MILK (Mainly I Love Kids) Fund (the "Society") as set out on pages 5 to 30 are properly drawn up in accordance with the Singapore Financial Reporting Standards ("FRS"), the Singapore Charities Act, Chapter 37 and other relevant regulations and the Singapore Societies Act, Chapter 311 so as to give a true and fair view of the financial position of the Society as at 31 March 2021 and of the financial performance, changes in funds and cash flows of the Society for the financial year covered by the financial statements.

On behalf of the Executive Committee



MRS JOY BALAKRISHNAN
PRESIDENT



MS WOO SHEA LEEN
HONORARY TREASURER

Singapore

1 September 2021

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of MILK (Mainly I Love Kids) Fund (the "Society") set out on pages 5 to 30, which comprise the statement of financial position as at 31 March 2021, 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.

In our opinion, the financial statements are properly drawn up in accordance with the provision of the Singapore Financial Reporting Standards ("FRSs"), the Singapore Charities Act, Chapter 37 and other relevant regulations (the "Charities Act and Regulations") and the Singapore Societies Act, Chapter 311 (the "Societies Act") so as to give a true and fair view of the financial position of the Society as at 31 March 2021 and of the financial performance, changes in funds and cash flows of the Society for the financial year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive Committee is responsible for the other information. The other information comprises the Statement by Executive Committee set out on page 1.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

Report on the Financial Statements (cont'd)

Responsibilities of the Executive Committee 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 provisions of FRS, the Charities Act and Regulations and the Societies Act 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; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive Committee.
- Conclude on the appropriateness of the Executive Committee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.

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

Report on the Financial Statements (cont'd)

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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



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

Singapore

1 September 2021

	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and bank balances	3	6,637,913	5,577,150
Other receivables	4	5,521	35,478
Other current assets	5	904	998
		<u>6,644,338</u>	<u>5,613,626</u>
Total assets		<u>6,644,338</u>	<u>5,613,626</u>
LIABILITIES			
Current liabilities			
Trade and other payables	6	<u>37,264</u>	<u>24,788</u>
NET ASSETS		<u>6,607,074</u>	<u>5,588,838</u>
FUNDS			
Unrestricted funds			
Local work:			
General funds	7	5,551,314	5,513,895
Designated funds	8	29,043	47,510
		5,580,357	5,561,405
Unrestricted funds			
Non-local work:			
Designated funds	9	-	-
Restricted funds			
Bicentennial Community Fund Matching Grant (BCFMG)	10	400,000	-
Care and Share Matching Grant (CSMG)	11	626,717	27,433
		<u>1,026,717</u>	<u>27,433</u>
Total funds		<u>6,607,074</u>	<u>5,588,838</u>

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

2021	Note	Unrestricted Funds			Restricted Funds		Total Funds
		Local Work General Funds	Local Work Designated Funds	Non-Local Work Designated Funds	Local Work BCFMG Funds	Local Work CSMG Funds	
		\$	\$	\$	\$	\$	\$
Income							
Income generated from funds							
- Voluntary income	12	246,814	-	-	400,000	626,717	1,273,531
Other income							
- Interest income		37,796	-	-	-	-	37,796
- Membership fee		100	-	-	-	-	100
Total income		284,710	-	-	400,000	626,717	1,311,427
Expenditure							
Cost of generating voluntary income	13	-	-	-	-	-	-
Charitable activities							
- Programme disbursements	15	-	18,467	-	-	27,433	45,900
- Manpower and related costs	18	59,514	-	-	-	-	59,514
Total charitable activities		59,514	18,467	-	-	27,433	105,414
Governance costs	16	187,777	-	-	-	-	187,777
Total expenditure		247,291	18,467	-	-	27,433	293,191
Net income/(expenditure), representing							
Net movement in funds		37,419	(18,467)	-	400,000	599,284	1,018,236

