

Agency Code: 488

**International Church Of The Foursquare Gospel –
Hong Kong District Limited**

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

張耀鴻會計師行

Y. H. CHEUNG & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

HONG KONG

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

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REVIEW REPORT TO THE BOARD OF DIRECTORS OF INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL – HONG KONG DISTRICT LIMITED

We have audited the financial statements of the Social Concern Department of International Church Of The Foursquare Gospel – Hong Kong District Limited (the Department) for the year ended 31 March 2017 and have issued an unqualified auditors' report thereon dated 14 September 2017.

We conducted our review of the attached Annual Financial Report of the Department for the year ended 31 March 2017 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 of the Department and performing procedures to satisfy ourselves that the Annual Financial Report has been properly prepared from the books and records of the Department, on which the above audited financial statements of the Department are based.

Review conclusions

On the basis of the results of our review and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the Department for the year ended 31 March 2017,

- a. in our opinion, the Annual Financial Report has been properly prepared from the books and records of the Department; and
- b. no matters have come to our attention during the course of our review, which cause us to believe that the Department has not:
 - i. properly accounted for the receipt of Lump Sum Grant, Special One-Off Grant, Provident Fund, and other social welfare subventions and expenditure of the Department in respect of Funding and Services Agreement activities and support services;
 - ii. kept separate operating income and expenditure account for each subvented service 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 the LSG Manual; and
 - iv. employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2017.

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.


Y H Cheung & Company
Certified Public Accountants
Hong Kong
14 September 2017

ANNUAL FINANCIAL REPORT

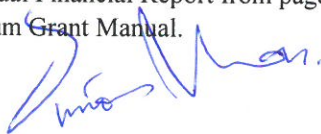
INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

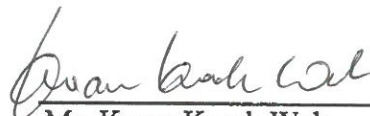
FOR THE YEAR ENDED 31 MARCH 2017

	<u>NOTES</u>	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
INCOME			
Lum Sum Grant			
a. Lump sum grant (excluding provident fund)	1b	6,419,305.00	6,134,796.00
b. Provident fund	1c	599,856.00	565,643.00
Additional allocation		260,000.00	260,000.00
Fee Income	2	49,060.00	33,704.00
Central Items	3	---	---
Rent and Rates	4	159,368.00	145,151.00
Other Income	5	842,617.15	1,001,143.98
Interest Received		173.14	459.81
TOTAL INCOME		<u>8,330,379.29</u>	<u>8,140,897.79</u>
EXPENDITURE			
Personal Emoluments			
a. Salaries		6,168,171.00	5,502,379.80
b. Provident Fund	1c	539,332.06	499,367.89
c. Allowances		20,665.00	27,331.00
		<u>6,728,168.06</u>	<u>6,029,078.69</u>
Other Charges	7	1,033,819.34	1,405,841.12
Central Items	3	---	---
Rent and Rates	4	168,900.00	143,938.00
TOTAL EXPENDITURE		<u>7,930,887.40</u>	<u>7,578,857.81</u>
SURPLUS/(DEFICIT) FOR THE YEAR		<u>399,491.89</u>	<u>562,039.98</u>

The Annual Financial Report from pages 2 to 9 has been prepared in accordance with the requirements as set out in the Lump-Sum Grant Manual.



Mr. Chan Ka Yau
Chairman of Management
Committee of Elderly Service
Date: 14 September 2017



Mr. Kwan Kwok Wah
Director of Social Concern
Department
Date: 14 September 2017

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

NOTES ON THE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2017

1. Lump Sum Grant

a) Basis of preparation

The Annual Financial Report (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 like depreciation, provisions and accruals are not included in the AFR.

b) Lump Sum Grant (excluding Providing 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 subvented posts as at 1 April 2000. 6.8% and other posts represent those staff that are employed after 1 April 2000.

Details are analysed below:

	Snapshot staff HK\$	6.8% Posts HK\$	2016/17 HK\$	2015/16 HK\$
Subvention received	282,426.00	316,069.00	598,495.00	565,643.00
Provident fund contribution paid during the year	<u>(265,494.30)</u>	<u>(273,837.76)</u>	<u>(539,332.06)</u>	<u>(499,367.89)</u>
Surplus/(Deficit) for the year	16,931.70	42,231.24	59,162.94	66,275.11
<u>Add: Surplus/(Deficit) b/f</u>	7,917.66	118,380.38	126,298.04	66,022.93
Additional subvention received for previous year	<u>1,361.00</u>	---	<u>1,361.00</u>	---
Surplus/(Deficit) c/f	<u><u>26,210.36</u></u>	<u><u>160,611.62</u></u>	<u><u>186,821.98</u></u>	<u><u>132,298.04</u></u>

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 PF received and contributed for staff under the Central Items is separately included as part of the income and expenditure of the relevant items.

