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 2025

POON SUK CHING

CERTIFIED PUBLIC ACCOUNTANT

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INDEPENDENT AUDITOR'S ASSURANCE 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 ("ECH")

I have audited the financial statements of ECH for the year ended 31 March 2025 in accordance with the Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), and have issued an unmodified auditors' report thereon dated 2.7 OCT 2025

Pursuant to the Lump Sum Grant ("LSG") Manual issued by the Social Welfare Department of the Government of the Hong Kong Special Administrative Region ("SWD"), I have been requested to issue this assurance report in connection with the Annual Financial Report ("AFR") of ECH for the year ended 31 March 2025.

RESPONSIBILITIES OF THE MANAGEMENT COMMITTEE MEMBERS

In relation to this report, the Management Committee Members are responsible for the ensuring the AFR of ECH for the year ended 31 March 2025 is properly prepared in accordance with the relevant accounting and financial reporting requirements set out in LSG Manual and other instructions issued by the SWD; and the use of funds from the LSG by ECH has complied with the purpose as specified in the LSG Manual and other instructions issued by the SWD.

MY INDEPENDENCE AND QUALITY MANAGEMENT

I have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

INDEPENDENT AUDITOR'S ASSURANCE REPORT (Continued)
TO THE MANAGEMENT COMMITTEE MEMBERS OF
THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
EVANGELICAL FREE CHURCH OF CHINA
EVANGEL CHILDREN'S HOME ("ECH")

AUDITOR'S RESPONSIBILITY

My responsibility is to form a conclusion, based on my engagement, and to report my conclusion to you.

I conducted my engagement in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 851 (Revised), Reporting on the Annual Financial Reports of Non-governmental Organisations issued by the HKICPA. I have planned and performed my work to obtain reasonable assurance for giving conclusion 1 and obtain limited assurance for giving conclusion 2 below.

The work undertaken in connection with this engagement is less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

In relation to my conclusion 1 below, I have planned and performed such procedures as I considered necessary with reference to the procedures recommended in PN 851 (Revised), to satisfy myself that the AFR has been properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

In relation to my conclusion 2 below, I have obtained an understanding in respect of the purposes of the use of the funds as specified in the LSG Manual and other instructions issued by the SWD and obtaining an understanding of the control procedures. I am not required to perform any procedures to search for instances of the use of funds from the LSG by ECH being non-complied with the specific purposes. My work was limited to reporting non-compliances identified as a result of the procedures performed in relation to conclusion 2 and during the normal course of my work relating to conclusion 1. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

CONCLUSION

In my opinion, the AFR of ECH for the year ended 31 March 2025 is properly prepared, in all material respects, in accordance with the relevant accounting and financial reporting requirements set out in the LSG Manual and other instructions issued by the SWD.

Based on the procedures performed and evidence obtained, nothing has come to my attention that causes me to believe that the use of funds from the LSG by ECH has not complied, in all material respects, with the purposes as specified in the LSG Manual and other instructions issued by the SWD.

INDEPENDENT AUDITOR'S ASSURANCE REPORT (Continued)
TO THE MANAGEMENT COMMITTEE MEMBERS OF
THE ASSOCIATION OF EVANGELICAL FREE CHURCHES OF HONG KONG
EVANGELICAL FREE CHURCH OF CHINA
EVANGEL CHILDREN'S HOME ("ECH")

INTENDED USERS AND PURPOSE

This report is intended solely for submission by ECH to the SWD and is not intended to be, and should not be, used for any other purpose. I agree that a copy of this report may be provided to the SWD without further comment from me.

