



## Mother's Choice Limited

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(Limited by Guarantee)

31 March 2021

# Directors' Report

The directors submit herewith their annual report together with the audited financial statements for the year ended 31 March 2021.

## Principal place of business

Mother's Choice Limited ("the company" or "Mother's Choice") is a company incorporated and domiciled in Hong Kong and has its registered office and principal place of business at Montgomery Block, 42B Kennedy Road, Hong Kong.

## Principal activities

The principal activities of the company are the provision of counselling for young girls facing crisis pregnancy, adoption services and the operation of a baby care home and foster care programme on a non-profit making basis.

## Business review

### 1. Vision & mission

Mother's Choice is a local charity, founded in 1987 to serve the many children without safe, loving and permanent families, and pregnant young women in Hong Kong. Our vision is to see every child in a loving family. Our mission is to join hands with the community to give hope and change life stories.

### 2. Business objectives & services provided

Mother's Choice provides services to children, youth, and families in Hong Kong.

#### 2.1 Youth Services

##### 2.1.1 Pregnant Girls Services

The mission of our Pregnant Girls Services ("PSG") is to provide a safe place where pregnant girls in crisis are embraced, equipped, and empowered for a hopeful future. Every year, we support hundreds of vulnerable girls who have nowhere to turn. We offer the girls and their families non-judgmental loving support, equip pregnant girls with accurate information and knowledge on natal care and sexual health, and empower them to make informed decisions on permanency plans for their children and healthy relationships. This service consists of case management, programs and the PGS hostel, our unique residential care home for high-risk cases.

##### 2.1.2 Comprehensive Sexuality Education

Our sexuality education team partners with schools, youth centres and juvenile homes to develop a comprehensive sexuality education ecosystem model that empowers adolescents and key adults in their support network including social workers, parents, teachers, houseparent with knowledge, skills and behaviours to make healthy decisions that effectively prevents crisis pregnancy.

## **Business review (continued)**

### **2.2 Children's Services**

#### **2.2.1 Child Care Home (includes Baby Care and Wee Care)**

The mission of our Child Care Home is to change the life stories of children without permanent families by providing a safe and nurturing temporary home with early intervention care so that they can join a loving, stable and permanent family as quickly as possible. Using a holistic approach, we assess each child's physical, mental and social development, and develop an individual education plan that we believe will enable them to reach their full potential, as the first few years of a child's life are critical to a child's future development. Baby Care is a temporary home for children with normal development from birth to three years old with capacity for 32 children at any given time. Wee Care, a service sub-vented by the Social Welfare Department, is a temporary home for children with moderate special needs from birth to six years old with capacity for 12 children at any given time.

#### **2.2.2 Ordinary Foster Care**

The mission of our Foster Care Service is to be a champion for children without families by providing a loving and safe foster family and developing a permanency plan for each child to ensure they can be in a family as quickly as possible. In our Ordinary Foster Care program, we support children in the Hong Kong government-subvented foster care system whose birth families cannot adequately care for them for various reasons including incarceration, neglect, abuse, violence in the home, abandonment, or economic hardship. We take a child-focused approach to ensure that the time a child spends in foster care is as short as possible, while also helping children thrive during this time of transition and waiting.

#### **2.2.3 Project Bridge**

Project Bridge is a privately run short-term foster care program. We recruit, train and support volunteer families to provide children with a safe, loving and temporary family environment where children can continue to thrive in the short-term, despite a temporary crisis at home, or while they wait for an adoptive family. We develop a permanency plan for each child to ensure they can be in a permanent family, through family reunion or adoption, as quickly as possible.

### **2.3 Family Services**

#### **2.3.1 Adoption Services**

The mission of our Adoption Services is to ensure that every child is placed in a safe, loving, and permanent family as quickly as possible, and to help children and their families thrive during their lifelong adoption journey. We are one of three accredited adoption agencies in Hong Kong. We support families at each stage of the Local Adoption process, from preparation and assessment, to matching and post-adoption, through training, workshops, events for adoptive families to connect with one another and one-to-one support. In our Intercountry Adoption program, we work with partner agencies overseas to find permanent families for hard-to-place children including children with special needs and older children, who are waiting for a family.

## **Business review (continued)**

### **2.4 Community Education**

The mission of our Community Education team is to educate and mobilise our community to become agents for change in practices and policies around issues that affect vulnerable children, youth, and families. Through social research and impact measurement, we holistically review topics including child protection and comprehensive sexuality education, to determine existing strengths and gaps in practice, systems, and laws, and designing innovating programs and solutions to complex issues.

Our child protection team trains our internal team of staff, volunteers, and foster families in child protection, based on our Mother's Choice Child Protection policy framework, which has been updated and reviewed in 2020/21 in light of the release of the Revised Social Welfare Department of the Government of HKSAR's Guide for Multi-disciplinary Co-operation.

Our impact measurement team works with all services across Mother's Choice to ensure quality data is collected and trends are reviewed and analysed. We actively contribute to government consultations regarding vulnerable children and work alongside peer agencies to build collaborative partnerships.

### **3. Financial performance review**

As part of our "Vision 2025" 5-Year strategic plan, the Mother's Choice Board, Finance Committee, and management aim to increase the organization's financial sustainability. In the past, our fundraising efforts were mainly focused on raising funds for our services and programs in that current fiscal year, without the ability to focus on funding our long-term needs.

As Mother's Choice is funded in large part by private donations, this leads to uncertainty in service planning as historically there have been significant swings in our income based on market conditions, market sentiment or the availability of donors at Mother's Choice events.

With the onset of the global pandemic, the organization also began to see client needs increase and recognized that our existing services needed to be augmented and expanded. In addition, we saw increased threat to our funding model, this year we have been unable to hold the Gala Dinner, which has been a major source of funds. It's unclear whether or not we will be able to host the Gala Dinner in the same format in future years.

Despite this insecurity in our fundraising model, we still intend to move forward with the new program launches. This uncertainty underscores the need to raise funds ahead of time while we can so that our clients are not at the mercy of unpredictable and uncontrollable events.

Therefore during the pandemic, Mother's Choice made a strategic decision to develop longer term fundraising to fund our 5-Year strategic plan, over and above our traditional fundraising on a year by year basis.

Despite a challenging fundraising environment in 2020/21, Mother's Choice intentionally target to raise additional funds so that the organization could prepare to expand our existing programs and launch three new programs in 2021/22 to meet the growing needs of our clients.

We chose to only launch new programs once funding for the entire estimated budgets of these new projects for their first three years was secure, including:

## Business review (continued)

- Safe Families, a family strengthening program supporting the increasing number of vulnerable teen mothers choosing parenting in the wake of the pandemic, based on a globally recognized program which leverages volunteers in order to make sure young parents are supported by community as well as provide practical help;
- Outreach for potential PGS clients, a campaign focused on ensuring that teenagers in our target client group know how to access our services and supports for young people facing a crisis pregnancy, as they have become more vulnerable during the pandemic; and
- Early Intervention Services for all the vulnerable children served by Mother's Choice, as we have seen children staying for longer in the residential care system and having experienced greater exposure to child abuse and neglect since the pandemic began.

In addition, to raising money to fund the first three years of these three new programs, we sought to raise enough additional funding to build capacity within our current services and to improve our infrastructure to enable sustainability and continuity of care for the vulnerable children and young people we serve.

Finally, Mother's Choice will continue to maintain a sound and conservative reserve policy with 150% of non-subsidized operating income set aside to create a buffer for any unforeseen events that may occur as we continue to grow our services and programs.

### 3.1. Income

As a result of our increased fundraising efforts to increase sustainability, the total income in 2020/21 was \$103.4 million, which was 63.6% or \$40.2 million above the previous year. This increase was mainly due to \$9.6 million from major donors, \$8 million from corporate grants, \$5.1 million from the Government Employment Support Scheme for COVID-19 (which we do not expect to be a repeated source), \$2.4 million from individual donors, \$1.7 million from Adoption Awareness Month events, \$1.1 million for additional government subventions and \$11.6 million from unrealized gain on investments.

Mother's Choice will continue to aim to diversify funding sources and raise funds to enhance and expand existing programs and launch new programs as part of our "Vision 2025" 5-Year strategic plan.

## Business review (continued)

### 3.2. Grants from Government and Public Organizations

Mother's Choice continued to receive grants from government and public organizations in 2020/21, totalling \$24.5 million. This was an increase of 4.7% or \$1.1 million when compared to the previous year. The increase was based on the expansion of funding in our sub-vented Wee Care service in our Child Care Home, which allowed us to hire additional staff including nursing staff and therapists.

This \$24.5 million comprised:

- \$17.0 million from the Social Welfare Department, allocated towards the cost of providing residential care service for special needs children, foster care replenishment of furniture, equipment and minor works, and training and development of staff.
- \$4.2 million from The Community Chest of Hong Kong for our new-born and infant residential care service. Other than normal baseline allocation for 2020/21, there was an additional 10% or \$0.4M allocation for COVID-19.
- \$3.3 million from the Hong Kong Jockey Club Charities Trust towards our Pregnant Girls Services and Community Education. Funding contract renewed for 3 years from 2020/21 to 2022/23 with approximate \$3.3 million each year.