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

2020	Note	Unrestricted Funds			Restricted Funds	Total Funds
		Local Work General Funds	Local Work Designated Funds	Non-Local Work Designated Funds	Local Work CSMG Funds	
		\$	\$	\$	\$	\$
Income						
Income generated from funds						
- Voluntary income	12	665,195	-	115,700	626,716	1,407,611
Other income						
- Interest income		79,089	-	-	-	79,089
- Membership fee		100	-	-	-	100
Total income		744,384	-	115,700	626,716	1,486,800
Expenditure						
Cost of generating voluntary income	13	6,940	-	-	-	6,940
Charitable activities						
- Programme disbursements	15	-	10,000	139,047	360,000	509,047
- Manpower and related costs	18	71,264	-	-	-	71,264
Total charitable activities		71,264	10,000	139,047	360,000	580,311
Governance costs	16	136,839	-	-	-	136,839
Total expenditure		215,043	10,000	139,047	360,000	724,090
Net income/(expenditure), representing Net movement in funds		529,341	(10,000)	(23,347)	266,716	762,710

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

	Note	Unrestricted Funds			Restricted Funds		Total Funds \$
		Local Work General Funds \$	Local Work Designated Funds \$	Non-Local Work Designated Funds \$	Local Work BCFMG Funds \$	Local Work CSMG Funds \$	
At 1 April 2019		4,745,271	57,510	23,347	-	-	4,826,128
Net income/(expenditure)		529,341	(10,000)	(23,347)	-	266,716	762,710
Transfer to General Funds from Care and Share Matching Grant (CSMG)	11	239,283	-	-	-	(239,283)	-
At 31 March 2020		5,513,895	47,510	-	-	27,433	5,588,838
Net income/(expenditure)		37,419	(18,467)	-	400,000	599,284	1,018,236
At 31 March 2021		5,551,314	29,043	-	400,000	626,717	6,607,074

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

	Note	2021 \$	2020 \$
Cash flows from operating activities			
Net income for the financial year		1,018,236	762,710
Adjustments for			
Interest income		<u>(37,796)</u>	<u>(79,089)</u>
		980,440	683,621
Change in working capital			
- Other receivables		-	519,195
- Other current assets		94	1,086
- Trade and other payables		<u>12,476</u>	<u>5,160</u>
Cash generated from operations		993,010	1,209,062
Interest income received		<u>67,753</u>	<u>57,760</u>
Net cash provided by operating activities		<u>1,060,763</u>	<u>1,266,822</u>
Net increase in cash and cash equivalents		<u>1,060,763</u>	<u>1,266,822</u>
Cash and bank balances			
Beginning of financial year		<u>5,577,150</u>	<u>4,310,328</u>
End of financial year	3	<u><u>6,637,913</u></u>	<u><u>5,577,150</u></u>

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

1 General information

MILK (Mainly I Love Kids) Fund (the “Society” or the “MILK Fund”) is registered as a society in the Republic of Singapore under the Societies Act, Chapter 311 since 24 June 2004 and its registered office is located at 1 Lorong 2 Toa Payoh, #07-00 Braddell House, Singapore 319637. The MILK Fund is registered as a charity under the Singapore Charities Act, Chapter 37 since 6 July 2004 and is a member of the National Council of Social Service (Associate Member: 1 August 2004 – 31 January 2016; Full Member since 1 February 2016).

The principal activities of the Society are reaching out to disadvantaged children in the hope of developing them into contributing members of society.

The Society is approved as an Institution of a Public Character (“IPC”) under the provision of the Income Tax Act. Its IPC status has been extended from 1 July 2019 to 30 June 2021, and further extended from 1 July 2021 to 31 December 2023.

2 Summary of significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”) and the provisions of the Singapore Charities Act, Chapter 37 and other relevant regulations (the “Charities Act and Regulations”) and Singapore Societies Act, Chapter 311 (the “Societies Act”). 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. There are no areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant and critical to the financial statements.

Interpretations and amendments to published standards effective in 2021

On 1 April 2020, the Society adopted the new or amended FRS and Interpretations to FRS (“INT FRS”) that are mandatory for application for the financial year. 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)

2.2 Income recognition

- (a) Donations received are recognised when the Society obtains the right to receive the donations; it is probable that the economic benefits associated with the donations will flow to the Society; and the amount of the donations can be measured reliably.
- (b) Government grants are recognised at their fair value where there is reasonable assurance that the grants will be received and the Society will comply with all attached conditions.
- (c) Employment credit received from the government in relation to the Jobs Support Scheme (JSS), Special Employment Credit (SEC), Temporary Employment Credit (TEC), Wage Credit Scheme (WCS) and Enhanced Wage Credit Scheme (Enhanced WCS) are recognised upon receipt. Such credits are provided to defray the wage costs incurred by the organisation and are offset against manpower and related costs in the financial statements.
- (d) Interest income on bank current accounts and fixed deposits placed with banks are recognised on an accrual basis using the effective interest method.
- (e) Sponsorship in-kind are recorded at values based on a reasonable estimate of their value. Assets which are donated for resale or consumption are not recorded when received if the values of such assets are not material and it is not practical to ascertain the value of the items involved. No value is ascribed to volunteer services.

