

EARLY PSYCHOSIS FOUNDATION

思覺基金

REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2020



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EARLY PSYCHOSIS FOUNDATION
(*"the Foundation"*)
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

The executive committee members have pleasure in submitting their annual report and the audited financial statements of the Foundation for the year ended 30th June, 2020.

RESULTS

The results of the Foundation for the year ended 30th June, 2020 and the state of affairs of the Foundation as at that date are set out in the accompanying financial statements.

PRINCIPAL ACTIVITIES

The Foundation is a professional multidisciplinary organisation by guarantee. The principal activities of the Foundation during the year consisted of generating knowledge based on scientific and clinical research, addressing young people with early psychosis and related mental health problems; to facilitate the translation of this knowledge into educational information and effective intervention practices, and to provide educational and health promotional activities, resources for youth mental health, particularly psychosis and related disorders.

EXECUTIVE COMMITTEE MEMBERS

The following persons were executive committee members of the Foundation during the year and up to the date of this report:-

Au Yang Wai Sze
Chan Kit Wa
Chang Wing Chung
Chen Yu Hai, Eric
Chiu Pui Yu, Cindy
Chung Wai Sau, Dicky
Hwang Chin Amanda
Hui Lai Ming, Christy
Kok Chui Lai, Joy
Kok Tak Chiu, Vincent
Kuk Cho Lam, Jolene
Kuk Mei Lai, Linda
Law Chi Wing
Lam Mei Ling, May
Lee Ho Ming, Edwin
Leung Shun Chi
Li Suk Man, Connie
Lin Jingxia
Tam Yee Ki, Fiona
Tang Suet Chung, Lawson
Tang Yee Man, Jennifer
Wong Hoi Yan, Gloria
Yeung Wai Song
Xu Jiaqi

In accordance with the Articles of Association of the Association, all existing executive committee members shall retire and, being eligible, offer themselves for re-appointment.

EARLY PSYCHOSIS FOUNDATION
(*"the Foundation"*)
REPORT OF THE EXECUTIVE COMMITTEE MEMBERS

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole, or any substantial part of the business of the Foundation were entered into or existed during the year.

INTERESTS OF EXECUTIVE COMMITTEE MEMBERS

None of the executive committee members had a beneficial interest in any material contracts to which the Foundation was a party during the financial year.

AUDITOR

A resolution for the reappointment of Liong Fong Tat, Karin, Certified Public Accountant (Practising) as auditor of the Foundation is to be proposed at the forthcoming annual general meeting.

On behalf of the Board



Chen Yu Hai, Eric
Chairman

Hong Kong,

31 MAR 2021

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EARLY PSYCHOSIS FOUNDATION ("the Foundation")**

(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

Opinion

We have audited the financial statements of the Foundation set out on pages 5 to 9, which comprise the statement of financial position as at 30th June, 2020, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements of the Foundation are prepared, in all material respects, in accordance with the Hong Kong Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") and with reference to Practice Note 900 (Revised), *Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard* issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Executive committee members are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the report of the Executive committee members, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Executive committee members and Those Charged with Governance for the Financial Statements

The Executive committee members are responsible for the preparation of the financial statements in accordance with the SME-FRS issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the Executive committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Executive committee members are responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Executive committee members either intend to liquidate the Foundation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
EARLY PSYCHOSIS FOUNDATION ("the Foundation") - continued**
(incorporated in Hong Kong with liability limited by guarantee and not having a share capital)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Executive committee members.
- Conclude on the appropriateness of the Executive committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Liong Fong Tat, Karin
Certified Public Accountant (Practising)
Room 502, 5/F., Prosperous Building
48-52 Des Voeux Road Central
Hong Kong,

31 MAR 2021



EARLY PSYCHOSIS FOUNDATION

INCOME STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2020

(Expressed in Hong Kong dollars)

	<u>NOTE</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
INCOME			
Donations and sponsorships	2(e)	1,203,717	178,982
Grant from Community Investment and Inclusion Fund	2(e)	-	368,800
Bank interest income	2(e)	1,352	2,654
TOTAL REVENUES		<u>1,205,069</u>	<u>550,436</u>
LESS: GENERAL AND ADMINISTRATIVE EXPENSES			
Auditors' remuneration		6,100	5,500
Bank charges		1,170	530
Contributions to various projects and campaigns		304,102	188,718
Depreciation		1,784	4,714
Insurance		54,395	40,969
Internet expenses		4,608	4,608
Local travelling		5,142	3,286
MPF contributions		19,356	24,924
Postage		1,469	127
Printing and stationery		3,496	4,089
Programme and promotion expenses		111,600	29,029
Rent and building management fees		39,471	48,087
Salaries		422,916	534,760
Sundry expenses		10,307	12,224
Telephone expenses		1,874	2,030
Utilities		2,169	3,015
		<u>989,959</u>	<u>906,610</u>
SURPLUS/(DEFICIT) BEFORE TAXATION		215,110	(356,174)
TAXATION	3	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		<u>215,110</u>	<u>(356,174)</u>
Transferred to:			
General Fund	8	<u>215,110</u>	<u>(356,174)</u>

The accompanying notes form an integral part of these financial statements.

