

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 2022

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT

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Certified Public Accountant
Hong Kong

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REVIEW REPORT TO THE MANAGEMENT COMMITTEE MEMBERS 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 2022 and have issued an unqualified auditors' report thereon dated **26 AUG 2022**


I conducted my review of the attached Annual Financial Report on pages 1 to 5 of the Organisation for the year ended 31 March 2022 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

- 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 2022.

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 AUG 2022**

**ANNUAL FINANCIAL REPORT
NGO : EVANGEL CHILDREN'S HOME**

1 APRIL 2021 TO 31 MARCH 2022

	Notes	Total 2021-22 \$	Total 2020-21 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	13,554,512.00	13,558,742.00
b. Provident Fund	1c	1,037,076.00	1,033,669.00
2. Fee Income	2	-	-
3. Central Items	3	350,901.00	350,901.00
4. Rent and Rates	4	186,878.00	208,770.00
5. Other Income	5	289,832.00	355,703.00
6. Interest Received		55.31	40.28
TOTAL INCOME		15,419,254.31	15,507,825.28
B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		10,849,993.79	10,677,526.94
b. Provident Fund	1b	1,213,502.83	859,402.43
c. Allowance		206,320.63	189,359.03
Sub-total	6	12,269,817.25	11,726,288.40
2. Other Charges	7	2,521,391.53	2,160,915.11
3. Central Items	3	350,901.00	462,753.00
4. Rent and Rates	4	186,878.00	208,770.00
TOTAL EXPENDITURE		15,328,987.78	14,558,726.51
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	90,266.53	949,098.77

The Annual Financial Report from pages 1 to 5 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual

SIGNATURE

CHAIRMAN

DATE : 26 AUG 2022

SIGNATURE

NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES

DATE : 26 AUG 2022

NOTES ON THE ANNUAL FINANCIAL REPORT

1. Lump Sum Grant

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 Lump Sum Grant (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.

Please note that the PF received and contributed for staff under the Central Items have been shown under 3.

Details are analysed below :

<u>Provident Fund Contribution</u>	<u>Existing Staff</u>	<u>6.8% Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention Received	358,772.00	678,304.00	1,037,076.00
Provident Fund Contribution Paid during the year	362,615.36	850,887.47	1,213,502.83
Surplus/(Deficit) for the year	(3,843.36)	(172,583.47)	(176,426.83)
Add : Surplus/(Deficit) b/f	818.09	1,635,363.83	1,636,181.92
Add : Refund 19/20	1,846.00	-	1,846.00
Surplus/(Deficit) c/f	(1,179.27)	1,462,780.36	1,461,601.09

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 Lump Sum Grant Manual.

NOTES ON THE ANNUAL FINANCIAL REPORT

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:

	2021-22	2020-21
	\$	\$
a. Income		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	350,901.00	350,901.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	-	-
Total	<u>350,901.00</u>	<u>350,901.00</u>
b. Expenditure		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	350,901.00	350,901.00
Special Allowance for Staff of Subvented Residential Service Units in respect of COVID-19	-	-
Total	<u>350,901.00</u>	<u>350,901.00</u>

4. Rent and Rates

This represents the amount paid by Social Welfare Department in respect of premises recognised by SWD. Expenditure on rent and rates in respect of premises not recognised by SWD have not 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 have not 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:

	2021-22	2020-21
	\$	\$
Other Income		
(a) Fees and charges for services incidental to the operation of subvented services	-	-
(b) Subsidy from Central Items (CI) - ASCP/E / ASCP / FWSS	-	-
(c) Others	289,832.00	355,703.00
Less : Utilised allocation under CI - ASCP/E / ASCP / FWSS	-	-
Total	<u>289,832.00</u>	<u>355,703.00</u>

6. Personal Emoluments

Personal Emoluments include salary, provident fund, 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

	No of Posts	\$
HK\$700,001 - HK\$800,000 p.a.	1	798,734.45
HK\$800,001 - HK\$900,000 p.a.	N/A	
HK\$900,001 - HK\$1,000,000 p.a.	N/A	
HK\$1,000,000 - HK\$1,100,000 p.a.	1	1,036,163.45
HK\$1,100,000 - HK\$1,200,000 p.a.	N/A	
>HK\$1,200,000 p.a.	N/A	

