

THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
EVANGELICAL FREE CHURCH OF CHINA
EVANGEL CHILDREN'S HOME
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2019

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT

Poon Suk Ching

Certified Public Accountant

Hong Kong

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REVIEW REPORT TO THE MANAGEMENT COMMITTEE OF
THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
EVANGELICAL FREE CHURCH OF CHINA
EVANGEL CHILDREN'S HOME (the "Organisation")

I have audited the financial statements of the Organisation for the year ended 31 March 2019 and have issued an unqualified auditors' report thereon dated 26 SEP 2019


I conducted my review of the attached Annual Financial Report on pages 1 to 8 of the Organisation for the year ended 31 March 2019 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-governmental Organisations" issued by the Hong Kong Institute of Certified Public Accountants. The review includes considering the procedures and records relevant to the preparation of the Annual Financial Report and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Organisation, on which the above audited financial statements of the Organisation are based.

Review conclusions

On the basis of the results of my review and having regard to the audit procedures performed by me in relation to the audit of the financial statements of the Organisation for the year ended 31 March 2019:

- a. in my opinion the Annual Financial Report has been properly prepared from the books and records of the Organisation.
- b. no matters have come to my attention during the course of my review, which cause me to believe that the Organisation has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Provident Fund, Tide-over Grant and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate Operating Income and Expenditure Account for each subvented services unit as required by the Lump Sum Grant Manual (LSG Manual) published by the Social Welfare Department of the Government of the HKSAR;
 - iii. prepared the Annual Financial Report in accordance with the format and requirements set out in LSG Manual; and
 - iv. employed the staff quoted in the Tide-over Grant and Provident Fund arrangements during the year ended 31 March 2019.

This report is intended for filing with the Social Welfare Department of the Government of the HKSAR and should not be used for any other purpose.


POON Suk Ching
Certified Public Accountant
Hong Kong, 26 SEP 2019


ANNUAL FINANCIAL REPORT

NGO: Evangel Children's Home

(1 April 2018 to 31 March 2019)

	Notes	2018-19 \$	2017-18 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	11,819,375.00	10,751,023.00
b. Provident Fund	1c	959,980.00	876,737.00
2. Fee Income	2	0.00	0.00
3. Central Items	3	322,795.00	321,236.00
4. Rent and Rates	4	135,458.00	133,587.00
5. Other Income	5	282,447.30	226,858.60
6. Interest Received		764.78	44.61
TOTAL INCOME		<u>13,520,820.08</u>	<u>12,309,486.21</u>
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		9,395,391.11	8,671,482.81
b. Provident Fund	1c	768,736.54	741,240.53
c. Allowances		198,413.02	193,370.44
Sub-total	6	<u>10,362,540.67</u>	<u>9,606,093.78</u>
2. Other Charges	7	2,358,548.74	2,005,815.48
3. Central Items	3	322,795.00	321,236.00
4. Rent and Rates	4	216,702.00	210,040.00
TOTAL EXPENDITURE		<u>13,260,586.41</u>	<u>12,143,185.26</u>
C. SURPLUS/ (DEFICIT) FOR THE YEAR	8	<u>260,233.67</u>	<u>166,300.95</u>

The Annual Financial Report from pages 1 to 8 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE

CHAIRMAN

DATE: 26 SEP 2019

SIGNATURE

NGO HEAD/ HEAD OF SOCIAL WELFARE SERVICES

DATE: 26 SEP 2019

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant (LSG)

a. Basis of preparation The Annual Financial Report (AFR) is prepared in respect of all Funding and Service Agreement (FSA) activities (including support services to FSA activities) funded by the Social Welfare Department under the Lump Sum Grant Subvention System. AFR is prepared **on cash basis**, that is, income is recognised upon receipt of cash and expenditure is recognised when expenses are paid. **Non-cash items** such as depreciation, provisions and accruals **have not been included** in the AFR.

b. Lump Sum Grant (excluding Provident Fund) This represents LSG (excluding Provident Fund) received for the year.

c. Provident Fund This is Provident Fund received and contributed during the year. Snapshot staff are defined as those staff occupying recognised or holding against subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000. The Provident Fund received and contributed for staff under the Central Items have been shown under **Note 3**. Details are analysed below :