2.3 Financial assets

(a) Classification and measurement

The Society classifies its financial assets in the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI); and
- Fair value through profit or loss (FVPL).

The Society does not hold any of the financial assets in the measurement categories except for financial assets at amortised cost.

The classification of financial instruments depends on the Society's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets.

The Society reclassifies financial instruments when and only when its business model for managing those assets changes.

(b) At initial recognition

At initial recognition, the Society measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial assets. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

2 Summary of significant accounting policies (cont'd)

2.3 Financial assets (cont'd)

(c) At subsequent measurement

Financial instruments mainly comprise of cash and cash equivalents and other receivables.

Depending on the Society's business model for managing and the cash flow characteristics of the assets, the subsequent measurement are as follows:

- Amortised cost: Financial instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a financial instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in statement of financial activities when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest rate method.

(d) Impairment

The Society assesses on a forward looking basis the expected credit losses associated with its debt financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For receivables, the Society applies the simplified approach permitted by the FRS 109, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(e) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Society commits to purchase or sell the asset.

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

On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in statement of financial activities.

2.4 Other payables

Other payables represent liabilities for goods and services provided to the Society prior to the end of the financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Other payables are initially measured at fair value, and subsequently carried at amortised cost, using the effective interest method.

2 Summary of significant accounting policies (cont'd)

2.5 Leases

When the Society is the lessee:

At the inception of the contract, the Society assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

The Society will recognise a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

Right-of-use assets (except for those which meets the definition of an investment property) are presented separately on the balance sheet.

- Lease liabilities

Lease liability is measured at amortised cost using the effective interest method. Lease liability shall be remeasured when:

- There is a change in future lease payments arising from changes in an index or rate;
- There is a change in the Society's assessment of whether it will exercise an extension option; or
- There are modifications in the scope or the consideration of the lease that was not part of the original term.

Lease liability is remeasured with a corresponding adjustment to the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short-term and low-value leases

The Society has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

2 Summary of significant accounting policies (cont'd)

2.6 Expenditure

All expenditure is accounted for when incurred, 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.

(a) *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.

(b) *Charitable activities*

Programme disbursements comprise all disbursements made in relation to the charitable objects of the Society. The total costs of charitable expenditure include an apportionment of overhead and shared costs.

(c) *Governance cost*

Governance costs include the costs of governance arrangements, which relate to the general running of the Society, 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.

2.7 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Society pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Society has no further payment obligations once the contributions have been paid.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short term cash basis if the Society has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

2.8 Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Society has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 Summary of significant accounting policies (cont'd)

2.9 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 reporting date are recognised in the statement of financial activities. 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.

2.10 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include deposits with financial institutions which are subject to an insignificant risk of change in value.

2.11 Funds structure

The unrestricted funds comprise designated and general funds that are for use at the discretion of the Executive Committee in furtherance of the Society's objectives.

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

Restricted funds are funds which are to be used for specific purpose programmes.

3 Cash and bank balances

	2021	2020
	\$	\$
Cash at bank	1,541,374	548,214
Short-term bank deposits	<u>5,096,539</u>	<u>5,028,936</u>
	<u>6,637,913</u>	<u>5,577,150</u>

The rates of interest for short-term bank deposits ranged between 0.25% to 0.30% (2020: 1.35% to 2.00%) per annum.