The income and expenditure of the Central Items (Programme Assistants / Care Assistants) are as follow:

	2016/17 HK\$	2015/16 HK\$
a. Income	---	---
b. Expenses	---	---

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED
 SOCIAL CONCERN DEPARTMENT
 NOTES ON THE ANNUAL FINANCIAL REPPORT
 FOR THE YEAR ENDED 31 MARCH 2017

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 is not 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 are not included as Other Income in AFR.

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
(a) Fess and charges for services incidental to the operation of subvented activities		
- Programme income	429,177.00	793,394.30
- Income from supervision and coordination	74,716.00	---
(b) Other income		
- Adult Education subvention	31,004.05	43,321.08
- District Board subvention	37,074.20	42,644.20
- Other funding and donations	255,246.40	119,802.40
- Sundry income	12,699.50	1,982.00
- Disposal of assets	2,700.00	---
TOTAL	842,617.15	1,001,143.98

6. Personal Emoluments

Personal emoluments include salary, provident fund and salary-related allowance. The analysis on number of posts with annual personal emoluments over HK\$700,000 each is appended below:

Analysis of persoal emoluments	No. of posts	HK\$
HK\$700,001 - HK\$800,000 p.a.	0	---
HK\$800,001 - HK\$900,000 p.a.	0	---
HK\$900,001 - HK\$1,000,000 p.a.	1	914,534.50
HK1,000,001 - HK\$1,100,000 p.a.	0	---
HK\$1,100,001 - HK\$1,200,000 p.a.	0	---
> HK\$1,200,000 p.a.	0	---



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INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT
NOTES ON THE ANNUAL FINANCIAL REPPORT
FOR THE YEAR ENDED 31 MARCH 2017

7. Other Charges

The breakdown on Other Charge is as follows:

	<u>2016/17</u> HK\$	<u>2015/16</u> HK\$
Electricity, gas and fuel	58,298.12	59,986.60
Water and sewage charge	693.30	843.90
Postage	2,792.40	4,079.60
Telephone, fax and internet access	35,179.20	37,010.11
Advertising	3,840.00	3,360.00
Audit fee	12,603.00	12,555.00
Staff training	13,885.00	19,380.00
Cleaning material	4,482.40	3,833.90
Printing and stationery	47,314.88	38,719.51
Newspaper and magazine	12,594.00	11,913.00
Minor Purchase	70,239.80	59,120.00
Repair and maintenance	41,325.00	13,197.80
Programme expenses	663,358.53	1,069,288.47
Travelling expenses	7,260.40	15,572.80
Insurance	54,103.31	47,623.43
Membership fees to agency	3,500.00	3,300.00
Sundry expenses	2,350.00	6,057.00
	<hr/>	<hr/>
TOTAL	<u>1,033,819.34</u>	<u>1,405,841.12</u>

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED
 SOCIAL CONCERN DEPARTMENT
 NOTES TO THE ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED 31 MARCH 2017

8. ANALYSIS OF RESERVE FUND

	Lump Sum Grant HK\$	Additional Allocation HK\$	Rent and Rates HK\$	Central Items HK\$	Total HK\$
Income					
Lump Sum Grant & TOG	7,019,161.00	0.00	0.00	0.00	7,019,161.00
Fee Income	49,060.00	0.00	0.00	0.00	49,060.00
Rent and Rates	0.00	0.00	159,368.00	0.00	159,368.00
Other Income	842,617.15	0.00	0.00	0.00	842,617.15
Interest Received (note 1)	173.14	0.00	0.00	0.00	173.14
Long Term Financial Viability	0.00	260,000.00	0.00	0.00	260,000.00
Total Income	<u>7,911,011.29</u>	<u>260,000.00</u>	<u>159,368.00</u>	<u>0.00</u>	<u>8,330,379.29</u>
Expenditure					
Personal Emoluments	6,728,168.06	0.00	0.00	0.00	6,728,168.06
Other Charges	1,033,819.34	0.00	0.00	0.00	1,033,819.34
Rent and Rates	0.00	0.00	168,900.00	0.00	168,900.00
Total Expenditure	<u>7,761,987.40</u>	<u>0.00</u>	<u>168,900.00</u>	<u>0.00</u>	<u>7,930,887.40</u>
Surplus/(deficit) for the Year	149,023.89	260,000.00	(9,532.00)	0.00	399,491.89
Less: Surplus of Provident Fund	(60,523.94)	0.00	0.00	0.00	(60,523.94)
Surplus/(deficit) for the Year	<u>88,499.95</u>	<u>260,000.00</u>	<u>(9,532.00)</u>	<u>0.00</u>	<u>338,967.95</u>
Surplus/(Deficit) b/f	0.00	1,705,286.92	1,933.00	0.00	1,707,219.92
Less: Refund to Government	0.00	0.00	(720.00)	0.00	(720.00)
Add: Recovery from SWD	0.00	0.00	3,725.00	0.00	3,725.00
Add/(Less): Deficit transfer to Long Term Financial Viability	(88,499.95)	88,499.95	0.00	0.00	0.00
Surplus/(Deficit) c/f (note 2)	<u>0.00</u>	<u>2,053,786.87</u>	<u>(4,594.00)</u>	<u>0.00</u>	<u>2,049,192.87</u>

Notes:

1. Deficit underfundable arising from Central Items can be transferred to LSG Reserve.
2. The level of LSG cumulative reserve, being Lump Sum Grant surplus c/f and cumulative interest received c/f, will be capped at 25% of the total of the NGO's operating expenditure (excluding PF expenditure) for the year.