### 3.3. Organized Events

Mother's Choice's events generated \$6.2 million, a decrease of 74% or \$17.7 million when compared to the previous year, which was mainly due to the inability to hold our annual Gala Dinner because of the COVID-19 pandemic. As in previous years a significant portion of our income was raised through organized events, in particular the Gala Dinner, the pandemic further caused us to seek to diversify and pivot our fundraising strategy to a multi-year and more sustainable model.

- The Mother's Choice Golf Tournament was held on 16 October 2020, with 69 attendees, partnering with The Clearwater Bay Golf and Country Club which sponsored all the event's costs. This raised \$1.0 million, an increase of 25% or \$0.2 million when compared to the previous year.
- The Mother's Choice White Truffle Dinner and Auction was held on 8 November 2020 and had 62 attendees. Food and wines for the dinner and white truffles for the auction were provided by a Michelin-starred restaurant, 8½ Otto e Mezzo BOMBANA, and Italian regional associations, Enoteca Regionale Piemontese Cavour and Consorzio di Tutela Barolo Barbaresco Alba Langhe e Dogliani. This event raised \$3.4 million, an increase of 3% or \$0.1 million when compared to the previous year.
- Adoption Awareness Month was held in 22 November 2020 and raised \$1.8 million, an increase of \$1.7 million when compared to the previous year.

Given the uncertainty around the global pandemic is it unclear whether Mother's Choice will be able to depend on organized events as it had in the past. Therefore we have looked to diversify our fundraising sources and to create a more sustainable model by trying to expand multi-year funding.

## **Business review (continued)**

### **3.4. Expenditure**

Total expenditure in 2020/21 was \$65.2 million, which was 5.7% or \$3.5 million higher than the previous year, mainly due to an increase in service program expenditure, in particular the related staff costs necessary to operate them. During the year, Mother's Choice was successful in hiring and retaining higher quality employees who provide care to our clients. As Mother's Choice continues to invest in its services and competes for talent in a competitive marketplace, we expect salary costs to continue to increase. The increasing competition for talent of childcare workers, program officers and social workers with subvented and government organizations with more secure funding bases than Mother's Choice further underscores our need to transition to a multi-year and more sustainable fundraising model.

- Overall service program expenditure was 87.1% of total costs or \$56.8 million.
- Fundraising services and marketing costs were 7.7% of total costs or \$5 million.
- Management and administration costs were 5.2% of total costs or \$3.4 million, after reallocation of the costs directly related to service areas.

## **4. Investment in Service and Programme Quality**

Mother's Choice continues to invest in the quality of our services. In 2020/21 the major projects included:

### **4.1 Services & Operations under COVID-19**

This past year was one of unprecedented challenge as the COVID-19 pandemic impacted our clients, staff and volunteers. We saw the needs of vulnerable children and girls increase and access to support and resources was more difficult.

At Mother's Choice we refined our operations to continue to care for clients at the very highest standards of excellence whilst keeping the health and safety of all staff, volunteers and guests at the forefront. We designed and implemented a 4-tiered crisis response system including policies, procedures, training and tools such as A/B splits, communication channels, protective gear sourcing, cross office work, work-from-home arrangements as well as scalable volunteering rosters. The alert system also helped communicate across the agency on decisions and rapid responses to any crisis, including COVID-19 or the outbreak of contagious diseases.

This ensured rapid and efficient response to the ever-evolving public health risk and corresponding government requirements while never compromising the continuity and quality of care. This included protocols to continue to admit clients and deliver essential services and programs 365 days in 2020. Throughout the pandemic, Mother's Choice never closed its doors. We continued to admit clients in need and facilitated all services leading to the timely permanency of children including visitations and transitions. When group therapy sessions were no longer possible, we shifted to one-on-one care; when in-person gatherings were not possible, we engaged with our clients in smaller groups or online, and our programs were redesigned for online delivery on platforms such as *Zoom*.

## **Business review (continued)**

As a result, 2020/21 saw us care for more children, youth, and families. We admitted 56 children, 14% more children than the previous year; we also provided cases management to 102 girls, a 16% increase on the previous year; we recruited 36% more foster families, and increased individual therapy sessions by 225%. We saw 22 children going home to their adoptive parents, including 3 overseas families despite the strict restrictions on travel and quarantine requirements.

### **4.1.1 Children Services**

The COVID-19 pandemic placed increasing pressure on our Children Services, brought tremendous disruption, affecting all aspects of our work. Mother's Choice, like many other NGOs faced unprecedented challenges that include a growing demand for placements; the many services for vulnerable children becoming harder to access; and, both children and foster / birth families having to adapt to a new normal with schools closed and visitations & leaves disrupted etc.

Despite the challenges, we continued to remain open as usual and to continue essential services for our vulnerable clients, while putting in place emergency policy and precautionary measures to safeguard the safety of our service users, staff and volunteers.

For children placed in our Child Care Home ("CCH") or foster care with a family reunion plan, the pandemic situation has made it more difficult for birth parents to fulfil requirements/meet their progress for reunification. Birth parents face increasing hardships financially that inhibit them from obtaining or retaining a stable abode and financial sufficiency. The closure of schools and childcare facilities as a result of the COVID outbreak creates difficulties for arranging appropriate support and supervision for cases. A number of family reunion plans were delayed due to lack of social resources in place to support the child care.

Many of the babies and children for whom we care for at CCH are immune-compromised due to premature birth or in-utero substance abuse. In addition, children in institutional care are at additional risk for outbreaks and infection. However, as our model is to provide a home-like environment, our team went to above and beyond to ensure all children and carers were kept safe and protected whilst continuing normal life to the best of their ability.

For example, birth and adoptive parents could continue to visit their children, we allowed admissions and discharges, and a small group of regular volunteers could continue to attend their shifts. At the peak of the pandemic, many venues that would generally sponsor our children's outings, such as clubhouses and libraries, were closed; however, we continued to innovate to ensure minimal impact to our children's routines. Our team creatively adapted programs: for example, small group walks near CCH and increased playground time (including water play and obstacle races), and replaced long outings. We renovated the CCH playground which added extra fun to the children's playtime and babies enjoyed extra sunbathe time even though for many times throughout the year we could not visit external venues. We adapted the small group caring model, and so our children continued to get indoor and outdoor playtime.

## **Business review (continued)**

Parenting training continued with stringent infection precautions in place. CCH admitted 22 children and discharged 29 children in 2020/21. Despite COVID-19 restrictions, we maintained the number of admissions with a 12% increase in discharges in 2020/21. The parenting survey completed by the parents yielded a 100% satisfaction rate. When adoptive parents flew in from the USA, we stayed vigilant and ensured a smooth transition with great emphasis on the transition being child-centered.

During this time of uncertainty due to coronavirus, we were extremely grateful for our foster families who provided continuity of care for our children in our foster care programs. Even the difficult environment of the COVID-19 pandemic could not undermine the commitment our foster families and our vital work of facilitating the permanency for children.

The closure of schools and work-from-home arrangements added extra pressure on our foster families in their own households. Yet our foster families demonstrated a lot of flexibility and adaptability to the constant changing situation and reiterated their commitment to care for the children despite all the uncertainty and challenges.

Despite stringent health and safety requirements, even at the height of the pandemic, our social work team continued to intake new foster care cases, provide regular monthly home visits to foster children and conduct case review meetings. When the government put in place restrictions, our social workers made extra efforts to coordinate with hospital staff to collect children's health information to continue to process timely intake assessments.

By the end of the year, Children Services received 63 referrals required for placements and admitted 56 new children. We arranged for 42 children to join their forever families, both through adoption (22 children) and family reunion (20 children).

### **4.1.2 Youth Services**

The complexity of the situation faced by pregnant girls increased during the pandemic. The access to maternal, sexual and reproductive health services, including safe and affordable abortions, was interrupted. Prolonged school closures and social distancing rules resulted in the disconnection from safe adults, which led to the delay of help-seeking. With the restriction on face-to-face contact, the caseworker team quickly adapted to online platforms (e.g. WhatsApp, Zoom) to provide more frequent counseling services. They also advanced this remote practice to mobilize clients' support systems, such as parents, grandparents, siblings or significant others, to join virtual sessions or trainings. These same supportive friends and family rarely had joined in face-to-face case review sessions previously, and the virtual session were able to help us build a stronger safety net for our clients in crisis.

The intervention program provided both educational (e.g. natal care and sexual health knowledge) and recreational (e.g. art and craft, cookery, gaming) workshops for pregnant girls to learn and relax together to strengthen protective factors (in particular their sense of optimism, self-efficacy and positive community). When social distancing rules were relaxed somewhat, we increased the diversity of activities we offered which successfully motivated more girls to join the programs because other entertainment opportunities were very limited during the pandemic. When sessions had to be conducted online, we invited our client alumni groups to co-facilitate the sessions to make the content more relevant to youth. The girls reported feeling understood and supported even in a remote-learning mode.

## **Business review (continued)**

In addition, we moved the teen parent support programs to an online format under COVID-19. We reached out to clients who had been irregular participants in the programs because of long-commutes, homes being too far, or their children being too young. As attendance was no longer limited by venue, more young mothers were able to participate. Moreover, with parents and children staying at home most of the time, they had limited space for motor skill development. As soon as social distancing rules were relaxed, we organized more program sessions in smaller groups to accommodate the high demand for out-of-home parent-child activities.