4 Other receivables

	2021	2020
	\$	\$
Interest receivable – short-term bank deposits	<u>5,521</u>	<u>35,478</u>
	<u>5,521</u>	<u>35,478</u>

5 Other current assets

	2021 \$	2020 \$
Prepayment	904	998
	<u>904</u>	<u>998</u>

6 Trade and other payables

	2021 \$	2020 \$
Trade payables – non-related parties	37,264	24,621
Other payables – non-related parties	-	167
	<u>37,264</u>	<u>24,788</u>

7 General funds

	Unrestricted Funds Local Work \$
Balance as at 1 April 2019	4,745,271
Income	744,384
Expenditure	(215,043)
Transfer from Care and Share Matching Grant (Note 11) *	239,283
Balance as at 31 March 2020	<u>5,513,895</u>
Balance as at 1 April 2020	5,513,895
Income	284,710
Expenditure	(247,291)
Balance as at 31 March 2021	<u>5,551,314</u>

* Expenditures for programme disbursements are recognised when incurred which is when the monies are disbursed to beneficiaries or programme partners. However for the Care and Share Matching Grant fund which is a restricted fund, programme disbursements are only allowed to be recognised when disbursed to the ultimate beneficiaries as required by the National Council of Social Service, the Administrator of Care and Share Matching Grant. Consequently for programme disbursements made to programme partners under the Care and Share Matching Grant fund, the expenditures are first recognised in the General fund and once the funds are disbursed to the ultimate beneficiaries, a transfer is made between the Care and Share Matching Grant fund and the General fund.

8 Designated funds for local work

	<u>Unrestricted Funds</u>	
	2021	2020
	\$	\$
At beginning of financial year	47,510	57,510
Disbursements (Note 15)	(18,467)	(10,000)
At end of financial year	<u>29,043</u>	<u>47,510</u>

The funds are designated to support education programme for children.

9 Designated funds for non-local work

MILK Charity Dinner

	<u>Unrestricted Funds</u>	
	2021	2020
	\$	\$
At beginning of financial year	-	23,347
Donations received (Note 12)	-	115,700
Disbursements (Notes 15 and 19(c))	-	<u>(139,047)</u>
At end of financial year	<u>-</u>	<u>-</u>

The disbursed funds in financial year 2020 are non-tax deductible funds raised from MILK Charity Dinner for overseas work undertaken by =Dreams (Asia) Limited (formerly known as Mainly I Love Kids (International) Limited) - Notes 15 and 19(c). The MILK Charity Dinner was held on 29 March 2019.

10 Bicentennial Community Fund Matching Grant (BCFMG)

	<u>Restricted Funds</u>	
	<u>2021</u>	<u>2020</u>
	\$	\$
At beginning of financial year	-	-
Grant receivable/received (Note 12)	400,000	-
At end of financial year	400,000	-

Bicentennial Community Fund, administered by National Volunteer & Philanthropy Centre, provided dollar-for-dollar matching, up to \$400,000 per Institution of a Public Character (IPC) for eligible donations determined as follows:

- a. are cash donations received into the Society's bank statements, when the Society has a Live IPC status and within the qualifying period (1 April 2019 to 31 March 2020);
- b. are derived from private sources (i.e. not from Government or Statutory Boards, including the Tote Board, Community Chest, President's Challenge, other similar entities);
- c. exclude donations submitted for matching with any Government matching grants (e.g. Cultural Matching Fund, Community Silver Trust, etc);
- d. are received such that no benefits other than allowable benefits (as defined by IRAS) have been conferred on donors in return for their cash donations, and do not constitute sponsorships and/or grants; and
- e. are meant for local charitable causes.

Total eligible cash donations received by the Society within the qualifying period (1 April 2019 to 31 March 2020) for matching under the Bicentennial Community Fund amounted to \$1,143,315.

The Bicentennial Community Fund Matching Grant amounted to \$400,000 will be used by the Society to support education programmes for disadvantaged children and youth in Singapore such as scholarships, bursaries and educational support programmes.

11 Care and Share Matching Grant (CSMG)

	Restricted Funds	
	2021	2020
	\$	\$
At beginning of financial year	27,433	-
Grant receivable/received (Note 12)	626,717	626,716
Grant disbursed (Note 15)	<u>(27,433)</u>	<u>(360,000)</u>
	626,717	266,716
Transfer to General Funds (Note 7)	<u>-</u>	<u>(239,283)</u>
At end of financial year	<u>626,717</u>	<u>27,433</u>

Per the Variation to the Funding Agreement for the Care and Share Matching Grant (the "CSMG") between the Ministry of Social and Family Development (the "MSF") and the Society dated 30 September 2015 (the "Agreement"):

Subject to the terms and conditions of the agreement and operating rules of CSMG, MSF agrees to give the Society a grant of up to \$2,250,000 which shall be computed on the basis that MSF will disburse a dollar and twenty-five cents for every eligible donation dollar for the first \$1,000,000 and a dollar for every eligible donation dollar for the subsequent \$1,000,000 that the Society raises between 1 December 2013 and 31 March 2016 (the matching period). The Society has up to 31 March 2020 to utilise the grant.