EARLY PSYCHOSIS FOUNDATION

STATEMENT OF FINANCIAL POSITION AS AT 30TH JUNE, 2020

(Expressed in Hong Kong dollars)

	<u>NOTE</u>	<u>2020</u> HK\$	<u>2019</u> HK\$
NON-CURRENT ASSETS			
Fixed assets	4	4,907	6,691
CURRENT ASSETS			
Deposits paid		13,836	13,836
Cash at bank		2,867,866	2,642,078
		<u>2,881,702</u>	<u>2,655,914</u>
Less: CURRENT LIABILITIES			
Bank overdraft (unsecured)		249	-
Accrued charges		431,165	422,520
		<u>431,414</u>	<u>422,520</u>
NET CURRENT ASSETS		<u>2,450,288</u>	<u>2,233,394</u>
NET ASSETS		<u>2,455,195</u>	<u>2,240,085</u>

REPRESENTED BY:

GENERAL FUND

8

2,455,195

2,240,085

APPROVED BY THE EXECUTIVE COMMITTEE ON

31 MAR 2021

Chen Yu Hai, Eric
Chairman

Hui Lai Ming, Christy
Secretary

The accompanying notes form an integral part of these financial statements.

EARLY PSYCHOSIS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Early Psychosis Foundation ("the Foundation") was incorporated in Hong Kong on 27th August, 2007 under the predecessor Hong Kong Companies Ordinance Cap.32 as a company limited by guarantee without share capital. Pursuant to the Foundation's Memorandum of Association, every member of the Foundation undertakes to contribute to the assets of the Foundation, in the event of its being wound up, for payment of the debts and liabilities of the Foundation up to an amount not exceeding HK.\$10.

The Foundation is a society of health professionals specialising in the field of psychiatric and psychological researches. It is a non-profit making organisation and the principal purpose of the Foundation is to generate knowledge based on scientific and clinical research, addressing young people with early psychosis and related mental health problems; to facilitate the translation of this knowledge into educational information and effective intervention practices, and to provide educational and health promotional activities, resources for youth mental health, particularly psychosis and related disorders.

The address of registered office of the Foundation is Unit 820, Youth Square, 238 Chai Wan Road, Chai Wan, Hong Kong.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

(a) Basis of preparation

The Foundation qualifies for the reporting exemption as a small guarantee company under section 359(1)(a) of Hong Kong Companies Ordinance (Cap.622) and is therefore entitled to prepare and present its financial statements in accordance with the Small and Medium-sized Entity Financial Reporting Standard (SME-FRS) issued by the Hong Kong Institute of Certified Public Accountants.

These financial statements comply with the SME-FRS and have been prepared under the accrual basis of accounting and on the basis that the Foundation is a going concern.

The measurement base adopted is the historical cost convention.

The followings are the specific accounting policies that are necessary for a proper understanding of the financial statements:-

(b) Fixed assets

Fixed assets represent property, plant and equipment and are stated at historical cost less accumulated depreciation and impairment losses.

The depreciable amount of an item of property, plant and equipment is allocated on a systematic basis over its estimated useful lives using the straight-line method. The principal annual rate used for depreciation is 25%.

(c) Impairment of assets

An assessment is made at each reporting date to determine whether there is any indication of impairment or reversal of previous impairment, including items of property, plant and equipment. In the event that an asset's carrying amount exceeds its recoverable amount, the carrying amount is reduced to recoverable amount and an impairment loss is recognised in the income statement. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment losses been recognised for the asset in prior years.

EARLY PSYCHOSIS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

(d) Leases

Leases where substantially all the risks and rewards of ownership of assets are not transferred to the lessee are classified as operating leases. Annual rents applicable to such operating leases are charged to the income statement on a straight-line basis over the period of the lease.

(e) Revenue recognition

Donation income is recognised when received.

Sponsorships income is recognised when the Foundation's right to receive is established.

Grant from Government is recognised when the Foundation's right to receive is established.

Interest income is recognised on a time proportion basis using the effective interest method.

(f) Provisions

Provisions are recognised for liabilities when the Foundation has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

3. TAXATION

The Foundation is exempted from Hong Kong profits tax under Section 88 of the Hong Kong Inland Revenue Ordinance. Thus no provision for Hong Kong taxation has been made in these financial statements.

4. FIXED ASSETS

	<u>Leasehold improvements</u> HK\$	<u>Office equipment</u> HK\$	<u>Total</u> HK\$
COST			
As at 1/7/2019 and 30/6/2020	<u>50,700</u>	<u>42,090</u>	<u>92,790</u>
ACCUMULATED DEPRECIATION			
As at 1/7/2019	50,700	35,399	86,099
Charge for the year	-	1,784	1,784
As at 30/6/2020	<u>50,700</u>	<u>37,183</u>	<u>87,883</u>
NET BOOK VALUE			
As at 30/6/2020	<u>-</u>	<u>4,907</u>	<u>4,907</u>
As at 30/6/2019	<u>-</u>	<u>6,691</u>	<u>6,691</u>

EARLY PSYCHOSIS FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS

5. REMUNERATION OF EXECUTIVE COMMITTEE MEMBERS

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Fees	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

6. CONTINGENT LIABILITIES AND COMMITMENTS

As at June 30, 2020, the total future minimum lease payments under non-cancellable operating leases on properties are payable as follows:-

	<u>2020</u>	<u>2019</u>
	HK\$	HK\$
Within one year	24,780	42,480
Within two to five years	-	24,780
	<u>24,780</u>	<u>67,260</u>

As at June 30, 2020, the Foundation had no other significant contingent liabilities or commitments.

7. RELATED PARTY TRANSACTIONS

The key management of the Foundation comprises all its executive committee members and as disclosed in Note 5, no remuneration has been paid to any of the executive committee members during the year.

During the year, the Foundation had not entered into any significant related party transactions.

8. CHANGES IN MEMBERS' FUNDS

	<u>General Fund</u>
	HK\$
As at 1/7/2018	2,596,259
Deficit for the year	<u>(356,174)</u>
As at 30/6/2019 & 1/7/2019	2,240,085
Surplus for the year	<u>215,110</u>
As at 30/6/2020	<u>2,455,195</u>

*** END ***