As a 24/7 residential care service, the Pregnant Girl Hostel worked exceptionally hard to keep our girls healthy and safe under COVID-19. The residential care workers (RCWs) followed strict guidelines in ensuring environmental hygiene of the hostel, and the personal hygiene of staff and clients. The activities run by external parties, including volunteers and peer agencies, were kept minimal to avoid cross infection. The RCWs therefore stretched themselves to arrange alternative activities, such as movie sharing, financial education, strolling to nearby parks, etc. We also upgraded the IT systems so girls could join online sessions and access online media more smoothly.

### **4.1.3 Family Services**

As with other families across the globe, waiting adoptive families were hit financially by COVID-19, rendering some applications on hold or withdraw from the process completely. With this reality for some, it was extremely important for our team to continue to progress local adoption applications in order to ensure there were families available for Hong Kong's waiting children. This meant moving selected sessions online, capping participant numbers for pre-adoption training, and supporting our social workers to be more agile to work from home.

For children matched with families locally, our social workers strongly advocated and negotiated for transition plans that could be safe for the child, adoptive family, and caregivers but still support bonding and attachment. Significant time was spent by social workers addressing anxieties of professionals and caregivers and speaking up for the value and importance of the child to have a well-supported transition.

For intercountry adoption, children's cases were impacted in Hong Kong where the court, the US Consulate, and the Social Welfare Department slowed down their operations. In the US, adoptive families experienced delays in accessing their federal checks and appointments. Our social workers continued to regularly liaise with other professionals to keep cases moving, to prevent further delay. Our team worked closely with the Social Welfare Department, Hong Kong caregivers, and adoptive families and their agencies for children to still join their families despite the challenges for travel.

### **4.1.4 Community Services**

Because of COVID-19, we suspended onboarding new client-facing volunteers and reduced the number of volunteers coming into CCH by 50% to ensure the health and safety of children, staff and volunteers.

## Business review (continued)

With many students staying in Hong Kong due to travel restrictions, we leveraged this opportunity to engage students intentionally to be more involved in community services, especially during the academic holiday summer months of July and August. We recruited 28 undergraduates to work on 19 projects that included conducting research, accompanying social workers on home assessment visits and preparing reports that could speed up the process for a child to join a temporary family. We also created two virtual programs to engage 93 high school students to participate in creating craft collaterals and designing posters to exhibit the values of children's rights based on the UN Convention of the Rights of the Child.

In addition, we recruited three new schools join the Youth Leadership Council to raise the awareness and acceptance of adoption in their campuses under the Adoption Awareness

Campaign and using social media to promote our *#FindingFamily* campaign, a multiyear storytelling public engagement project.

### 4.2 Expanded family based care for children through recruitment of foster families

In 2020/21, we launched a foster care recruitment drive which consisted of a Facebook campaign to publicize our Information Sessions. With the help of our Marketing and Communications team, as well as pro-bono experts from the marketing and advertising industry, we developed a foster care new recruitment strategy.

Throughout the year we held 11 foster care information sessions with a total 187 families attendees which yielded a total of 24 applications. 16 of those applications passed screening and 5 were approved. Since Aug 2020, our Ordinary Foster Care ("OFC") enrolment rate has been on the rise, and aim to continue to recruit new foster families in this way.

In addition to recruiting new families, our social media recruitment campaign reached a total of 86,913 people digitally, allowing us to raise awareness for foster care community, particularly relating to the needs of children in the Hong Kong residential care system. Not all of the people reached by the campaign are able to be a foster parent, but everyone can help to spread the word that fostering can make a significant difference in the life of a vulnerable child. Even if people are unable to foster, there are still many other ways for them to get involved in a child's life.

Our foster families, both OFC and Project Bridge, played an active role in the campaign. Four foster families volunteered to run the initial information sessions while another two foster families were invited to share about their fostering journey, including the ups and downs and what kept them motivated to continue. Over time, these foster families will become more and more confident to become ambassadors for foster care. At the same time, the foster parents involved in the recruitment process felt valued, empowered, and proud to be a part of the Mother's Choice team.

## **Business review (continued)**

### **4.3 Enhanced Foster Care Toolkits**

To support every child joining their forever family, our team is in the process of developing a "Transition Toolkit" focused on preparing and implementing a customized transition plan when children go home to their "Forever Family". Considering the needs of the child, the adoptive family and the foster family, these toolkits can help ease anxiety and answer questions as families and children prepare for the transition and that special day when the child joins their forever family. The toolkit focused on the transition to adoption was completed in March 2021. In addition, the team is also working on specific toolkits for pre-placements, in-placements and transitions to family reunion. We aim to have the content developed by Q3 2021 and for them to be published by Q1 2022.

### **4.4 Launched Early Intervention Services ("EIS") beyond CCH**

At CCH, we have a dedicated team of medical professional therapists that allows us to assess each child's each child's physical, mental and social development when they are admitted so that we may develop an individual education plan for them to reach their full potential whilst under our care. The EIS team also develops training curriculums for staff, birth and adoptive families and volunteers to equip carers of vulnerable children with the necessary skills and knowledge. In 2020/21 we launched such services to children and parents served in our care outside of CCH.

We developed a screening tool for under 6-year-old children to identify the child's developmental needs and the professional support they required. We also designed a medical professional volunteers' recruitment and onboarding process to ensure quality assurance. The EIS expansion plans also included a close collaboration with the IT team to develop the Electronic Case Management System to record the children's developmental tier and therapy services.

Phase 1 of the "first 100-days" parenting program was launched and attended by 36 staff. This was done via Zoom instead of in a classroom setting due to COVID restrictions. Despite the restrictions of an online setting and the lack of opportunities for hands-on experience, the post-training questionnaires still showed a 17% improvement in knowledge and 98% satisfaction for the "first 100-days" parenting curriculum. In order to ensure the sustainability of the program, we identified 2 trainers from our Youth services team and took a train-the-trainer approach to ensure they were equipped to provide the pregnant girls and their significant others with the skills and knowledge of the first 100 days parenting program on an ongoing basis. Professional volunteers, including two nurses, two dieticians, and one Child Care Assistant, were on call to help with consultation and running the workshops. The EIS professional team also provided outreach parent training and individual therapy sessions to outreach clients receiving 14 referrals and discharging 6 children.

## **Business review (continued)**

### **4.5 Expanded Child and Adolescent Needs and Strengths ("CANS") to Youth Services**

Following on from the launch of the CANS 0- 6 years in 2019, in 2020/21, Mother's Choice rolled out a second CANS reporting tool and manual for children aged 7-25 years old. The CANS 7-25 Manual was contextualized with the consultation and partnership with Dr. Quah Saw Han on the selection of CANS items to be applicable for youth in our care, including additional modules for pregnant or parenting teens and youth in foster care. The CANS 7-25 manual was endorsed by the Praed Foundation in November 2020 and embedded into the case management processes for both our Children and Youth Services. Our case management system was also updated to include this new assessment in its functionality.

We are excited to share that Mother's Choice has now fully implemented the CANS for children 0-6 and 7-25 across its services with trained and certified users. The CANS tool requires annual recertification and we conducted a 2-day certification training session on 25 and 26 May 2020 with 33 staff from Youth, Family and Children Services certified as CANS service users.

### **4.6 Translate the CANS manual into Chinese**

One of the primary goals for implementing CANS at Mother's Choice was to create a consistent approach to manage assessments and the flow of critical information. It standardized individual feedback, specific enough to be useful for prioritizing interventions, service planning, and decision-making. CANS is a common language used among our teams and we aim to use the tool as a basis for communication with our clients and their families to include them in the case journey and to help caseworkers better serve children and their families.

As such, the translation of the CANS Manual into Chinese is in progress. The manual for the CANS 0-6 years version was translated in Q4 2020 as an essential step to having more staff and external stakeholder referencing the tool effectively. The draft of the Chinese version of CANS 7-25 years was finalized at the end of Q4 2020 and is now pending second rounds of comments. It will be ready to launch in Q2 2021.

### **4.7 Launched E-case management for Youth Services and International Adoption**

Leveraging our past investment in an Electronic Case Management System ("ECMS") on Salesforce, we developed and launched ECMS to manage all calls to our pregnant girl's hotline, all cases of young girls facing a crisis pregnancy and all cases of children awaiting international adoption.

All case workers in Youth and Children services, as well as the Adoption services team now capture and monitor the progress of the cases of the children and youth they serve on this shared platform. This allows us to have one central repository for all client and case data enabling more efficient and systematic case assessments, systematic tracking and automated escalations. The increased reporting tools and automation bring in turn more efficiency and transparency to our case management protocols.

## **Business review (continued)**

### **4.8 Completed Healthcare Promotion Scheme for CSE for Schools**

With the support of a 2-year funding grant from the Healthcare Promotion Scheme (July 2019 to July 2021), we piloted an ecological approach to strengthening youth's sexual health through the "Sexuality 360 @ School" Project. We partnered with 5 local schools to provide Comprehensive Sexuality Education (CSE) to students, parents, teachers & school management as well as school social workers and guidance counsellors in order to build a wrap-around support for youth in making informed decisions regarding their sexual health. We also partnered with the School of Nursing and School of Public Health from the University of Hong Kong to evaluate the project outcomes.