On 4 August 2016, MSF approved the Society's submission of proposed grant usage and eligible donations of \$1,839,055 that the Society raised during the matching period. Subject to the terms and conditions of the agreement and operating rules, the Society will be eligible to receive a matched grant of up to \$2,089,055. CSMG disbursement by MSF will be made in phases based on the Society's utilisation of the grant, and on the amount that the Society proposes to use and subject to the proposed use of the grant meeting the qualifying uses set by MSF.

The Society has up to 31 March 2021 to utilise the grant per the 2nd Variation to the Funding Agreement for CSMG between MSF and the Society dated 24 May 2019.

The utilisation deadline was extended to 31 March 2022 per the 3rd Variation to the Funding Agreement for CSMG between MSF and the Society dated 4 November 2020.

The qualifying uses of the grant - to develop social service related programmes to better serve the beneficiaries in the following areas:

- (i) Capability Building
- (ii) Capacity Building
- (iii) New Initiatives/Expansion of existing services
- (iv) Critical Existing Needs (up to 20% of the grant). The cap of 20% may be raised to 30% with written approval from MSF.

As of 31 March 2021, the Society has submitted and received matching grants of \$1,880,150 (2020: \$1,253,433).

12 Voluntary income

2021	Unrestricted Funds			Restricted Funds		Total Funds \$
	Local Work General Funds \$	Local Work Designated Funds \$	Non-Local Work Designated Funds \$	Local Work BCFMG Funds \$	Local Work CSMG Funds \$	
- Direct donations from MILK Fund Members	30,000	-	-	-	-	30,000
- Donations	92,762	-	-	-	-	92,762
- "Supporting MILK through Covid-19" donations	101,488	-	-	-	-	101,488
- Sponsorships in-kind (Note 14)	15,588	-	-	-	-	15,588
- Government grant Voluntary Welfare Organisations (VWOs)-Charities Capability Fund Info-Communications Technology ("VCF ICT")	167	-	-	-	-	167
- Government grant VWOs-Charities Capability Fund Innovation and Productivity Grant ("VCF IPG")	102	-	-	-	-	102
- Community Chest Grant for COVID-19 Situation	3,000	-	-	-	-	3,000
- SGUnited Traineeships Programme Grant from Singapore Business Federation	3,707	-	-	-	-	3,707
- Government grant Bicentennial Community Fund Matching Grant ("BCFMG") (Note 10)	-	-	-	400,000	-	400,000
- Government grant Care and Share Matching Grant ("CSMG") (Note 11)	-	-	-	-	626,717	626,717
	246,814	-	-	400,000	626,717	1,273,531

Included in the voluntary income for local work are tax deductible donations of \$181,263 (2020: \$639,919).

The Society has complied with the 30/70 fundraising efficiency ratio (30/70 rule) in that the total expenses incurred on fund-raising in the financial years ended 31 March 2021 and 2020 did not exceed 30% of total receipts in the same period.

12 Voluntary income (cont'd)

2020	Unrestricted Funds			Restricted Funds	Total Funds
	Local Work General Funds	Local Work Designated Funds	Non-Local Work Designated Funds	Local Work CSMG Funds	
	\$	\$	\$	\$	\$
- Direct donations from MILK Fund Members	20,000	-	-	-	20,000
- Donations	213,514	-	-	-	213,514
- MILK Charity Dinner *	408,339	-	115,700	-	524,039
- Third party events	8,076	-	-	-	8,076
- Sponsorships in-kind (Note 14)	14,264	-	-	-	14,264
- Government grant Voluntary Welfare Organisations -Charities Capability Fund Info-Communications Technology ("VCF ICT")	1,002	-	-	-	1,002
- Government grant Care and Share Matching Grant ("CSMG") (Note 11)	-	-	-	626,716	626,716
	665,195	-	115,700	626,716	1,407,611

* The MILK Charity Dinner was held on 29 March 2019.

13 Costs of generating voluntary income

The following items form the cost of generating voluntary income:

	2021	2020
	\$	\$
MILK Charity Dinner *	<u>-</u>	<u>6,940</u>

* The MILK Charity Dinner was held on 29 March 2019.