Poon Suk Ching

Certified Public Accountant (Practising Certificate No P03159)

Hong Kong, 2 2 0 CT 2025

ANNUAL FINANCIAL REPORT NGO: EVANGEL CHILDREN'S HOME

1 APRIL 2024 TO 31 MARCH 2025

	Notes	Total 2024-25 \$	Total 2023-24 \$
A. INCOME		ų.	Ψ
1. Lump Sum Grant			
 a. Lump Sum Grant (excluding Provident Fund) 	1b	15,331,372.00	14,327,781.00
b. Provident Fund	1c	1,233,863.00	1,148,859.00
2. Fee Income	2	•	-
3. Central Items	3	374,323.00	383,544.00
4. Rent and Rates	4	186,878.00	186,878.00
5. Other Income	5	297,479.24	302,660.00
6. Interest Received		23,322.96	23,012.86
TOTAL INCOME		17,447,238.20	16,372,734.86
B. EXPENDITURE 1. Personal Emoluments			
a. Salaries		12,099,987.70	11,717,366.79
b. Provident Fund	1b	1,008,560.20	1,272,040.37
c. Allowance		316,528.90	453,756.39
Sub-total	6	13,425,076.80	13,443,163.55
2. Other Charges	7	2,512,987.82	2,538,742.10
3. Central Items	3	374,323.00	383,544.00
4. Rent and Rates	4	197,193.00	196,539.00
TOTAL EXPENDITURE		16,509,580.62	16,561,988.65
C. SURPLUS/(DEFICIT) FOR THE YEAR	8	937,657.58	(189,253.79)

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 Subvention Manual.

SIGNATURE

SIGNATURE

NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES DATE: 2 2 007 2025

In June

1. Lump Sum Grant

a. Basis of preparation

The Annual Financial Report (AFR) is prepared in respect of all services defined in Funding and Service Agreement (FSA) (including support services to FSA activities) funded by the Social Welfare Department (SWD) under the Lump Sum Grant Subvention System and also FSA services/FSA-related activities funded by Other Funds or Donations for Designated Purposes. AFR is prepared **on cash basis**, that is, income is recognized upon receipt of cash and expenditure is recognized 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 recognized or holding against subvented posts as at 1 April 2000.

Other posts represent those staff that are employed after 1 April 2000.

The Provident Fund received and contributed for staff under the Central Items and Other Funds or Donations for Designated Purposes which are separately included as part of the income and expenditure of the relevant disclosures have been shown under Note 3 and 8. Details are analysed below:

Provident Fund Contribution	Existing Staff \$	6.8% Posts \$	<u>Total</u> \$
Subvention Received	451,473.00	782,390.00	1,233,863.00
Provident Fund Contribution Paid during the year	406,505.88	602,054.32	1,008,560.20
Surplus/(Deficit) for the year	44,967.12	180,335.68	225,302.80
Add : Surplus/(Deficit) b/f	7,536.73	1,464,925.93	1,472,462.66
Surplus/(Deficit) c/f	52,503.85	1,645,261.61	1,697,765.46

2. Fee Income

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

3. Central Items

These are subvented service activities which are not inlucded 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 5.5.4(c) of the LSG Subvention Manual). The income and expenditure of each of the Central Items are as follows:

a. Income	2024-25 \$	2023-24 \$
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	374,323.00	372,143.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	11,401.00
Special Allowance for Staff	-	-
Total	374,323.00	383,544.00
b. Expenditure		
Allowances for Specific Services Arising from the Implementation of the Minimum Wage Ordinance (Overnight On-site-on-call Allowance)	374,323.00	372,143.00
Special Grant on Manpower Support for Residential and Home-based Care Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	11,401.00
Special Allowance for Staff	_	+
Total	374,323.00	383,544.00

4. Rent and Rates

This represents the amount paid by SWD in respect of premises recognized by SWD. Expenditure on rent and rates in respect of premises not recognized by SWD have not been included in AFR.

5. Other Income

This includes programme income and all income other than recognized social welfare fee income received during the year. Non-SWD subventions and Other Funds or Donations for Designated Purposes may be included in AFR if they are used to finance expenditure of the FSA services/FSA-related activities reflected in the AFR.