The prolonged school suspension due to the pandemic and the changing practices upon school resumption posted a major challenge in fulfilling the funding commitments. Our team worked closely with the school's teachers to make the necessary adaptations to ensure the program objectives were met while adhering to social distancing rules. For schools that shifted to virtual classrooms, our team made good use of online activity platforms (e.g. Kahoot, Menti, Slido, etc.) to maintain a good amount of interaction between facilitators and participants. For schools that allowed only face-to-face workshops, we modified the interactive group activities into well-illustrated individual worksheets. Throughout the process, we also communicated closely with our university partner to ensure that the modification would not affect the validity of the outcome measures. This allowed us to meet the funding commitment despite the restrictions in place.

### **4.9 Partnered with corporations to provide job placements for client alumni**

We believe a sense of optimism and self-efficacy are key protective factors in preventing repeated crisis pregnancy. This year, we partnered with two companies, RedBox and The Upper House, to explore employment opportunities for alumni of our PGS services. We liaised closely with our partners to design arrangements that suited the needs of our girl clients. The paid positions combined with the training offered by these corporations helped build the confidence and independence of the girls, thus creating a stronger safety net them.

### **4.10 Took a leadership role in Adoption Services**

During 2020/21, we received 53 applications for local applications, the largest number since we began providing such services in 2010, cementing our role and presence in this field. With a rising and urgent demand to find adoptive families in Hong Kong for the many children who need permanent safe loving families, the team prioritized case work and assessments for prospective adoptive parents. This effort led to our highest number of families approved (29) in one year, with the majority of these families being matched within three months of their approval. At 2020/21 year end, nearly 50% of children needing families were matched to Mother's Choice families. This was a significant increase from our previous level of 33% of children needing families being matched with a Mother's Choice family. This reflected the team's work in building strong families to have openness to children with more complex backgrounds and who are older in age, in line with the profiles of the waiting children in Hong Kong.

## **Business review (continued)**

### **4.11 Increased awareness and resources for the general public around adoption**

Equipping the broader community is a key strategy to increasing the understanding and support for adoption in Hong Kong. In tandem with our #FindingFamilies marketing campaign, 3 adoptive families' stories were captured and shared publicly as part of Adoption Awareness Month in November 2020.

Often, Hong Kong Chinese families are reluctant to appear on camera to talk about adoption and therefore the interview of two Hong Kong Chinese families as part of this campaign provided a key resource that can be shared and reused in the future.

Mother's Choice also created an Online Resources Library on the Mother's Choice Adoption webpage to provide access for the general public to informative resources on topics including "Talking about Adoption", "Root tracing", "Attachment" and "The Transracial Adoptee".

For employers, we developed an Adoption Leave Guide to encourage adoption friendly policies in the workplace. In collaboration with HKBN, a HKSE listed corporate, ran a webinar during Adoption Awareness Month to highlight the importance of adoption leave for families.

### **4.12 Received international recognition of Mother's Choice Child Protection standards by achieving "Keeping Children Safe" Level Two Certification**

In January 2021, Mother's Choice was the first organization in Hong Kong to achieve the Keeping Children Safe, Level 2 Certification following a thorough external audit involving submitting documentation and interviewing more than 10 staff, volunteers, youth, including our CEO and a Board Member. This reflects the hard work of our teams across all of our services to show that we are implementing a comprehensive child safeguarding framework that meets stringent international standards for protecting children and youth from harm and ensures there will be an appropriate response to any concerns should they occur.

This year, Mother's Choice reached a milestone of delivering training to over 1,000 members of our team, including staff, volunteers and partners all whom have also signed our Child Protection Code of Conduct. This massive effort highlights our belief at Mother's Choice that child protection is everyone's responsibility. In addition, our Child Protection Framework was updated to reflect new learnings, new evidence-based best practices, and changes to Government policy and procedure.

This certification represents the tremendous efforts every member of our team of staff, volunteers, partners, foster families, donors, and supporters have made to ensure that we can build an organization that keeps the safety of children as the highest priority, so that we can achieve our vision to see every child in a loving family.

### **4.13 Major Projects**

Mother's Choice believes in building capacity to increase sustainable operations. In 2020/21 our major projects included:

## **Business review (continued)**

### **4.13.1 Grants Task Force**

One of Mother's Choice's 10 objectives for our "Vision 2025" is to improve our financial sustainability. In order to reach our aim to diversify income sources we launched a task force to improve our system for grant reporting in Salesforce. With an increased number of grants and greater need for recurring funding, building a cross-department system to better monitor the grant "life cycle" from writing, submission, approvals, tracking deliverables and reporting on a timely basis has become essential. The newly assembled Grants Task Force comprised of members from the Fundraising, Finance, IT, and Services teams. They developed and implemented a customized system that is currently in trial phase.

### **4.13.2 Critical Repair Works at 10 Borrett Road**

One of Mother's Choice offices located at No. 10 of Borrett Road ("Borrett") is a heritage building which is over 100 years old and is subject to strict government guidelines. Borrett experienced major water leakage during the rainy season, and some office spaces were unusable during the year due to the dripping and water damage.

Since 2019, we have filed condition reports and maintenance requests to the Government Property Agency ("GPA") for roof top repair and maintenance ("R&M") at Borrett. In 2020, GPA referred the case to the Architectural Services Department ("ASD"), which further appointed a contractor to carry out the R&M work with the related expenses on ASD's account. The work began on January 2021 but was interrupted due to the COVID restriction, and work was finished in July 2021.

### **4.13.3 Launched new performance management system for employees**

In 2020/21 Mother's Choice continued to enhance our Human Resources infrastructure to drive staff performance, productivity and quality. With the pro bono support of Mercer, a management consulting firm, Mother's Choice developed a new Performance Management System ("PMS"). We embedded a Capabilities Framework and a Performance Rating mechanism within this PMS which is unique to Mother's Choice, in line with our vision, mission and values. We developed two versions of the Performance Appraisal Form, one for our CORE team with foundational level of expected competencies and behaviours, and an advanced level for our Management team. The new PMS helps our staff to understand the expected behaviours in their daily work and helps managers to encourage productivity and growth within their teams.

### **4.13.4 Launched new Operations Committee**

In 2019/20 Mother's Choice launched an Operations Committee to oversee our operations on matters relating to organizational policies and procedures, risks management and guide long term planning for the sustainable operation of Mother's Choice. The Committee is composed of well-respected leaders in the field. In this year, the Committee guided Mother's Choice in rolling out the new Job Grade Structure as well as it's the launch of the Capabilities Framework and the new Performance Management System to Management Staff.

## **Business review (continued)**

### **5. Reserve and surplus funds**

As Mother's Choice has many vulnerable children and youth under its care and plans to expand services to meet growing needs in the next fiscal year, it is critical to maintain adequate reserves for operational purposes and grow our reserve funds in accordance with our reserve policy. The need for this policy was never more highlighted than with the outset of the COVID-19 pandemic when the economic fallout and fundraising channels amid social distancing regulations were largely unknown. The risk for us of not being able to raise funds at events made the organization realize the imperative to adhering to a strict reserve policy and turning to a more sustainable mode.

At a minimal level, Mother's Choice keeps liquid reserves of three months' average operational expenditure to provide a cushion for any unexpected downturns in revenue, particularly if caused by a reduction in public donations. Our overall reserve target is 150% of annual expenditure not covered by government funding or specific purpose funding from other public organizations, providing us with the comfort that we can continue to operate our essential services during periods when discretionary funding is not available.

In 2020/21, Mother's Choice raised an additional \$26.6 million increasing overall reserves to \$106.3 million (including \$11.6 million unrealized investment gain), representing an increase of 38% from the previous year. These additional funds were critical to not only enable greater security during the ongoing pandemic, but to give the organization the funds needed to launch several new programs and grow services in 2021/22 to meet increased needs of vulnerable children, youth, and families in the community.

We fully expect the level of reserves to decline with the progressive roll out Early Intervention Services, Pregnant Girls Outreach, and Safe Families (described in Section 3) and as we continue to expand and enhance our existing programs for vulnerable children and young girls.

In order to optimize the funds held under our reserve policy, Mother's Choice set up an investment account in April 2015 for a conservative portfolio with the objective of preserving the capital of the reserve fund and fostering long term growth.

### **6. Risk and uncertainty**

Mother's Choice relies extensively on private donations to fund its operations. An economic downturn is a significant risk to these donations, whilst the costs to deliver programs and build organizational capacity continue to increase.

Mother's Choice is aware of the need to provide a stable and safe working environment for the services that we provide. Three out of the four buildings in which Mother's Choice operates are classified as heritage buildings and are held on short-term government leases. These buildings require a significant amount of routine and emergency maintenance work which can lead to unforeseen costs and disruption to services. Mother's Choice aims to continue to accumulate reserves to cover the risk that any or all of these heritage buildings must be vacated, and alternative accommodation be required in the short- or long-term.