14 Sponsorships in-kind

Sponsorships in-kind received were as follows:

	2021	2020
	\$	\$
Website hosting services (Note 16)	348	348
Office related expenses (Note 16 and 19(b))	15,240	15,240
Others (Note 19(c))	<u>-</u>	<u>(1,324)</u>
Total (Note 12)	<u>15,588</u>	<u>14,264</u>

The value of each of the items was advised by the sponsor of the item.

15 Programme disbursements

	Unrestricted Funds			Restricted Funds	Total Funds
	Local Work General Funds	Local Work Designated Funds	Non-Local Work Designated Funds	Local Work CSMG Funds	
	\$	\$	\$	\$	\$
2021					
Local work					
KeyStart Housing Stability	-	-	-	27,433	27,433
MILK Bursary for St Anthony's Canossian Secondary School Students (Note 8)	-	18,467	-	-	18,467
Total	-	18,467	-	27,433	45,900
Total programme disbursements	-	18,467	-	27,433	45,900
2020					
Local work					
KeyStart Housing Stability	-	-	-	360,000	360,000
MILK Bursary for St Anthony's Canossian Secondary School Students (Note 8)	-	10,000	-	-	10,000
Total	-	10,000	-	360,000	370,000
Non-local work					
=Dreams (Asia) Limited (Notes 9 and 19(c))	-	-	139,047	-	139,047
Total programme disbursements	-	10,000	139,047	360,000	509,047

16 Governance costs

	<u>Unrestricted Funds</u>	
	Local Work General Funds	
	2021	2020
	\$	\$
Audit fee	11,770	11,235
Bank charges	474	904
Benevity charges	39	156
Courier	-	33
Equipment expensed off	2,953	359
Giving.sg charges *	-	2,462
Insurance	2,648	3,195
IT services **	2,523	2,096
NCSS membership fee	125	125
Manpower and related costs (Note 18)	148,277	93,988
Office related expenses ***	15,382	15,556
Printing and stationery	172	1,718
Registry of Societies charges	40	-
Staff benefit and welfare	188	512
Telecommunications	3,175	3,246
Transport	11	1,254
Total	187,777	136,839

* The National Volunteer & Philanthropy Centre, the administrator of the Giving.sg waived its 3% transaction fee for all donations on Giving.sg since 1 January 2020 to support charities' online fundraising efforts during the COVID-19 pandemic. Total charges waived in FY2021 amounted to \$2,140 (2020: \$289 – for January to March 2020).

** Included in IT services of FY2021 is sponsorship-in-kind received for website hosting services of \$348 (2020: \$348) – Note 14 to the financial statements.

*** Included in Office related expenses of FY2021 is sponsorship-in-kind received for office facilities of \$15,240 (2020: \$15,240) – Notes 14 and 19(b) to the financial statements.

17 Reserves

Reserves are to be built up continuously as much as is necessary to achieve the Society's 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 exists 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.

18 Employee compensation

	2021 \$	2020 \$
Wages and salaries	90,830	135,987
Employer's contribution to Central Provident Fund	17,511	18,705
	<u>108,341</u>	<u>154,692</u>
Secondment fee to National Council of Social Service for the Sun Ray Scheme	91,950	10,560
SGUnited Traineeships Programme - traineeship allowances	7,500	-
	<u>207,791</u>	<u>165,252</u>

The above employee compensation is allocated to charitable activities \$59,514 (2020: \$71,264) and governance costs \$148,277 (2020: \$93,988) as disclosed on the face of statement of financial activities and Note 16 to the financial statements respectively.

Wages and salaries is presented net of cash grant from Jobs Support Scheme of \$37,039 (2020: \$Nil), Wage Credit Scheme of \$464 (2020: \$Nil) and Enhanced Wage Credit Scheme of \$619 (2020: \$Nil).

Secondment fee to National Council of Social Service (NCSS) for the Sun Ray Scheme is presented net of subsidy from NCSS of \$17,020 (2020: \$Nil).

Remuneration of employee compensation for the financial years ended 31 March 2021 and 2020 falling within broad bands are set out below:

	Number of staff	
	2021	2020
Annual remuneration		
- between \$100,001 to \$200,000	1	Nil
- more than \$200,000	<u>Nil</u>	<u>Nil</u>

19 Related party transactions

For the purposes of these financial statements, parties are considered to be related to the MILK Fund if 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 MILK Fund and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

(a) *Mission House Investment Pte Ltd*

During the financial year 2020, Mission House made a donation of \$100,000 to MILK Fund for MILK Charity Dinner.