The breakdown on Other Income is as follows:

Other Income	2024-25 \$	2023-24 \$
(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	297,479.24	302,660.00
<u>Less</u> : Utilised allocation under CI - ASCP/E / ASCP / FWSS	-	-
Total	297,479.24	302,660.00

6. Personal Emoluments

Personal Emolements include salary, provident fund, salary-related allowances.

The analysis on number of posts with annual Personal Emoluments over \$1,000,000 each paid under LSG is appended below:

Analysis of Personal Emoluments	No of Posts	\$
HK\$1,000,001 - HK\$1,100,000 p.a.	1	1,002,950.00
HK\$1,100,001 - HK\$1,200,000 p.a.	N/A	1 220 546 00
HK\$1,200,001 - HK\$1,300,000 p.a.	i	1,230,546.00

HK\$1,300,001 - HK\$1,400,000 p.a. N/A HK\$1,400,001 - HK\$1,500,000 p.a. N/A >HK\$1,500,000 p.a. N/A

7. Other Charges

The breakdown on Other Charges is as follows:

	2024-25	2023-24
Other Charges	\$	\$
a. Utilities	390,065.90	370,343.92
b. Food	946,183.91	982,097.67
c. Administrative Expenses	249,050.07	303,523.10
d. Stores and Equipment *	177,787.24	78,131.52
e. Repair and Maintenance	388,938.89	469,530.50
f. Special Allowances(ABPSS)	158,600.00	144,600.00
g. Programme Expenses	40,985.70	36,532.80
h. Transportation and Travelling	7,826.40	4,828.70
i. Insurance	107,831.71	112,096.19
j. Miscellaneous	45,718.00	37,057.70
Sub-Total	2,512,987.82	2,538,742.10
<u>Less</u> : Utilised allocation under CI - ASCP/E / ASCP / FWSS	-	-
Total	2,512,987.82	2,538,742.10

^{*} Furniture & Equipment included

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

			Allalysis	of Reserve Fund			
	Lump Sum	Holding Account (HA)	Other Funds or Donations for Designated Purposes	Adjustment for Utilised allocation under ASCP / Enhanced ASCP - FWSS	Rent and Rates	Central	Total
	Grant & (LSG)					Items (CI)	
	\$	\$	\$	\$	\$	\$	\$
ncome							
Lump Sum Grant	16,565,235.00	-	-	-	-	-	16,565,235.00
Fee Income	207 470 04	-	-	-	-	-	0.00 297,479.24
Other Income nterest Received (Note(1))	297,479.24 23,322.96	-	-	-			23,322.96
Rent and Rates	20,022.50		-	_	186,878.00		186.878.00
Central Items	_	_	-		-	374,323.00	374,323.00
Fotal Income (a)	16,886,037.20		M	~	186,878.00	374,323.00	17,447,238.20
Expenditure Personal emoluments Other Charges	13,425,076.80 2,512,987.82	-	<u>-</u>	-		-	13,425,076.80 2,512,987.82
Rent and Rates Central Items	-	-	-	-	197,193.00	374,323.00	197,193.00 374,323.00
Fotal Expenditure (b)	15,938,064.62	-	*	-	197,193.00	374,323.00	16,509,580.62
Surplus/(Deficit) for the Year (a) - (b) .ess : Surplus/(Deficit) of Provident Fund	947,972.58 225,302.80	-	-	-	(10,315.00) -	-	937,657.58 225,302.80
	722,669.78	-	-	-	(10,315.00)	-	712,354.78
Surplus/(Deficit) b/f (Note (2))	1,910,611.57	422,054.66	-	-	(194,699.00)	-	2,137,967.23
	2,633,281.35	422,054.66		-	(205,014.00)	-	2,850,322.01
Add : Backpayment on Rent & Rates 2023/24	-	-		-	9,519.00	-	9,519.00
Surplus/(Deficit) c/f (Note (3))	2,633,281.35	422,054.66	*	-	(195,495.00)	-	2,859,841.01

Notes:

- (1) Interest received on LSG (including HA) and Provident Fund reserves, Rent and Rates, Central Items are included as one item under LSG; and the item is considered as part of LSG reserve.
- (2) Accumulated balance LSG Surplus bif from previous years (including all interest received in previous years (see (1) above) and the balance of HA and balance of Other Funds or Donations for Designated Purposes should be separately reported.
- (3) Amount of LSG Reserve used to cover the salary adjustment for Infirmary Care Supplement, if any, as per Schedule for Central Items.
- (4) For NGOs without HA, separate disclosure of the movement of HA in their respective AFRs is not necessary.
 - The Level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution (K)) for the year.
 - For NGOs with HA, with effect from 2022-23, the calculation of the annual claw-back is as follows:
 - (i) With Snapshot Staff (SS) [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year was greater than zero]
 - The level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year.
 - (ii) Without SS [i.e. Position of SS as at 1 September being reported on the Agency Staff List submitted by NGO last year (which is regarded as Year 0) was zero]
 - For the next three years (Year 1 to Year 3), the level of LSG cumulative reserve (i.e. S1) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1) excluding Provident Fund Contribution for the year.
 - From the fourth financial year (Year 4) onwards, the level of LSG cumulative reserve and HA reserve will be counted altogether and the combined reserve amount (i.e. S1+S2) will be capped at 25% of the NGO's operating expenditure (i.e. Total Expenditure (T1+T2) excluding Provident Fund Contribution (K)) for the year. In this regard, separate disclosure of the movement of HA in their respective AFRs is not necessary.
- (5) As a facilitating measure for the implementation of the Productivity Enhancement Programme, the claw-back arrangement of LSG cumulative reserve amount exceeding 25% of the NGO's operating expenditure would be suspended from 2023-24 (for NGOs with 2024-25 provisional subvention allocation of \$50M or more / 2024-25 (for NGOs with 2024-25 provisional subvention allocation of less than \$50M) until 2028-29 as stipulated in SWD's letter under reference (1) / (2) / (3) / (4) in SWD 0075-0010-0060-0080-0040 of 3 March 2025.

Schedule for Central Hems Analysis of Subvention and Expenditure for the Period from 1 April 2024 to 31 March 2025

Name of NGO : EVANGEL CHILDREN'S HOME (Code: 200)

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Unit Code and Name/ Remittance Advice No.	Subverted Plement	Released (Note La)	Rembursement of Maternity Leave Pay (RMLP) Scheme reimbursement received	Actual Expenditure (Note 2a)	Actual Expenditure incurred under RMLP Scheme (Note 2000)	Surplus (Note 3)	Deficit (Note 3)	Deficit fransferred to LSG (Note 4)	Adjusted Befielt	Surpus b/f (Note 5)	from (to) Government
PITH - EXCENSIONAL FIRM - EXCENSIONAL FIRM - EXCENSIONAL FIRM - EXCENSIONAL FIRM - EXCENSIONAL	Devents Studentest for Eleter was Dashitters Informery Care Studentest for Eleter was Dashitters Informery Care Studentest for Readonts Electry Street Informery Care Novement Care Allowance (One off Special Allowance for Fearer Chaldren to Safegand the Fearer Chaldren from the Coronavius Drame (Emergency Fearer Care Novement		\$	v.	v	w	v	•	s		S.
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BARR - XXXXXXXXXXXXXX	NSCOP Subsish to hesening Payment	[4] Subsidy released for Incentive Payment during the reporture recited		b) Subsidy for Incentive Payment claimed from SWD during the reporting penod		0~J1 (I)-(p)	0-मिक्ता विकास	Ś ż			
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мин - коссооссоск	SSCCP. Rent and Bates	[c] Subsidy released by actual reimbursement		[i] same as [c]		× ×	Ϋ́χ.	< z			· <u>·····</u>
mint . CONCECCOOKY The min . CONCECCOOKY TH	Training Scientists School Parker on Occasional Training and Phryopherovy respansing Training Scientists School Parker on Occasional Training and Phryopherovy respansing Training School Parker of Findings and Occasional Training Cord. Thursonal Institutes School Care Programmer. It was all breads to the Care Programmer. The Washing School Parker of Care Programmer. The Washing School Care Programmer. The Washing School Parker of Parker on Institute Care Programmer. The Washing School Parker of Parker on Institute Care Programmer. The Washing School Parker of Parker of Parker on Institute Care Programmer. The Washing School Care Programmer School Care Programmer. The Washing Parker Parker of Parker	971,533 00		374,133 00				<pre></pre>		≺ 2	
TOTAL		174,323.00	•	374,323.00							,
W Aree dellaconess operate	4 - Affice as a count from the Bitt B Coheme comment control from Note 11th below, and the correspondence extend time under RMI P Coheme (see Note 2(th Notes) will be secreted control to	and consumption									