## **Business review (continued)**

This year's investment market conditions have led to a favorable impact on the market value of the Mother's Choice reserve fund portfolio. As of end of March 2021, we have recognized a yearly unrealized gain of \$11.6 million or 21.3% of the portfolio, adding up to a total gain of \$16.1 million or 32.2% of the portfolio since its inception (2015). To ensure that the investment portfolio maintains the right balance between long term growth of capital and withstanding short-term market volatility, the Mother's Choice Finance Committee as well as the representatives of the portfolio manager regularly review the performance and asset allocation of the portfolio and report to the board.

### **7. Financial accountability and control measures**

Mother's Choice has established and implemented planning and budget control measures to ensure that all donations are used according to the plans and scope of its services. In addition, individual accounts are set up for designated programs to enhance accountability and transparency.

An annual plan and budget is presented by management and discussed and approved by the Board of Directors. This plan and budget as well as the latest forecast are subject to continual review by the board at its regular meetings held during the year. Review and monitoring also takes place through two of the board's Standing Committees: Finance and Fundraising.

### **8. Compliance with best practice, rules, and regulations**

Mother's Choice received grants from government and public organisations to operate certain elements of our services and programmes of our Child Care Home, Foster Care Services, Pregnant Girls Services and Community Education. Its operations are subject to compliance requirements of the Social Welfare Department, The Hong Kong Jockey Club Charities Trust, and The Community Chest of Hong Kong, under which our spending, payment approval, accounting procedure, as well as the reporting disclosure are regulated and inspected or reviewed on a regular basis. We provide very detailed disclosure on the details of our financials in response to these requirements.

## **Financial statements**

The result of the company for the year ended 31 March 2021 and the state of affairs of the company at that date are set out in the financial statements on pages 23 to 50.

## **Funds and reserves**

Details of the funds and reserves of the company are set out in note 14 to the financial statements.

## **Business review (continued)**

### **Directors**

The directors during the year and up to the date of this report are:

Suk Bae Ronald LEE	
Matthew David GINSBURG	(Retired on 29 September 2020)
Andrew George GARDENER	
Chai Tong Joseph WAN	
Gretchen Dawn RYAN	
Mum Yee Millie LAU TONG	
Patricia CHU	
Patrick Philip SHERRINGTON	
Phyllis Ann MARWAH	
Sunita MAKHIJA	
Tim WANNENMACHER	
Wei Ting Ronna CHAO	
Vinit BHATIA	
Jason Matthew BROWN	
Benjamin Ian WAY	(Appointed on 05 July 2021)
Kaye DONG	(Appointed on 29 September 2021)
Ming Ming Anna CHEUNG	(Appointed on 29 September 2021)

In accordance with articles 45 to 47 of the company's Articles of Association, Patrick Philip Sherrington, Mum Yee Millie Lau Tong, Tim Wannemacher, Suk Bae Ronald Lee and Gretchen Dawn Ryan being eligible, offer themselves for re-election as Directors of the company.

At no time during the year was the company a party to any arrangement to enable the directors of the company to acquire benefits by means of the acquisition of an interest in the company or any other body corporate.

### **Indemnity of directors**

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of the directors of the company is currently in force and was in force throughout this year.

### **Directors' interests in transactions, arrangements or contracts**

No contract of significance to which the company was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

## Business review (continued)

### Auditors

KPMG retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of KPMG as honorary auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board

*Gretchen D. Ryan*

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*Gretchen Dawn Ryan*  
Chairman

*Chai Tong Joseph Wan*

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*Chai Tong Joseph Wan*  
Director

Hong Kong, 29 SEP 2021



# Independent auditor's report to the members of Mother's Choice Limited

*(Incorporated in Hong Kong and limited by guarantee)*

## Opinion

We have audited the financial statements of Mother's Choice Limited (the "company") set out on pages 23 to 50, which comprise the statement of financial position as at 31 March 2021, the statement of comprehensive income, the statement of changes in funds and reserves and the cash flow statement for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements give a true and fair view of the financial position of the company as at 31 March 2021 and of its financial performance and its cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") 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") 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 company 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.

## Information other than the financial statements and auditor's report thereon

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than 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.



# Independent auditor's report to the members of Mother's Choice Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

## **Responsibilities of the directors for the financial statements**

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance and for such internal control as the directors 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 directors are responsible for assessing the company'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 directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## **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 section 405 of 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism 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 company's internal control.



## Independent auditor's report to the members of Mother's Choice Limited (continued)

*(Incorporated in Hong Kong and limited by guarantee)*

### **Auditor's responsibilities for the audit of the financial statements (continued)**

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company'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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors 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.

Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

29 September 2021

## Statement of comprehensive income for the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	Note	2021 \$	2020 \$
<b>Principal sources of revenue</b>			
Designated donations			
- Government and public grants			
- The Community Chest		4,180,440	3,689,700
- The Hong Kong Jockey Club Charities Trust		3,330,000	2,441,565
- Social welfare subvention		17,014,619	17,230,722
- Others		18,314,619	8,807,832
General donations		43,709,959	13,953,430
Gala dinner income		-	18,659,911
<b>Other revenue</b>			
Child care reimbursement		91,000	65,000
Interest income		50,270	18,099
Rental income		3,600	7,020
Government grants	3	5,056,617	-
Others		39,909	24,057
		<u>91,791,033</u>	<u>64,897,336</u>
<b>Expenditure</b>			
	4		
Service costs		56,827,728	54,073,956
Fundraising and marketing costs		5,011,563	4,399,285
Management and administrative costs		3,398,863	3,257,686
		<u>65,238,154</u>	<u>61,730,927</u>
<b>Surplus for the year</b>			
Operating surplus		26,552,879	3,166,409
Net realised and unrealised gain/(loss) on financial assets at fair value through profit or loss		<u>11,604,175</u>	<u>(1,678,210)</u>
<b>Total surplus and total comprehensive income for the year</b>		<u><u>38,157,054</u></u>	<u><u>1,488,199</u></u>

The notes on pages 27 to 50 form part of these financial statements.

## Statement of financial position at 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$	2020 \$
<b>Non-current asset</b>			
Property, plant and equipment	7	29,424,884	29,330,321
<b>Current assets</b>			
Prepayments, deposits and other receivables	8	1,649,835	2,677,995
Deposits and cash	9	49,808,444	26,419,467
Investments	10	66,124,153	54,519,978
		117,582,432	83,617,440
<b>Current liabilities</b>			
Other payables and accruals	11	(5,478,505)	(8,200,254)
Deferred income	12	(27,613,508)	(29,327,824)
Surplus subventions	13	(7,582,679)	(7,244,113)
		(40,674,692)	(44,772,191)
<b>Net current assets</b>		76,907,740	38,845,249
<b>NET ASSETS</b>		106,332,624	68,175,570
Represented by:			
<b>Funds and reserves</b>			
Accumulated surplus	14	74,654,725	36,497,671
Long-term reserves	14(b)	31,677,899	31,677,899
		106,332,624	68,175,570

Approved and authorised for issue by the board of directors on **29 SEP 2021**

*Gretchen D. Ryan*  
Gretchen Dawn Ryan  
Chairman

*Choi Tong Joseph Wan*  
Choi Tong Joseph Wan  
Director

The notes on pages 27 to 50 form part of these financial statements.

## Statement of changes in funds and reserves for the year ended 31 March 2021 (Expressed in Hong Kong dollars)

	<i>Accumulated surplus</i> \$	<i>Long-term reserves</i> \$	<i>Total</i> \$
<b>Balance at 1 April 2019</b>	35,009,472	31,677,899	66,687,371
<b>Change in funds and reserves for the year ended 31 March 2020:</b>			
Surplus and total comprehensive income for the year	<u>1,488,199</u>	<u>-</u>	<u>1,488,199</u>
<b>Balance at 31 March 2020 and 1 April 2020</b>	36,497,671	31,677,899	68,175,570
<b>Change in funds and reserves for the year ended 31 March 2021:</b>			
Surplus and total comprehensive income for the year	<u>38,157,054</u>	<u>-</u>	<u>38,157,054</u>
<b>Balance at 31 March 2021</b>	<u>74,654,725</u>	<u>31,677,899</u>	<u>106,332,624</u>

The notes on pages 27 to 50 form part of these financial statements.

**Cash flow statement**  
**for the year ended 31 March 2021**  
(Expressed in Hong Kong dollars)

	Note	2021 \$	2020 \$
<b>Operating activities</b>			
Total surplus and total comprehensive income for the year		38,157,054	1,488,199
Adjustments for:			
Depreciation	7	2,507,395	1,898,978
Interest income		(50,270)	(18,099)
Amount of income recognised and transferred from deferred income	12	(1,714,316)	(1,261,211)
Net surplus /(deficit) recognised in the surplus subventions		338,566	(100,194)
Net realised and unrealised (gain)/ loss on financial assets designated at fair value through profit or loss		<u>(11,604,175)</u>	<u>1,678,210</u>
<b>Operating surplus before changes in working capital</b>		27,634,254	3,685,883
Decrease/(increase) in prepayments, deposits and other receivables		1,028,160	(1,179,932)
(Decrease)/increase in other payables and accruals		<u>(2,721,749)</u>	<u>125,600</u>
<b>Net cash (used in)/generated from operating activities</b>		<u>25,940,665</u>	<u>2,631,551</u>
<b>Investing activities</b>			
Interest received		50,270	18,099
Payments for purchase of property, plant and equipment, net of government grant		<u>(2,601,958)</u>	<u>(707,217)</u>
<b>Net cash used in investing activities</b>		<u>(2,551,688)</u>	<u>(689,118)</u>
<b>Increase in cash and cash equivalents</b>		23,388,977	1,942,433
<b>Cash and cash equivalents at the beginning of the year</b>		<u>26,419,467</u>	<u>24,477,034</u>
<b>Cash and cash equivalents at the end of the year</b>	9	<u>49,808,444</u>	<u>26,419,467</u>

# Notes to the financial statements

(Expressed in Hong Kong dollars)

## 1 Status of the company

The company was incorporated in Hong Kong on 21 August 1987 as a company limited by guarantee.

