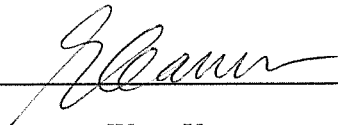
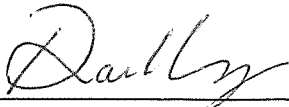


ANNUAL FINANCIAL REPORT
NGO: HEEP HONG SOCIETY
1 April 2022 to 31 March 2023

	Notes	Total 2022-23 \$	Total 2021-22 \$
A. INCOME			
1. Lump Sum Grant			
a. Lump Sum Grant (excluding Provident Fund)	1b	470,963,280.00	437,950,067.00
b. Provident Fund	1c	34,129,500.00	32,094,945.00
2. Fee Income	2	1,692,455.00	1,046,514.00
3. Central Items	3	34,027,319.00	26,510,775.00
4. Rent and Rates	4	13,404,073.00	11,738,713.00
5. Other Income	5	11,837,920.17	14,634,063.03
6. Interest Received		2,612,687.41	320,168.22
TOTAL INCOME		568,667,234.58	524,295,245.25
 B. EXPENDITURE			
1. Personal Emoluments			
a. Salaries		412,464,414.83	373,017,808.95
b. Provident Fund	1c	26,501,471.13	25,157,957.80
c. Allowances		14,328,409.43	13,002,248.43
Sub-total	6	453,294,295.39	411,178,015.18
2. Other Charges	7	50,028,411.46	55,697,261.48
3. Central Items	3	40,508,333.54	29,245,655.69
4. Rent and Rates	4	17,457,133.61	14,894,973.25
TOTAL EXPENDITURE		561,288,174.00	511,015,905.60
 C. SURPLUS/(DEFICIT) FOR THE YEAR	 8	 7,379,060.58	 20,290,562.65

The Annual Financial Report from pages 3 to 12 has been prepared in accordance with the requirement as set out in the Lump Sum Grant Manual.

Authorized signatory:		
Name:	Wong Yee	Leung Wai Ling
Title:	Chairman	Chief Executive Officer
Date:	15 August, 2023	15 August, 2023

HEEP HONG SOCIETY
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 others 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>	<u>Snapshot Staff</u>	<u>6.8% and Other Posts</u>	<u>Total</u>
	\$	\$	\$
Subvention received	5,193,580.00	28,935,920.00	34,129,500.00
Provident Fund Contribution Paid during the Year	<u>(4,149,560.39)</u>	<u>(22,351,910.74)</u>	<u>(26,501,471.13)</u>
Surplus / (Deficit) for the Year	1,044,019.61	6,584,009.26	7,628,028.87
<u>Add:</u> Surplus / (Deficit) b/f	1,755,923.88	43,802,214.59	45,558,138.47
Adjustment for 2020/21 (Refer to SWD letter on 23/3/22 Attachment B)	-	208,967.00	208,967.00
<u>Less:</u> Recovery of surplus for 2020/21	(1,065,943.00)	-	(1,065,943.00)
Surplus/(Deficit) c/f	<u><u>1,734,000.49</u></u>	<u><u>50,595,190.85</u></u>	<u><u>52,329,191.34</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.

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

- 3. Central Items** These are subsidies allocated to NGOs for specified purposes on a recurrent, time-limited or one-off basis 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. Any surplus, which is not allowed to be offset by any deficit of another item, is subject to claw-back by SWD according to the terms and conditions of individual central items. 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). The income and expenditure of each of the Central Items are as follows:

a. Income	2022-23	2021-22
	\$	\$
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	255,000.00	30,000.00
Subsidy Scheme for Occasional Care Service (Time-Defined)	10,494.00	10,600.00
Training Sponsorship Scheme in MOT and MPT Programme of Polyu	-	1,280,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23)	21,838,473.00	23,663,701.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2020-21	-	50,000.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2021-22	50,000.00	1,070,000.00
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2022-23	1,140,000.00	-
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	10,317,200.00	-
- Rent and Rates		
Ethnic Minority District Ambassador Posts (1 Oct 20 - 30 Sep 23)		
Posts - salary and provident fund	383,584.00	374,228.00
Posts - other charges	32,568.00	32,246.00
Total	34,027,319.00	26,510,775.00
	2022-23	2021-22
	\$	\$
b. Expenditure		
Training Subsidy under Training Scheme for Child Care Supervisors and Special Child Care Workers in Pre-school Rehabilitation Services	42,775.00	75,000.00
Subsidy Scheme for Occasional Care Service (Time-Defined)	-	-
Training Sponsorship Scheme in MOT and MPT Programme of Polyu	1,280,000.00	640,000.00
Training Subsidy Programme for Children on the Waiting List for Subvented Pre-School Rehabilitation Services (1 Oct 20 - 30 Sep 23)	27,421,240.31	27,867,539.37
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2020-21	-	379,768.38
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2021-22	926,061.09	-
Subsidy for Enhanced Support for Ethnic Minority Children in Special Child Care Centres and Early Education and Training Centres 2022-23	161,815.36	-
Time-defined Service Contract of Social Work Service for Pre-primary Institutions		
- Allocation	9,696,891.83	-
- Rent and Rates	684,155.35	-
Ethnic Minority District Ambassador Posts (1 Oct 20 - 30 Sep 23)		
Posts - salary and provident fund	273,782.26	264,685.64
Posts - other charges	21,612.34	18,662.30
Total	40,508,333.54	29,245,655.69