7. Other Charges

Other Charges	2021-22 \$	2020-21 \$
a. Utilities	390,946.10	328,078.80
b. Food	1,112,121.65	944,124.77
c. Administrative Expenses	308,540.21	158,749.87
d. Stores and Equipment *	104,163.00	147,354.79
e. Repair and Maintenance	322,651.20	333,569.00
f. Special Allowances	-	-
g. Programme Expenses	133,151.40	127,912.10
h. Transportation and Travelling	6,058.90	7,528.50
i. Insurance	119,752.96	104,915.88
j. Miscellaneous	24,006.11	8,681.40
Sub-Total	2,521,391.53	2,160,915.11
Less : Utilised allocation under CI - ASCP/E / ASCP / FWSS	-	-
Total	2,521,391.53	2,160,915.11

* Furniture & Equipment included

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

	Analysis of Reserve Fund				
	Lump Sum Grant & (LSG)	Adjustment for Utilised allocation under ASCP / Enhanced ASCP - FWSS One-off Grant (SOG)	Rent and Rates	Central Items (CI)	Total
Income					
Lump Sum Grant	14,591,588.00	-	-	-	14,591,588.00
Fee Income	-	-	-	-	-
Other Income	289,832.00	-	-	-	289,832.00
Interest Received (Note(1))	55.31	-	-	-	55.31
Rent and Rates	-	-	186,878.00	-	186,878.00
Central Items	-	-	-	350,901.00	350,901.00
Total Income (a)	14,881,475.31	-	186,878.00	350,901.00	15,419,254.31
Expenditure					
Personal emoluments	12,269,817.25	-	-	-	12,269,817.25
Other Charges	2,521,391.53	-	-	-	2,521,391.53
Rent and Rates	-	-	186,878.00	-	186,878.00
Central Items	-	-	-	350,901.00	350,901.00
Total Expenditure (b)	14,791,208.78	-	186,878.00	350,901.00	15,328,987.78
Surplus/(Deficit) for the Year (a) - (b)	90,266.53	-	-	-	90,266.53
Less : Surplus/(Deficit) of Provident Fund	(176,426.83)	-	-	-	(176,426.83)
	266,693.36	-	-	-	266,693.36
Surplus/(Deficit) b/f (Note (2))	2,510,608.79	-	(185,038.00)	-	2,325,570.79
	2,777,302.15	-	(185,038.00)	-	2,592,264.15
Surplus/(Deficit) c/f (Note (3))	2,777,302.15	-	(185,038.00)	-	2,592,264.15

Notes:

- (1) All the interest received on LSG and PF reserves, rent and rates, central items, Special One-off Grant is included as one item under LSG; and the items is considered as part of LSG reserve.
- (2) Accumulated balance Lump Sum Grant 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 Infirmity Care Supplement, if any, as per Schedule of Central Items.
- (4) The Level of LSG cumulative reserves, less LSG Reserve kept in the holding account, will be capped at 25% of the NGO's operating expenditure (excluding PF expenditure) for that year.

Schedule for Central Items

Analysis of Subvention and Expenditure for the Period from 1.4.2021 to 31.3.2022

Name of Agency : EVANGEL CHILDREN'S HOME

Unit Code and Name (Note 6)	Subvention Element	Subvention Released (Note 1)	Actual Expenditure (Note 2)	Surplus (Note 3) (a)	Deficit for the year		Surplus b/f (Note 5) (e)	Refund to Government (f)	Adjustment (Note 9) (g)	Surplus c/f (Note 6) (h)=(e)+(g)-(f)+(-)(g)
					Deficit (Note 3) (b)	Deficit transferred to LSG (Note 4) (c)				
nnnn-xxxxxx	Dementia Supplement for Elderly with Disabilities	\$	\$	\$	\$	\$	N.A.			N.A.
nnnn-xxxxxx	Infirmary Care Supplement for the Aged Blind Persons						N.A.			N.A.
nnnn-xxxxxx	Dementia Supplement for Residential Elderly Services						N.A.			N.A.
nnnn-xxxxxx	Infirmary Care supplement for Residential Elderly Services						N.A.			N.A.
nnnn-xxxxxx	Foster Care Allowance/ Emergency Foster Care Allowance						N.A.			N.A.
nnnn-xxxxxx	After School Care Programme						N.A.			N.A.
nnnn-xxxxxx	Programme Assistants/Care Assistant(Permanent)-Elderly Services						N.A.			N.A.
nnnn-xxxxxx	Programme assistants/Care Assistant (Permanent)						N.A.			N.A.
nnnn-xxxxxx	-Rehabilitation Medical and Social Services						N.A.			N.A.
nnnn-xxxxxx	Temporary Financial Aid						N.A.			N.A.
nnnn-xxxxxx	Emergency Fund						N.A.			N.A.
nnnn-xxxxxx	Extension of Time-defined Subsidy Scheme for Extended House Child Care Service (1 April 2011 to 31 March 2014)						N.A.			N.A.
nnnn-xxxxxx	Training Subsidy Scheme for Standalone Child Care Centre (CCC), KG-cum-CCC and Residential CCC						N.A.			N.A.
nnnn-xxxxxx	Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services						N.A.			N.A.
nnnn-xxxxxx	Programme Work posts extended for one year in 2011-12						N.A.			N.A.
nnnn-xxxxxx	Regularized Programme Assistants (PA)/Care Assistants (CA)						N.A.			N.A.
nnnn-xxxxxx	Subsidy under the Home Environment Improvement Scheme for the Elderly	350,901.00	350,901.00							
200-Evangel Children's Home	Overnight On-Site-on-call Allowance									
nnnn-xxxxxx	Neighbourhood Service Child Care Project - Contract Subsidy									
nnnn-xxxxxx	Neighbourhood Service Child Care Project - Subsidy for Fee Reduction /Waiving									
nnnn-xxxxxx	Total:	350,901.00	350,901.00							