The principal activities of the company are the provision of counselling for young girls facing crisis pregnancy, adoption services and the operation of a baby care home and foster care programme on a non-profit making basis.

As at 31 March 2021, under the provisions of the company's memorandum of association, each of the 13 members (2020: 14 members) shall, in the event of the company being wound up, contribute such amount as may be required to meet the liabilities of the company but not exceeding \$10 each.

## 2 Significant accounting policies

### (a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. Significant accounting policies adopted by the company are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the company for the current and prior accounting periods reflected in these financial statements.

### (b) Basis of preparation of the financial statements

The measurement basis used in the preparation of the financial statements is the historical cost basis, except that the following asset is stated at fair value as explained in the accounting policies set as below:

- Investments (see note 2(d))

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

## 2 Significant accounting policies (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (c) *Changes in accounting policies*

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the company. None of these developments have had a material effect on how the company's results and financial position for the current or prior periods have been prepared or presented.

The company has not applied any new standard or interpretation that is not yet effective for the current accounting period

### (d) *Investments in equity securities*

Investments are recognised/derecognised on the date the company commits to purchase/sell the investments or they expire. Investments in debt and equity securities are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at FVPL for which transaction costs are recognised directly in profit or loss. For an explanation of how the company determines fair value of financial instruments, see note 17(e). These investments are subsequently accounted for as follows, depending on their classification:

#### Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the company makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss.

## 2 Significant accounting policies (continued)

### (e) Property, plant and equipment

Property, plant and equipment, including right-of-use assets, arising from leases of underlying property, plant and equipment (see note 2(h)), is stated in the statement of financial position at cost less accumulated depreciation and impairment losses.

Depreciation is calculated to write off the cost of each item of property, plant and equipment less its estimated residual value, if any, using the straight-line method over its estimated useful life as follows:

- |   |  |
|---|--|
| – Ownership interests in land and property held for own use | Over the shorter of the unexpired term of lease and their estimated useful lives of 35 years |
| – other property, plant and equipment                       | 4 years  |

Both the useful life of an asset and its residual value, if any, are reviewed annually.

The carrying amounts of property, plant and equipment are reviewed for indications of impairment at the end of each reporting period. An impairment loss is recognised in the statement of comprehensive income to the extent that the carrying amount of an asset, or the cash-generating unit to which it belongs, is more than its recoverable amount. The recoverable amount of an asset, or of the cash generating unit to which it belongs, is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the assets. An impairment loss is reversed if there has been a favourable change in estimates used to determine the recoverable amount.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the statement of comprehensive income on the date of retirement or disposal.

## 2 Significant accounting policies (continued)

### (f) *Prepayments, deposits and other receivables*

Prepayments, deposits and other receivables (the "Receivables") are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts, except where the effect of discounting would be immaterial. In such cases, the Receivables are stated at cost less allowance for impairment of doubtful debts.

The loss allowance is measured at an amount equal to lifetime expected credit losses ("ECLs"), which are those losses that are expected to occur over the expected life of the Receivables. The loss allowance is estimated based on the company's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in profit or loss. The company recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of the Receivables through a loss allowance account.

The gross carrying amount of a debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

### (g) *Other payables and accruals*

Other payables and accruals are initially recognised at fair value. Subsequent to initial recognition, other payables and accruals are stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

### (h) *Leased assets*

At inception of a contract, the company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

#### (i) As a lessee

At the lease commencement date, the company recognises a right-of-use asset and a lease liability, if applicable, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the company enters into a lease in respect of a low-value asset, the company decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

## 2 Significant accounting policies (continued)

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2(e)).

In the statement of financial position, the company presents right-of-use assets within the same line item as similar underlying assets and presents lease liabilities separately.

### (i) *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

The company recognise a loss allowance of cash and cash equivalents using 12-month ECLs unless there has been a significant increase in credit risk since initial recognition, in which the loss allowance is measured at an amount equal to lifetime ECLs.

### (j) *Employee benefits*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

### (k) *Provisions and contingent liabilities*

Provisions are recognised for liabilities of uncertain timing or amount when the company has a 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. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

### (l) *Revenue recognition*

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the company is expected to be entitled, excluding those amounts collected on behalf of third parties.

## 2 Significant accounting policies (continued)

Further details of the company's revenue and other income recognition policies are as follows:

### (i) Designated donation income

Designated donations are accounted for in the statement of financial position as deferred income when management has assessed that they will be received and that the company will comply with the conditions attached to them. Designated donations are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred. Designated donations for the cost of assets are recognised in the statement of comprehensive income over the useful life of the assets by way of reduced depreciation expenses. Subventions from the Social Welfare Department are recognised as income in the statement of comprehensive income on a systematic basis in the same periods in which the related expenses are incurred and when the conditions attached to the subventions are met.

### (ii) General donation income

General donations are recognised when the company becomes entitled to the donations and it is probable that they will be received, which is generally upon the receipt of cash by the company or third-party fundraiser.

### (iii) Interest income

Interest income from bank deposits is recognised as it accrues using the effective interest method.

### (iv) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the company will comply with the conditions attaching to them. Grants that compensate the company for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the company for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

### (m) *Expenditure*

Expenditure is accounted for on an accrual basis.

### (n) *Translation of foreign currencies*

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in the statement of comprehensive income.

## 2 Significant accounting policies (continued)

### (o) Related parties

- (1) A person, or a close member of that person's family, is related to the company if that person:
  - (i) has control or joint control over the company;
  - (ii) has significant influence over the company; or
  - (iii) is a member of the key management personnel of the company or the company's parent.
- (2) An entity is related to the company if any of the following conditions applies:
  - (i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.
  - (vi) The entity is controlled or jointly controlled by a person identified in (o)(1).
  - (vii) A person identified in (o)(1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the company's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

### 3 Government grants

During the year, the company successfully applied for funding support from the Employment Support Scheme under the Anti-epidemic Fund, set up by the HKSAR Government. The purpose of the funding is to provide financial support to enterprises to retain their employees who would otherwise be made redundant. Under the terms of the grant, the company is required not to make redundancies during the subsidy period and to spend all the funding on paying wages to the employees.

### 4 Expenditure

	Note	2021 \$	2020 \$
Staff costs	4(a)	47,744,064	44,465,713
Programme expenses	4(b)	9,020,924	9,295,972
Depreciation charge	7		
- owned property, plant and equipment		1,569,829	961,412
- right-of-use assets/property held for own use		937,566	937,566
Foreign exchange gain/(loss)		1,518	(125)
Other operating expenses		5,964,253	6,070,389
		65,238,154	61,730,927

#### (a) Staff costs

	2021 \$	2020 \$
Contributions to defined contribution retirement plan	2,014,323	1,996,979
Salaries, wages and other benefits	45,729,741	42,468,734
	47,744,064	44,465,713

#### (b) Programme expenses

	2021 \$	2020 \$
Foster care allowance	6,748,446	6,455,767
Medical and therapist	156,328	127,330
Outings and education programme	850,502	1,133,018
Supplies	235,524	192,034
Fundraising expenses	1,021,941	1,380,195
Sundry expenses	8,183	7,628
	9,020,924	9,295,972

## 5 Taxation

The company is exempt from taxation under the provisions of section 88 of the Inland Revenue Ordinance.

## 6 Directors' emoluments

The directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, for the year are \$Nil (2020: \$Nil).

## 7 Property, plant and equipment

	<i>Furniture, fixtures and fittings</i> \$	<i>Office equipment</i> \$	<i>Leasehold improvements</i> \$	<i>Motor vehicles</i> \$	<i>Ownership interests in land and property held for own use</i> \$	<i>Total</i> \$
<b>Cost:</b>						
At 1 April 2019	3,076,246	5,837,133	9,964,480	291,655	32,814,802	51,984,316
Additions	36,458	464,519	3,398,240	-	-	3,899,217
At 31 March 2020	3,112,704	6,301,652	13,362,720	291,655	32,814,802	55,883,533
At 1 April 2020	3,112,704	6,301,652	13,362,720	291,655	32,814,802	55,883,533
Additions	74,969	975,249	1,551,740	-	-	2,601,958
Disposal	(392,628)	(274,042)	(112,620)	-	-	(779,290)
At 31 March 2021	2,795,045	7,002,859	14,801,840	291,655	32,814,802	57,706,201
<b>Accumulated depreciation:</b>						
At 1 April 2019	2,902,547	5,219,040	9,678,031	291,655	6,562,961	24,654,234
Charge for the year	93,922	388,012	479,478	-	937,566	1,898,978
At 31 March 2020	2,996,469	5,607,052	10,157,509	291,655	7,500,527	26,553,212
At 1 April 2020	2,996,469	5,607,052	10,157,509	291,655	7,500,527	26,553,212
Charge for the year	61,968	420,391	1,087,470	-	937,566	2,507,395
Written back on disposals	(392,628)	(274,042)	(112,620)	-	-	(779,290)
At 31 March 2021	2,665,809	5,753,401	11,132,359	291,655	8,438,093	28,281,317
<b>Net book value:</b>						
At 31 March 2021	129,236	1,249,458	3,669,481	-	24,376,709	29,424,884
At 31 March 2020	116,235	694,600	3,205,211	-	25,314,275	29,330,321

### **Right-of-use assets**

The company's only right-of-use assets are the ownership interests in leasehold land and property held for own use and the net book value as at 31 March 2021 is \$24,376,709 (1 April 2020: \$25,314,275). The company holds two office units in Kwun Tong. The company is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

## 7 Property, plant and equipment (continued)

The company's general office operates in three buildings classified as heritage buildings that are leased by the Government of the Hong Kong Special Administrative Region for the company's operation. These tenancies are subject to termination by either party giving party giving to the other at least three months' notice in writing.