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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 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:

	2022-23	2021-22
	\$	\$
Other Income		
(a) Programme income	3,597,655.14	2,473,203.10
(b) Miscellaneous income	8,240,265.03	12,160,859.93
	<u>11,837,920.17</u>	<u>14,634,063.03</u>

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

The analysis on number of posts with annual personal emoluments over HK\$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.	34	25,667,961.44
HK\$800,001 - HK\$900,000 p.a.	12	10,282,215.80
HK\$900,001 - HK\$1,000,000 p.a.	18	17,290,212.31
HK\$1,000,001 - HK\$1,100,000 p.a.	9	9,448,865.62
HK\$1,100,001 - HK\$1,200,000 p.a.	4	4,606,811.45
>HK\$1,200,000 p.a.	4	5,475,613.54

7. Other Charges The breakdown on Other Charges is as follows:

<u>Other Charges</u>	2022-23	2021-22
	\$	\$
(a) Utilities	3,386,297.77	2,859,584.54
(b) Food	1,182,833.87	544,302.68
(c) Administrative Expenses	1,492,629.69	1,929,382.32
(d) Stores and Equipment	5,622,865.39	5,545,863.89
(e) Repair and Maintenance	8,831,334.76	8,457,569.79
(f) Special Allowance	-	-
(g) Programme Expenses	6,093,361.07	9,270,690.41
(h) Transportation and Travelling	2,172,202.10	2,049,272.09
(i) Insurance	9,204,992.96	12,581,409.95
(j) Minor / Routine Capital Expenditure	7,312,367.16	8,023,041.36
(k) Audit Fee	125,200.00	313,150.00
(l) Staff Training and Development	1,694,355.19	180,873.00
(m) Miscellaneous	2,909,971.50	3,942,121.45
Total	<u>50,028,411.46</u>	<u>55,697,261.48</u>

HEEP HONG SOCIETY
NOTES ON THE ANNUAL FINANCIAL REPORT

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	Rent and Rates	Central Items (CI)	Total
	\$	\$	\$	\$	\$
Income					
Lump Sum Grant	505,092,780.00				505,092,780.00
Fee Income	1,692,455.00				1,692,455.00
Other Income	11,837,920.17				11,837,920.17
Interest Received (Notes (1))	2,612,687.41				2,612,687.41
Rent and Rates			13,404,073.00		13,404,073.00
Central Items				34,027,319.00	34,027,319.00
Total Income (a)	521,235,842.58	-	13,404,073.00	34,027,319.00	568,667,234.58
Expenditure					
Personal Emoluments	453,294,295.39				453,294,295.39
Other Charges	50,028,411.46				50,028,411.46
Rent and Rates			17,457,133.61		17,457,133.61
Central Items				40,508,333.54	40,508,333.54
Total Expenditure (b)	503,322,706.85	-	17,457,133.61	40,508,333.54	561,288,174.00
Surplus / (Deficit) for the Year (a) - (b)	17,913,135.73	-	(4,053,060.61)	(6,481,014.54)	7,379,060.58
Less: Surplus / (Deficit) of Provident Fund	7,628,028.87				7,628,028.87
	10,285,106.86	-	(4,053,060.61)	(6,481,014.54)	(248,968.29)
Surplus / (Deficit) b/f (Note (2))	107,605,227.32	-	(3,221,718.48)	(6,765,750.13)	97,617,758.71
Adjustment for decrease in opening balance					
	117,890,334.18	-	(7,274,779.09)	(13,246,764.67)	97,368,790.42
Add: Backpayment of Rent and Rates for previous financial years			1,383,265.00		1,383,265.00
Less: Refund to Government - recovery of surplus (SWD SF/SAS/4-35/2/54(248) dated 24/3/2022		-	0.24		0.24
Less: Refund to Government - recovery of surplus (SWD SF/SAS/4-35/2/54(248) dated 30/11/2022			237,893.97	10,600.00	248,493.97
Less: Refund to Government - recovery of unused subsidy under the Training Scheme for Child Care for CCS/SCCW in Pre-School Rehabilitation Service (SWD 25/82/980/57)				1,622,787.00	1,622,787.00
Add: Rent and Rates absorbed by Own Fund			66,839.76		66,839.76
Transfer from LSG Reserve to cover the salary adjustment for Dementia Supplement Infirmity Care Supplementary (Note(3))					
Adjustment for utilised allocation under Enhanced ASCP - FWSS* (over-estimated)/ under-estimated in previous year(s)					
Surplus / (Deficit) c/f (Note(4))	117,890,334.18	-	(6,062,568.54)	(14,880,151.67)	96,947,613.97

- Note: (1) Interest received on LSG 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 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 Infirmity Care Supplement, if any, as per Schedule for Central Items.
- (4) The level of LSG cumulative reserve, 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.