<u>Provident Fund Contribution</u>	Snapshot Staff	6.8% and Other Posts	Total
	\$	\$	\$
Subvention Received	397,611.00	562,369.00	959,980.00
Provident Fund Contribution Paid during the Year	(364,268.78)	(404,467.76)	(768,736.54)
Surplus/ (Deficit) for the Year	33,342.22	157,901.24	191,243.46
Add : Surplus/ (Deficit) b/f Additional subvention received for previous year(s)	12,050.12	1,520,160.91	1,532,211.03
Add : Adjustment per SWD letter dated 13 Aug 19	1,741.50		1,741.50
Less : Refund to Government	-	-	-
Surplus/ (Deficit) c/f	47,133.84	1,678,062.15	1,725,195.99

2. Fee Income This represents social welfare fee income received for the year in respect of the fees and charges recognised for the purpose of subvention as set out in the LSG Manual.

3. Central Items These are subvented service activities which are not included in LSG and are subject to their own procedures as set out in other SWD's papers and correspondence with the NGOs. The Provident Fund received and contributed for staff under the Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of the LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

	2018-19 \$	2017-18 \$
a. Income		
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Persons		
Dementia Supplement for Residential Elderly Services		
Infirmiry Care Supplement for Residential Elderly Services		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme – Fee Waiving Subsidy Scheme		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services		
Short-term Rental Assistance		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	322,795.00	321,236.00
Neighbourhood Support Child Care Project (NSCCP) – Contract Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with Disabilities		
Cash Subsidy for Integrated Support Services for Persons with Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Enhanced After School Care Programme– Fee Waiving Subsidy Scheme		
Navigation Scheme for Young Persons in Care Services - Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training Cost		
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation Services		
One-off Subsidy for Enhanced Provision of Visiting Medical Officer for Residential Care Homes for the Elderly		
One-off Subsidy for Enhanced Provision of Visiting Medical Practitioner Scheme for Residential Care Homes for the Persons with Disabilities		
Total	<u>322,795.00</u>	<u>321,236.00</u>

	2018-19	2017-18
	\$	\$
b. Expenditure		
Dementia Supplement for Elderly with Disabilities		
Infirmiry Care Supplement for the Aged Blind Persons		
Dementia Supplement for Residential Elderly Services		
Infirmiry Care Supplement for Residential Elderly Services		
Dementia Supplement for Day Care Centres/units for the Elderly		
Foster Care Allowance/Emergency Foster Care Allowance		
After School Care Programme – Fee Waiving Subsidy Scheme		
Temporary Financial Aid		
Emergency Fund		
Time-defined Subsidy Scheme for Extended Hours Service Users		
Training Subsidy under Training Scheme for Child Care		
Supervisors and Special Child Care Workers in Pre-school		
Rehabilitation Services		
Short-term Rental Assistance		
Allowances for Specific Services Arising from the		
Implementation of the Minimum Wage Ordinance	322,795.00	321,236.00
(Overnight On-site-on-call Allowance)		
Neighbourhood Support Child Care Project (NSCCP) – Contract		
Subsidy		
NSCCP – Subsidy for Fee Reduction/Waiving		
NSCCP – Rent and Rates		
Training Sponsorship Scheme for Master in Occupational Therapy		
and Physiotherapy programmes		
Training Subsidy Programme for Children on the Waiting List for		
Subvented Pre-school Rehabilitation Services		
Financial Incentive Scheme for Mentors of Employees with		
Disabilities		
Cash Subsidy for Integrated Support Services for Persons with		
Severe Physical Disabilities		
Time-defined Subsidy Scheme for Occasional Child Care Service		
Enhanced After School Care Programme – Fee Waiving Subsidy		
Scheme		
Navigation Scheme for Young Persons in Care Services -		
Operating Expenses		
Navigation Scheme for Young Persons in Care Services - Training		
Cost		
Grant under the Pilot Scheme on On-site Pre-school Rehabilitation		
Services		
One-off Subsidy for Enhanced Provision of Visiting Medical		
Officer for Residential Care Homes for the Elderly		
One-off Subsidy for Enhanced Provision of Visiting Medical		
Practitioner Scheme for Residential Care Homes for the		
Persons with Disabilities		
Total	<u>322,795.00</u>	<u>321,236.00</u>

- 4. Rent and Rates** This represents the amount paid by SWD in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD havenot been included in AFR.
- 5. Other Income** This includes programme income and all income other than recognised social welfare fee income received during the year. Non-SWD subventions and donations received havenot been included as Other Income in AFR. In this respect, donations have been included if it is used to finance expenditure reflected in the AFR.