Mission House Investment Pte Ltd (the "Mission House") is a company incorporated under the Companies Act with its registered address at 1 Lorong 2 Toa Payoh #04-01 Braddell House, Singapore 319637. Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is its Director.

19 Related party transactions (cont'd)

(b) GYP Properties Limited

GYP Properties Limited (the "GYP") provided free-of-charge support services to the MILK Fund at the premises 1 Lorong 2 Toa Payoh, #07-00 Braddell House, Singapore 319637 since 14 May 2018 in the form of office facilities including but not limited to utilities, cleaning services, office maintenance services and drinking water. The sponsorship value for the financial year amounted to \$15,240 (2020: \$15,240) - Notes 14 and 16 to the financial statements.

Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is the Director of GYP. Mr Mah Bow Tan, the spouse of Dr Sheryn Mah (Trustee and Former President of MILK Fund) is Non-Executive Deputy Chairman and Non-Independent Director of GYP.

(c) =Dreams (Asia) Limited (formerly known as Mainly I Love Kids (International) Limited, name change effective from 23 September 2020)

=Dreams (Asia) Limited (the "DAL") is incorporated as a company limited by guarantee under the Companies Act on 14 October 2010 and is registered as a charity since 15 February 2011. DAL focuses on overseas work for disadvantaged children, community development and poverty alleviation. Dr Sheryn Mah (Trustee and Former President of MILK Fund) and Mrs Joy Balakrishnan (President of MILK Fund) were the Directors of DAL from 7 August 2013 until 3 March 2015. Mr Mah Bow Tan, the spouse of the Trustee and Former President of MILK Fund was the Director of DAL from 8 January 2015 until 16 July 2021 and the Chairman of DAL from 15 May 2015 until 16 July 2021. Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is the Director of DAL and is appointed as Chairman of DAL with effect from 16 July 2021.

After an extensive review of its work both local and overseas, MILK Fund decided to focus its work locally (in Singapore). Over the years MILK Fund has supported many meaningful programmes in rural communities in China, Thailand, Timor-Leste, Indonesia, Philippines, Pakistan and some of which have matured to a point where they have become self-funding and thus going forward the overseas work would be taken up by DAL.

Total disbursement in financial year 2020 amounted to \$139,047 – Notes 9 and 15; and sponsorship in-kind disbursement in financial year 2020 amounted to \$1,324 (the value of 38 bottles of wine from MILK Charity Dinner) - Note 14.

(d) South Central Community Family Service Centre Limited

MILK Fund is in partnership with South Central Community Family Service Centre Limited (the "SCC FSC") for KeyStart Housing Stability programme. Total disbursement in the financial year amounted to \$27,433 (2020: \$360,000) - Note 15 to the financial statements.

Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019) is Director and Chairman of SCC FSC.

Ms Woo Shea Leen (Honorary Treasurer of MILK Fund) is Director of SCC FSC.

19 Related party transactions (cont'd)

(e) 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.

During the financial year 2021 and 2020, the details of Executive Committee Members serving in these organisations are:

- 1 Ms Woo Shea Leen (Honorary Treasurer)
 - 1.1 South Central Community Family Service Centre Limited:
Director (since 25 September 2013)

- 2 Mr Stanley Tan Poh Leng (Vice President of MILK Fund until 24 September 2019)
 - 2.1 =Dreams (Asia) Limited:
Director (since 14 October 2010)
Chairman (since 16 July 2021)
 - 2.2 South Central Community Family Service Centre Limited:
Director (since 11 January 2013)
Chairman (since 10 May 2013)
 - 2.3 GYP Properties Limited:
Director (since 6 Feb 2007)
 - 2.4 Mission House Investment Pte Ltd:
Director (since 11 December 2000)

(f) 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.

None of the MILK Fund paid staff is a close member of the family of the Executive Committee Members.

20 Income tax

The Society is registered as a charity under the Singapore Charities Act, Chapter 37 and is exempted from income tax under Section 13 of the Income Tax Act, Chapter 134.

21 Financial risk management

The Society's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Society's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Society's financial performance. It is, and has been throughout the financial year, the Society's policy that no trading in derivative financial instruments shall be undertaken.