w Any ofference attump from the BAILP Scheme reimbustraterit received (see Note 118) below) and the corresponding expondunce under RALLP Scheme (see Note 218) below) will be asserted separately. Prease take note of para 4(1) of Pown 10 Note on Perparaten of AFS and Analysis Scheduler in reporting the amount of subsention

Hours of the whole finances your are centrated from the RALD Schone (1 the NOO has terminate abrince) to made by the Treatury or allocation letter(t) intued by Social Welface Department of the finances and the No. 1 the NOO has terminated before the expenditure of the subsequence of the subsequenc

Schedule for Investment Analysis of Investment as at 31 March 2025

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

	<u>2024-25</u>	<u>2023-24</u>
Lump Sum Grant (LSG) Reserve as at 31 March	2,633,281.35	1,910,611.57
Holding Account as at 31 March	422,054.66	422,054.66
	3,055,336.01	2,332,666.23
Represented By:		
Investments		
a HKD Bank Account Balances	3,055,336.01	2,332,666.23
b HKD 24-hour Call Deposits	-	-
c HKD Fixed Deposits	-	-
d HKD Certificate of Deposits	-	-
e HKD Bonds (see Annex 5.4 (2 of 2) for breakdown)	_	-
	3,055,336.01	2,332,666.23

Note: The investments should be reported at historical cost.

Confirmed By:

Chairman Chief Executive

Date: 2 2 0 CT 2025

Schedule for the Utilisation of Reserve in Holding Account (HA) for 2024-25 and the Plan of Utilisation of HA Reserve for 2025-26 Name of NGO (Code): Evangel Children's Home (200)

(A) Utilisation of Holding Account (HA) Reserve (2024-25)

			\$
(1)	Balance as at 31 March 2024 brought forward	(a)	422,054.66
(2)	Actual Expenditure		
	(i) Meeting contractual commitments towards Snapshot Staff	(b)	
	(ii) Enchancing human resources managements	(c)	-
	(please specify:		
	(iii) Others [applicable to NGOs without Snapshot Staff]	(d)	
	(please specify:	P	
	Total = $(b) + (c) + (d)$	(e)	-
(3)	Balance as at 31 March 2025 carried forward [i.e. = (a) - (e)]	(f)	422,054.66
(4)	No. of Snapshot Staff (as at 1 September 2024)		4

(b) Plan of Utilisation of HA Reserve (2025-26)

			\$
(1)	Balance as at 31 March 2025 brought forward [i.e. (f) of Part (A)]	(a)	422,054.66
(2)	Estimated Expenditure		
	(i) Meeting contractual commitments towards Snapshot Staff	(b)	-
	(ii) Enchancing human resources management (please specify:	(c)	-
	(iii) Others [applicable to NGOs without Snapshot Staff] (please specify:	(d)	-
	Total = $(b) + (c) + (d)$	(e)	-
(3)	Estimated transfer from HA Reserve for use in the same areas as Lumg Grant Reserve	(f)	-
(4)	Estimated balance as at 31 March 2026 carried forward [i.e. = (a) - (e)	(g)	422,054.66
(5)	Estimated No. of Snapshot Staff (by 1 September 2025)		4