The breakdown on Other Income is as follows:

Other Income	2018-19	2017-18
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	0.00	0.00
(b) Others	282,447.30	226,858.60
Total	<u>282,447.30</u>	<u>226,858.60</u>

- 6. Personal Emoluments** Personal Emoluments include salary, provident fund and salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$700,000 each paid under LSG is appended below:

Analysis of Personal Emoluments paid under LSG	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	1	734,091.00
HK\$800,001 - HK\$900,000 p.a.	N/A	
HK\$900,001 - HK\$1,000,000 p.a.	1	967,242.00
HK\$1,000,001 - HK\$1,100,000 p.a.	N/A	
HK\$1,100,001 - HK\$1,200,000 p.a.	N/A	
>HK\$1,200,000 p.a.	N/A	

7. Other Charges

The breakdown on Other Charges is as follows:

	2018-19	2017-18
	\$	\$
Other Charges		
(a) Utilities	371,713.50	370,937.20
(b) Food	935,213.68	784,903.12
(c) Administrative Expenses	328,589.30	284,138.95
(d) Stores and Equipment	182,205.97	168,662.92
(e) Repair and Maintenance	245,903.50	160,737.90
(f) Special Allowances	0.00	0.00
(g) Programme Expenses	141,004.00	102,724.60
(h) Transportation and Travelling	8,711.20	7,000.80
(i) Insurance	102,735.79	87,592.92
(j) Miscellaneous	42,471.80	39,117.07
Total	<u>2,358,548.74</u>	<u>2,005,815.48</u>

7a. Special One-off Grant Payments

Details of Special One-Off Grant Payments are as follows:

	2018-19	2017-18
	\$	\$
Special One-off Grant Payments		
(a) Voluntary Retirement Scheme	0.00	0.00
(b) Compensation Scheme	0.00	0.00
(c) Staff Training and Development	0.00	0.00
(d) Other Staff-related Initiatives	0.00	0.00
Total	<u>0.00</u>	<u>0.00</u>

8. Analysis of Lump Sum Grant Reserve and balances of other SWD subventions

	Lump Sum Grant (LSG)	Rent and Rates	Central Items	Total
	\$	\$	\$	\$
Income				
Lump Sum Grant	12,779,355.00			12,779,355.00
Fee Income	0.00			0.00
Other Income	282,447.30			282,447.30
Interest Received (Note (1))	764.78			764.78
Rent and Rates		135,458.00		135,458.00
Central Items			322,795.00	322,795.00
Total Income (a)	13,062,567.08	135,458.00	322,795.00	13,520,820.08
Expenditure				
Personal Emoluments	10,362,540.67			10,362,540.67
Other Charges	2,358,548.74			2,358,548.74
Rent and Rates		216,702.00		216,702.00
Central Items			322,795.00	322,795.00
Total Expenditure (b)	12,721,089.41	216,702.00	322,795.00	13,260,586.41
Surplus/(Deficit) for the Year (a) - (b)	341,477.67	(81,244.00)	0.00	260,233.67
<u>Less</u> : Surplus/ (Deficit) of Provident Fund	(191,243.46)	0.00	0.00	(191,243.46)
	150,234.21	(81,244.00)	0.00	68,990.21
Surplus/ (Deficit) b/f (Note (2))	770,286.97	(265,170.00)	0.00	505,116.97
<u>Add</u> : Refund from Government	920,521.18	(346,414.00)	0.00	574,107.18
One-off payment for 2017-18 support level at 79.32%		44,192.00		44,192.00
One-off payment for 2017-18 support level at 79.32%		32,261.00		32,261.00
Payment for 2016-17 Rent and Rates		3,679.00		3,679.00
<u>Less</u> : Refund to Government				
Net adjustment for 2016-17 snapshot staff & 6.8% posts	(15,853.00)			(15,853.00)
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement (Note (3))	-	-	-	-
Surplus/ (Deficit) c/f (Note (4))	904,668.18	(266,282.00)	0.00	638,386.18

Notes:

- (1) Interest received on LSG and Provident Fund reserves, rent and rates, central items, Special One-off Grant are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance of LSG Surplus b/f from previous years (including holding account) and all interest received in previous years should be included in the surplus b/f under LSG.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Dementia Supplement and Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve (i.e. S), less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding Provident Fund expenditure) for the year.