/...Notes

Notes :

- The figures for the whole financial years are extracted from the paylist for March (Final) ore remittance advice(s) by the Treasury of the financial year.
- Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
- Surplus/Deficit for each element represents the differences between subvention released and actual expenditure.
- Deficit i.r.o. the following central items arising from salary adjustment are transferred to the Lump Sum Grant Reserve as stated in SWD's letter ref. (33) in SWD/S/104/2 Pt. 18 dated 4 March 2020.
 - Dementia Supplement for Elderly with Disabilities
 - Infirmary Care Supplement for the Aged Blind Persons
 - Dementia Supplement for Residential Elderly Services
 - Infirmary Care supplement for Residential Elderly Services
- "Suplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
- "Suplus carried forward (c/f)" means surplus brought forward less refund to Government plus surplus, if any, arising from operations in current year.
- Unit code and name / remittance advice no. are extracted from the paylist from SWD and remittance advice from the Treasury respectively.
- The central items as listed above may not be exhaustive and any relevant details of central item released and/or expended during the year, where appropriate, should also be included.
- For ASCP/Enhanced ASCP, the adjustment includes the amount of expenditure overstated/(understated) in previous year(s) after taking into account the actual claw-back amount(s) per SWD's allocation letter(s), if any.
- For NGOs with Visiting Medical Practitioner Service Team which arrange delivery of the service under the Programme to all private and self-financing RCHes, RCHDs as well as contract homes operated by private operators only.

Schedule for Rent and RatesAnalysis of Subvention and Expenditure for the period from 1.4.2021 to 31.3.2022

Name of Agency : Evangel Children's Home

Unit Code and Name	Subvented element	Subvention Released (Note 1)	Actual Expenditure	Surplus (Note 2)	Deficit (Note 2)
		\$	\$	\$	\$
2335	Rent (Note 3)	74,244	74,244	-	-
	Rates	112,634	112,634	-	-
	Total	186,878	186,878	-	-
	Rent (Note 3)				
	Rates				
	Total				
	Rent (Note 3)				
	Rates				
	Total				
	Grand Total	186,878.00	186,878.00	-	-

Notes :

1. The figures are to be extracted from the payroll for March plus subvention released in late March of the financial year.
2. Surplus/Deficit for each element represents the difference between subvention released and actual expenditure.
3. Rent includes all kinds of rent such as PHE rental, private rental, carpark rent, management fee, building maintenance fee and Government Rent.

Schedule for Investment
Analysis of Investment as at 31 March 2022

Agency : Evangel Children's Home

	2021-22	2020-21
LSG Reserve as at 31 March	<u>2,777,302.15</u>	<u>2,510,608.79</u>
Represented By :		
Investments		
a HKD Bank Account Balances	2,777,302.15	2,510,608.79
b HKD 24-hour Call Deposits	-	-
c HKD Fixed Deposits	-	-
d HKD Certificate of Deposits	-	-
e HKD Bonds (see appendix of breakdown)	-	-
	<u>2,777,302.15</u>	<u>2,510,608.79</u>

Note: The investments should be reported at historical cost.

Confirmed By :



Chairman



Chief Executive

Date: 26 AUG 2022

Date: 26 AUG 2022