During the year, there is no addition to right-of-use assets.

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

	2021	2020
	\$	\$
Depreciation charge		
- Ownership interests in land and property held for own use	937,566	937,566
Expense relating to leases of low-value assets	-	37,800
Expense relating to short-term lease	<u>10,800</u>	<u>-</u>

## 8 Prepayments, deposits and other receivables

The amounts of prepayments, deposits and other receivables expected to be recovered or recognised as expenses after more than one year is \$260,515 (2020: \$205,075). All of the other amounts are expected to be recovered or recognised as expenses within one year.

## 9 Deposits and cash

	2021	2020
	\$	\$
Bank deposits with original maturity less than 3 months	20,043,408	10,009,964
Cash at bank and on hand	<u>29,765,036</u>	<u>16,409,503</u>
	<u>49,808,444</u>	<u>26,419,467</u>

## 10 Investments

	2021	2020
	\$	\$
Financial assets at fair value through profit or loss		
- Unlisted (Note 17(e))	<u>66,124,153</u>	<u>54,519,978</u>

As at 31 March 2021, the company held investments which consist of fixed income, public equity, deposit and money market funds in the total amount of \$66,124,153 (2020: \$54,519,978). These investments were, upon initial recognition, designated by the company as financial assets at fair value through profit or loss with subsequent changes in fair values recognised in profit or loss.

## 11 Other payables and accruals

All other payables and accruals are expected to be settled within one year.

## 12 Deferred income

The deferred income represents donations designated by the donors for a particular purpose, but which have not been spent by the company at the year end. The amounts expected to be recognised as income after more than one year total \$25,899,192 (2020: \$27,613,508). All of the other amounts are expected to be recognised as income within one year.

	2021			
	<i>Balance brought forward</i>	<i>Donations received</i>	<i>Expenditure incurred</i>	<i>Balance carried forward</i>
	\$	\$	\$	\$
Property, plant and equipment	27,510,030	-	(1,714,316)	25,795,714
Maintenance and renovation	1,817,794	-	-	1,817,794
	29,327,824	-	(1,714,316)	27,613,508
	2020			
	<i>Balance brought forward</i>	<i>Donations received</i>	<i>Expenditure incurred</i>	<i>Balance carried forward</i>
	\$	\$	\$	\$
Property, plant and equipment	26,251,841	2,519,400	(1,261,211)	27,510,030
Maintenance and renovation	1,817,794	-	-	1,817,794
	28,069,635	2,519,400	(1,261,211)	29,327,824

### 13 Surplus subventions

Accumulated subventions advanced by the Social Welfare Department ("SWD") to the company but not yet utilised are analysed below as required by the SWD:

	2021 \$	2020 \$
Balance brought forward	7,244,113	7,344,307
Movements during the year: (Utilisation and refund)/receipt of subsidies, net		
- SWD Provident Fund reserve	202,725	137,474
- Lump Sum Grant reserve	1,236,758	-
- Central items reserve	2,073,902	2,127,197
- Social Welfare Development Fund (note (a))	10,000	(348,354)
- Block Grant for Minor Works (note (b))	262,339	87,444
- Refund of surplus of central items to SWD	(3,568,977)	(2,162,667)
- (Claw Back for)/SWD Manpower Support for COVID-19	(29,504)	29,504
- Staff Allowance for COVID-19	80,528	19,208
- Claw Back for Staff Allowance for COVID19	(19,208)	-
- (Claw Back for)/ Preventive Measures against COVID-19	(9,997)	10,000
- Subsidy Enhanced Support for Ethnic Minority Children	100,000	-
	<u>338,566</u>	<u>(100,194)</u>
Balance carried forward	<u>7,582,679</u>	<u>7,244,113</u>

#### (a) Social Welfare Development Fund:

	2021 \$	2020 \$
Balance at 1 April	572,746	921,100
Allocation during the year	10,000	-
Expenditure during the year	-	(348,354)
Balance at 31 March	<u>582,746</u>	<u>572,746</u>

**13 Surplus subventions (continued)**

**(b) Block Grant for Minor Works:**

	2021 \$	2020 \$
Balance of Block Grant Reserve brought forward from the previous financial year	1,154,593	1,067,149
Add: Block Grant received during the year	313,000	301,000
Less: Expenditure during the year Minor Works Projects	(50,661)	(213,556)
	262,339	87,444
Balance of Block Grant Reserve carried forward to the next financial year	1,416,932	1,154,593

**(c) Capital commitments**

As at 31 March 2021, there were no outstanding commitments in respect of Block Grant for minor works.

**14 Funds and reserves**

**(a) Funds and reserves management**

The company's objectives when managing reserves are to safeguard the company's ability to continue as a going concern, to support the company's stability and growth and to provide adequate funds for the purpose of achieving the company's short to long-term objectives.

Management regularly reviews the operation, funding structure, provident fund position and reserve utilisation of the company to ensure effective use of funds and the sound financial status of the company.

Management consider the ideal level of reserves to be 150% of the company's annual expenditure not covered by SWD, Jockey Club and Community Chest, on top of any funding set aside for specific purposes. Management is of the opinion that the level of reserves at the year end was satisfactory.

## 14 Funds and reserves (continued)

### (b) Long-term reserves

The long-term reserves were set up with clear definitions for both their purpose and investment structure:

- (i) to cover any short-term cashflow difficulties due to temporary setbacks in funding or emergency repairs and maintenance.
- (ii) to enable the company to evolve and take advantage of strategic development opportunities when it needs to.
- (iii) to cope with unforeseeable circumstances posed by large external changes in the environment in which the company operates such as an economic downturn or a major decline in donors' empathy to the cause. These risks, if realised, would dramatically affect the company's funding streams.

## 15 Long service payment

As at 31 March 2021, the company has recorded a provision for potential liability for long service payment in respect of employees having been employed for five years or more calculated in accordance with the Hong Kong Employment Ordinance amounted to \$2,442 (2020: \$355,384).

## 16 Related party transactions

### (a) Transactions with key management personnel

Remuneration for key management personnel of the company is as follows:

	2021 \$	2020 \$
Short-term employee benefits	2,504,553	2,341,976
Post-employment benefits	75,700	114,599
	2,580,253	2,456,575

### (b) Transactions with other related parties

The company received donations of \$2,493,009 (2020: \$3,573,145) from certain directors of the company. Except for the above, there were no material related party transactions during the year.

## 17 Financial risk management and fair values

Exposure to credit, liquidity, foreign currency and price risks arising from its investment in the normal course of the company's business.

The company's exposure to these risks and the financial risk management policies and practices used by the company to manage these risks are described below.

## 17 Financial risk management and fair values (continued)

### (a) Credit risk

The company's credit risk is primarily attributable to other receivables, deposits and cash and investments.

In respect of other receivables, management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Deposits and cash placed with financial institutions and investments are with counter parties with sound credit ratings to minimise credit exposure. Given their high credit ratings, management does not expect any of these financial instructions will fall to meet their obligations.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The company measures loss allowances for other receivables at an amount equal to lifetime ECLs, which is assessed individually with each other receivables.

No significant ECLs for other receivables was recognised for the year ended 31 March 2021.

### (b) Liquidity risk

The company's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The following table shows the remaining contractual maturities at the end of the reporting period of the company's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the company can be required to pay:

2021

	<i>Contractual undiscounted cash outflow</i>		<i>Carrying amount</i>
	<i>Within 1 year or on demand</i>	<i>Total</i>	
	\$	\$	\$
Other payables and accruals	5,478,505	5,478,505	5,478,505
Surplus subventions	7,582,679	7,582,679	7,582,679
	<u>13,061,184</u>	<u>13,061,184</u>	<u>13,061,184</u>

2020

	<i>Contractual undiscounted cash outflow</i>		<i>Carrying amount</i>
	<i>Within 1 year or on demand</i>	<i>Total</i>	
	\$	\$	\$
Other payables and accruals	8,200,254	8,200,254	8,200,254
Surplus subventions	7,244,113	7,244,113	7,244,113
	<u>15,444,367</u>	<u>15,444,367</u>	<u>15,444,367</u>

## 17 Financial risk management and fair values (continued)

### (c) Foreign currency risk

The company's primary foreign currency exposure arises from cash at bank which is denominated in United States dollars ("USD") and British Pound ("GBP"). As the Hong Kong dollar ("HKD") is pegged to the USD, the company does not expect any significant movements in exchange rates between the HKD and the USD. As at 31 March 2021, the company has cash at bank denominated in GBP amounting to \$20,613 (2020: \$20,613).