The Executive Committee is responsible for setting the objectives and underlying principles of financial risk management for the Society. This includes establishing detail policies such as authority levels, oversight responsibilities, risk identification and measurement and exposure limits.

(a) Market risk

(i) Currency risk

The Society is not exposed to currency risk as its financial assets and liabilities are dominated in Singapore Dollar.

(ii) Price risk

The Society does not have exposure to equity price risk as it does not hold equity financial assets.

(iii) Interest rate risk

The Society periodically reviews its interest-bearing financial assets and monitors interest rate fluctuations to ensure that the exposure to interest rate risk is within acceptable levels.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Society. The major classes of financial assets of the Society are bank deposits and other receivables. For receivables and other financial assets, the Society adopts the policy of dealing only with financial institutions and other individual counterparties with high credit standing and history.

Bank deposits maintained with banks have high credit-ratings as issued by international credit-rating agencies.

As the Society does not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position.

Credit rating

The Society uses a provision matrix to measure the lifetime expected credit loss allowance for receivables.

In measuring the expected credit losses, receivables are grouped based on shared credit risk characteristics and days past due. In calculating the expected credit loss rates, the Society considers historical loss rates for each category of receivables and adjusts to reflect current and forward-looking macroeconomic factors affecting the collectability.

Receivables are written off when there is no reasonable expectation of recovery, such as counterparty failing to engage in a repayment plan with the Society. Where receivables have been written off, the Society continues to attempt to recover the receivables due. Where recoveries are made, these are recognised in statement of financial activities.

As at 31 March 2021 and 2020, the Society's receivables are all current and considered to have low risk of default, therefore no expected credit loss allowance for was recognised.

21 Financial risk management (cont'd)

(c) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash and the availability of grants from the government. At the balance sheet date, assets held by the Society for managing liquidity risk included deposits maintained with banks.

The Executive Committee monitors rolling forecasts of the Society's liquidity reserve on the basis of expected cash flow. This is generally carried out in accordance with the practice and limits set by the Society.

At the end of the financial year, all the non-derivative financial liabilities of the Society are due within 12 months. Balances due within 12 months equal their carrying amounts as the impact of discounting is not significant.

(d) *Fair value measurements*

The fair values of financial assets and liabilities of the Society are assumed to approximate their respective carrying amounts.

(e) *Capital management*

The Society manages its reserves to ensure that the Society will continue as a going concern.

No changes were made in Society's objectives, policies or procedures during the years ended 31 March 2021 and 2020 respectively.

(f) *Categories of financial instruments*

Set out below are the categories of the Society's financial instruments at the reporting date.

	2021	2020
	\$	\$
Financial assets at amortised cost	6,643,434	5,612,628
Financial liabilities at amortised cost	37,264	24,788

As at 31 March 2021 and 2020, the Society have no financial instruments measured at fair value using valuation techniques.

22 Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world, and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Society's charitable activities and operations have likewise been affected by the spread of COVID-19 in 2021.

Set out below is the impact of the COVID-19 on the Society's financial position reflected in this set of financial statements for the financial year ended 31 March 2021:

- i. The Society has assessed that the going concern basis of preparation for this set of financial statements remains appropriate. As disclosed on Note 21(e), the Society manages its reserves to ensure that there are sufficient resources for the Society to continue as a going concern.
- ii. In 2021, during the Circuit Breaker period, the Society's charitable activities were reduced significantly to adhere to the government's movement control measures. These have negatively impacted the incoming resources from charitable activities in 2021. Nevertheless, the Society had received government grants by the Government of Singapore to assist the Society.

As the global COVID-19 situation remains very fluid at the date of these financial statements were authorised, the Society cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its charitable activities, operating environment and financial position for the financial year ending 31 March 2022. If the situation persists beyond management's current expectations, the Society's assets may be subject to write downs in the subsequent financial periods.

23 New or revised accounting standards and interpretations

Certain new accounting standards, amendments and interpretations to existing standards have been published that are mandatory for accounting periods beginning on or after 1 April 2021 or later periods and which the Society has not early adopted. The Society has assessed that the adoption of these new accounting standards, amendments and interpretations to existing standards will not have a material impact on the financial statements.

24 Authorisation of financial statements

The financial statements of the MILK (Mainly I Love Kids) Fund were authorised for issue in accordance with a resolution of the Executive Committee on 1 September 2021.