SCHEDULE FOR RENT AND RATES

Analysis of Subvention and Expenditure for the period from 1 April 2016 to 31 March 2017

Name of Agency: INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL - HONG KONG DISTRICT LIMITED

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 is not include din AFR.

Unit Code and Name	Subvented Element	Subvention Released	Actual Expenditure	Surplus	Deficit	Surplus/ (Deficit) B/F	Surplus C/F	(Deficit) C/F	Surplus/ (Deficit) C/F	Deficit Recover for the year
		\$	\$	\$	\$	\$	\$	\$	\$	\$
3910 Lung Hang Church Elderly Centre	Rent	9,336	16,740	0	(7,404)	(1,691)	0	(9,095)	(9,095)	1,691
	Rates	13,226	11,320	1,906	0	4,264	5,450	0	5,450	(720)
	Total	22,562	28,060	1,906	(7,404)	2,573	5,450	(9,095)	(3,645)	971
3912 Kin Sang Church Elderly Centre	Rent	122,760	122,760	0	0	0	0	0	0	0
	Rates	9,887	9,800	87	0	1,394	1,481	0	1,481	0
	Gov't Rent	7,884	8,280	0	(396)	(2,034)	0	(2,430)	(2,430)	2,034
	Total	140,531	140,840	87	(396)	(640)	1,481	(2,430)	(949)	2,034
Grand Total		163,093	168,900	1,993	(7,800)	1,933	6,931	(11,525)	(4,594)	3,005

1. Subvention Receivable	<u>163,093</u>
Less: Recovery from SWD for	
2015/16 Rent	(1,691)
2015/16 Gov't rent	<u>(2,034)</u>
Total recovery from SWD during the current year	<u>(3,725)</u>
Net Government release fro 2016/17	<u>159,368</u>

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

INTERNATIONAL CHURCH OF THE FOURSQUARE GOSPEL -
HONG KONG DISTRICT LIMITED

SOCIAL CONCERN DEPARTMENT

SCHEDULE FOR INVESTMENT

ANALYSIS OF THE INVESTMENT AS AT 31 MARCH 2017

	HK\$
LSG Reserve as at 31 March 2017	0.00
Long term financial viability reserve (time-defined 31/3/2019) as at 31 March 2017	<u>2,053,786.87</u>
	<u>2,053,786.87</u>



Represented by:

Investment:

A HKD Bank account balances	2,053,786.87
B HKD 24-hour call deposits	0.00
C HKD Fixed deposits	0.00
D HKD Certificate of deposits	0.00
E HKD Bonds	0.00
	<u>2,053,786.87</u>

Notes:

- 1 The investments should be reported at fair value.
- 2 LSG reserve includes interest earned on reserve.

Signature	:		
Name in Block Letter	:	<u>Mr. Chan Ka Yau</u>	<u>Mr. Kwan Kwok Wah</u>
Title	:	<u>Chairman of Management Committee of Elderly Service</u>	<u>Director of Social Concern Department</u>
Date	:	<u>14 September 2017</u>	<u>14 September 2017</u>

Details of the Use of the Additional Allocation
for the Financial Year 2016-17

Name of NGO : International Church of the Foursquare Gospel - Hong Kong District Limited

Total amount of Additional Allocation: \$2.59 million

		2016/17 \$
I.	Balance of amount of the Additional Allocation brought forward:	1,705,286.92
II.	Amount of Additional Allocation received for the year:	260,000.00
	Sub-total (A=I+II)	1,965,286.92
III.	Amount of Additional Allocation NOT spent during the year (B):	88,499.95
IV.	Balance carried forward to the next financial year (C=A-B)	<u>2,053,786.87</u>

Signature :

Name in Block Letter :

Mr. Chan Ka Yau

Mr. Kwan Kwok Wah

Title :

Chairman of Management Committee
of Elderly Service

Director of Social Concern
Department

Date :

14 September 2017

14 September 2017

Notes:

1. The SWD approves on discretionary ground for the NGO to put any surplus of the Additional Allocation into a holding account, which is not subject to clawback, to a maximum amount of \$2.59 million.
2. The interest on depositing this Additional Allocation, if any, should be included in Item 7: Interest Received of Income in the AFR.
3. The Board Chairperson and NGO Head both signed on this page.