**Remuneration Packages for Staff in the Top Three Tiers
of Subvented Non-governmental Organisations**

Self Assessment Report for the Reporting Year of 2018-19

To: Director of Social Welfare
(Attn: Subventions Section)
38/F, Sunlight Tower,
248 Queen's Road East, Wan Chai, Hong Kong

Fax No.: 2575 6537 or email at suenq@swd.gov.hk

[Please read the explanatory notes before completing this form. The completed form should reach Social Welfare Department (SWD) **by 31 October 2019.**]


Name of NGO (code): Evangel Children's Home (200)

1. The average recurrent subventions^(Note 1) which my organisation received from SWD during the past four years from 2014-15 to 2017-18 (excluding the reporting year) amount to \$ 11,445,747 which represents 94.5 % of my organisation's average operating income pertaining to welfare services/programmes^(Note 3) within the same period. The details are listed as follows -

Year ^(Note 2) (the four years before the reporting year)	Recurrent Subventions Received from SWD (round up to the nearest dollar) \$	Operating Income Pertaining to Welfare Services/Programmes ^(Note 3) (round up to the nearest dollar) \$
2014-15	10,466,243(a)	11,190,073(aa)
2015-16	11,227,687 (b)	11,965,203 (bb)
2016-17	11,779,502 (c)	12,319,307(cc)
2017-18	12,309,557 (d)	12,971,366 (dd)
Average: (e) = [(a)+(b)+(c)+(d)] / 4 (f) = [(aa)+(bb)+(cc)+(dd)] / 4	11,445,747 (e)	12,111,487 (f)
Average annual recurrent subventions / Average annual operating income [(e) / (f) × 100%]		94.5%

2. I declare that for this reporting year, my organisation **is / is not*** exempt from conducting an annual review of my staff in the top three tiers according to the Guidelines for the Control and Monitoring of Remuneration Practices in Respect of Senior Staff in Subvented Organisations issued in 2018.

Contact Person : Ms. Winnie Leung
Title : Administrative Officer
Tel. : 2323 8224 Ext. 111
Email Address : winnie@ech.org.hk

Signature of Chairperson : 
Name : Mr Law Kai Hong
Tel. : 2323 8224
Date : 31.10.2019

*Delete as appropriate

**Remuneration Packages for Staff in the Top Three Tiers
of Subvented Non-governmental Organisations**

Review Report for the Reporting Year of 2018-19

(to be completed if not exempt from the Government Guidelines)

To: Director of Social Welfare
(Attn: Subventions Section)
38/F, Sunlight Tower,
248 Queen's Road East
Wan Chai, Hong Kong

Fax No. : 2575 6537 or email at suenq@swd.gov.hk

[Please read the explanatory notes before completing this form. The completed form should reach Social Welfare Department (SWD) by 31 October 2019.]

Name of NGO (code) : Evangel Children's Home (200)

Part (A): Remuneration Packages

Information of my staff in the top three tiers -

(1) Staff of 1st Tier ^[1]

(a) Number of staff One

(b) Comparable rank in civil service ^[2] ASWO

(c) Post Superintendent

(d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) \$ 967,242
[I(d) should be equal to or greater than I(e)] (round up to the nearest dollar)

(e) Total annual staff costs under SWD subventions \$ 967,242
[I(e)=I(g)(i)+(ii)+(iii)+(iv)] (round up to the nearest dollar)

(f) Please specify the months covered if (1)(e) was not incurred for the full year: _____ months

(g) Breakdown of (1)(e)

(i) Salary ^[4] \$ 841,080

(ii) Provident fund (Employer) \$ 126,162

(iii) Cash allowance ^[5] (please specify if any:) \$ _____

(iv) Non-cash based benefits ^[6] (please specify if any:) \$ _____

(2) Staff of 2nd Tier ^[1]

(a) Number of staff	One	
(b) Comparable rank in civil service ^[2]	NA	
(c) Post	Deputy Superintendent	
(d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) <i>[2(d) should be equal to or greater than 2(e)]</i>		<u>\$ 734,091</u> <i>(round up to the nearest dollar)</i>
(e) Total annual staff costs under SWD subventions <i>[2(e)=2(f)(i)+(ii)+(iii)+(iv)]</i>		<u>\$ 734,091</u> <i>(round up to the nearest dollar)</i>
(f) Breakdown of (2)(e)		
(i) Salary ^[4]		<u>\$ 638,340</u>
(ii) Provident fund (Employer)		<u>\$ 95,751</u>
(iii) Cash allowance ^[5] (please specify if any:)		<u>\$ _____</u>
(iv) Non-cash based benefits ^[6] (please specify if any:)		<u>\$ _____</u>

(3) Staff of 3rd Tier ^[1]

(a) Number of staff	One	
(b) Comparable rank in civil service ^[2]	NA	
(c) Post	Supervisor	
(d) Total annual staff costs ^[3] (including those not under SWD subventions, if applicable) <i>[3(d) should be equal to or greater than 3(e)]</i>		<u>\$ 640,596</u> <i>(round up to the nearest dollar)</i>
(e) Total annual staff costs under SWD subventions <i>[3(e)=3(f)(i)+(ii)+(iii)+(iv)]</i>		<u>\$ 640,596</u> <i>(round up to the nearest dollar)</i>

(f) Breakdown of (3)(e)

(i) Salary ¹⁴	\$ 557,040
(ii) Provident fund	\$ 83,556
(iii) Cash allowance ¹⁵ (please specify if any:)	\$ _____
(iv) Non-cash based benefits ¹⁶ (please specify if any:)	\$ _____

(4) Review for changes ¹⁷

	<u>2017-18</u> (the year before)	<u>2018-19</u> (the reporting year)
(a) Total annual staff costs under SWD subventions in respect of the top three tiers [(1)(e)+(2)(e)+(3)(e)]	\$ 2,240,844	\$ 2,341,929

(b) Please tick and complete the following as appropriate to state the result of your review -

- I have reviewed the remuneration packages of the staff in the top three tiers and **found no change** in their remunerations as compared with the preceding year.

- I have reviewed the remuneration packages of the staff in the top three tiers and **found change(s)** in their remunerations as compared with the preceding year. The tier(s) having changes and reasons for such changes are stated below –
 - Upward/downward pay adjustment in accordance with Civil Service Pay Adjustment (details are given at the bottom).
 - Upward/downward pay adjustment other than Civil Service Pay Adjustment (details are given at the bottom).
 - Incremental creep (details are given at the bottom).
 - Organisational restructuring or upgrading/downgrading of top three tier posts (details are given at the bottom).
 - Increase/decrease of number of staff of the top three tiers (details are given at the bottom).
 - Other circumstances (details are given at the bottom).

Details (please use additional sheet as necessary):

Part (B): Information on Staff Serving Their First Contract ^{[8] [9]}

Please add column(s) where necessary.

*Please delete as appropriate.

There is no staff member serving his/her first contract in 2018-19.

The following staff member(s) served his/her/their first contract in 2018-19. Details are as follows:

	Staff no. 1	Staff no. 2	Staff no. 3
(a) Tier ^[1]	1st/ 2nd/ 3rd*	1st/ 2nd/ 3rd*	1st/ 2nd/ 3rd*
(b) Comparable rank in civil service ^[2]			
(c) Post			
(d) Total annual staff costs ^[3]	\$	\$	\$
(e) Total annual staff costs under SWD subventions (e)=[(g)(i)+(ii)+(iii)+(iv)]	\$	\$	\$
(f) Please specify the months covered if (e) was not incurred for the full year			
(g) (i) Salary ^[4]	\$	\$	\$
(ii) Provident fund	\$	\$	\$
(iii) Cash allowance ^[5] (please specify if any)	\$	\$	\$
(iv) Non-cash based benefits ^[6] (please specify if any)	\$	\$	\$

Part (C): Public Disclosure of the Review Report ^[9]


Our organisation ~~*has disclosed~~ / will disclose (please specify the commencement date: 01.11.2019) the Review Report for 2018-19 (only Part (A)) through one or more of the following channels and will make it available to the public upon request -

(*Please delete as appropriate.)

Channel(s) of Disclosure	
<i>(Please tick as appropriate.)</i>	
<input type="checkbox"/>	Posting the information prominently on the notice board(s) at the Central Administration Unit / Head Office
<input checked="" type="checkbox"/>	Uploading the information to our website
<input type="checkbox"/>	Reporting the information in our Annual Report
<input type="checkbox"/>	Publishing the information through special circular(s), newsletter(s) or whatever means (please enclose the copy/copies for SWD's reference)

Part (D): Declaration by Chairperson

I declare that the information as provided in Parts (A) to (C) is correct.

Contact Person Vivian Law Signature of Chairperson : 

Title : Superintendent Name : Mr. Law Kai Hong

Tel. 23238224(112) Tel. 23238224

Email : vivian@ech.org.hk Date 26.09.2019