### (d) Other price risk

Financial assets at fair value through profit or loss are subject to changes in market prices. The exposure to price changes is managed by closely monitoring the changes in market conditions that may have an impact on the market prices or factor affecting the value of these financial assets.

#### *Sensitivity analysis:*

At 31 March 2021, it is estimated that an increase/decrease of 5% in the market prices of the underlying investments of the financial assets at fair value through profit or loss, with all other variable held constant, would have increased/decreased the company's surplus and accumulated surplus for the year approximately \$3,306,000 (2020: approximately \$2,726,000).

The sensitivity analysis indicates the instantaneous change in the company's surplus that would arise assuming that the changes in the stock market index or other relevant risk variables had occurred at the end of the reporting period and had been applied to re-measure those financial instruments held by the company which expose the company to price risk at the end of the reporting period. It is also assumed that all other variables remain constant. The analysis is performed on the same basis for the year ended 31 March 2020.

### (e) Fair values measurement

Financial assets and liabilities measured at fair value

#### *Fair value hierarchy*

The following table presents the fair value of the company's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

## 17 Financial risk management and fair values (continued)

	Fair value measurements as at 31 March 2021 categorised into			Fair value measurements as at 31 March 2020 categorised into				
	Fair value at 31 March 2021 \$	Level 1 \$	Level 2 \$	Level 3 \$	Fair value at 31 March 2020 \$	Level 1 \$	Level 2 \$	Level 3 \$
<b>Recurring fair value measurements</b>								
<i>Asset</i>								
Financial assets at fair value through profit or loss	66,124,153	65,984,337	-	139,816	54,519,978	54,357,416	-	162,562

During the years ended 31 March 2021 and 2020, there were no transfers between Level 1 and Level 2 or no transfers into or out of Level 3. The company's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

### *Information about Level 3 of fair value measurements*

Level 3 represent the investments which included non-marketable and privately placed securities. Such investments are stated with reference to the net asset value provided by the fund administrator. The net asset value of investments are an estimate and may not reflect possible secondary market values. Due to the inherent uncertainty of the estimate, the fair value of Level 3 financial assets may differ from the values that would have been used had a ready market for these investments existed and the difference could be material.

## 17 Financial risk management and fair values (continued)

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	2021 \$	2020 \$
Balance brought forward from the previous financial year	162,562	7,997,519
Net (loss)/gain recognised in the statement of comprehensive income	(22,746)	1,743
Disposal of investment	-	(7,836,700)
Balance carried forward to the next financial year	<u>139,816</u>	<u>162,562</u>

## 18 Donations from CVC Capital Partners ("CVC")

On 26 February 2018, CVC agreed to support the company with a grant of \$500,000 annually in calendar year 2018 and 2019.

On 30 December 2019, CVC agreed to support the company with a grant of \$600,000 annually in calendar years 2020 and 2021. The donations raised from CVC will be used for the implementation of the Volunteer Engagement Framework (the "Framework").

The Framework is comprised of three key areas which included (1) Volunteer Strategy and Team, (2) Recruitment and Onboarding, and (3) Volunteer Management.

The breakdown of the receipt and usage of the funding are as follows:

	2021 \$	2020 \$
<b>Income</b>		
Total donation received	600,000	500,000
Bank charges	-	-
Total donation received	<u>600,000</u>	<u>500,000</u>
<b>Expenditure</b>		
Salary	512,145	401,048
Other expenses	144,006	-
	<u>656,151</u>	<u>401,048</u>
Unutilised net proceeds carried forward	-	98,952
Expenditure covered by other sources	<u>(56,151)</u>	<u>-</u>

## 19 Details of profit or loss and other comprehensive income

	<i>Subvented services (refer to page 47) \$</i>	<i>Non-subvented services (refer to pages 48 to 49) \$</i>	<i>2020/2021 Grand total \$</i>
<b><i>Principal sources of revenue</i></b>			
Designated donations			
- Government and public grants			
- The Community Chest	-	4,180,440	4,180,440
- The Hong Kong Jockey Club Charities Trust	-	3,330,000	3,330,000
- Social welfare subvention	17,014,619	-	17,014,619
-Others	1,019,304	17,295,315	18,314,619
General donations	-	43,709,959	43,709,959
Gala dinner income	-	-	-
<b><i>Other revenue</i></b>			
Child care reimbursement	-	91,000	91,000
Interest income	10,258	40,012	50,270
Rental income	-	3,600	3,600
Others	2,552	5,093,974	5,096,526
	18,046,733	73,744,300	91,791,033
	18,046,733	73,744,300	91,791,033

## 19 Details of profit or loss and other comprehensive income (continued)

	<i>Note</i>	<i>Subvented services (refer to page 47) \$</i>	<i>Non-subvented services (refer to pages 48 to 49) \$</i>	<i>2020/2021 Grand total \$</i>
<b>Expenditure</b>				
Salaries and allowances	4(a)	14,441,971	33,302,093	47,744,064
Transportation		52,208	219,172	271,380
Motor vehicle expenses		-	-	-
Overseas travelling		-	-	-
Insurance		182,222	601,328	783,550
Rent and rates		55,552	165,128	220,680
Management charges		32,424	96,072	128,496
Professional fees		2,086	20,370	22,456
Bank charges		11,198	418,171	429,369
Utilities		239,727	549,319	789,046
Repairs and maintenance		89,194	389,092	478,286
Food		215,255	469,813	685,068
Programme expenses	4(b)	7,126,523	1,894,401	9,020,924
Depreciation	7	449,817	2,057,578	2,507,395
Office supplies		163,803	1,168,777	1,332,580
Cleaning expenses		78,031	375,418	453,449
Miscellaneous expenses		139,977	231,434	371,411
		<u>23,279,988</u>	<u>41,958,166</u>	<u>65,238,154</u>
<b>(Deficit)/surplus for the year</b>		(5,233,255)	31,786,134	26,552,879
Net realised and unrealised loss on financial assets at fair value through profit or loss		-	11,604,175	11,604,175
<b>Total comprehensive income for the year</b>		<u>(5,233,255)</u>	<u>43,390,309</u>	<u>38,157,054</u>

## 20 Details of profit or loss and other comprehensive income – subvented services

	<i>Foster care</i>	<i>Wee care</i>	<i>Total subvented services (refer to pages 45 to 46)</i>
	\$	\$	\$
<b>Income</b>			
<b><i>Principal sources of revenue</i></b>			
Designated donations			
- Government and public grants			
- Social Welfare Subvention	9,718,980	7,295,639	17,014,619
- Others	278,955	740,349	1,019,304
<b><i>Other revenue</i></b>			
Others	7,585	5,225	12,810
	<u>10,005,520</u>	<u>8,041,213</u>	<u>18,046,733</u>
			<i>Total subvented services (refer to pages 45 to 46)</i>
	\$	\$	\$
<b>Expenditure</b>			
Salaries and allowances	5,445,647	8,996,324	14,441,971
Transportation	41,294	10,914	52,208
Insurance	60,419	121,803	182,222
Rent and rates	31,386	24,166	55,552
Management charges	32,424	-	32,424
Professional fees	1,043	1,043	2,086
Bank charges	2,570	8,628	11,198
Utilities	29,323	210,404	239,727
Repairs and maintenance	8,812	80,382	89,194
Food	9,323	205,932	215,255
Programme expenses	6,946,652	179,871	7,126,523
Depreciation	282,106	167,711	449,817
Office supplies	100,152	63,651	163,803
Cleaning expenses	30,620	47,411	78,031
Miscellaneous expenses	49,583	90,394	139,977
	<u>13,071,354</u>	<u>10,208,634</u>	<u>23,279,988</u>
<b>Deficit and total comprehensive income for the year</b>	<u>(3,065,834)</u>	<u>(2,167,421)</u>	<u>(5,233,255)</u>

## 21 Details of profit or loss and other comprehensive income – Non-subservated services

	Administration	Pregnant Girls Home	Baby Care	Community Connection	Adoption	Advocacy and Community Education	Project Bridge	Youth Programme	Volunteer Engagement	Total non-subservated services (refer to pages 45 to 46)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income</b>										
<b>Principal sources of revenue</b>										
Designated donations	-	-	4,180,440	-	-	-	-	-	-	4,180,440
- Government and public grants	-	2,331,000	-	-	-	-	-	999,000	-	3,330,000
- The Community Chest	661,865	2,883,873	6,809,943	110,082	3,763,370	6,460	1,582,545	701,847	775,330	17,295,315
- The Hong Kong Jockey Club Charities Trust	-	-	-	-	-	-	-	-	-	-
- Others	-	-	-	-	-	-	-	-	-	-
General donations	8,741,991	6,556,494	6,556,494	4,370,996	4,370,996	2,185,498	4,370,996	4,370,996	2,185,498	43,709,959
Gala dinner income	-	-	-	-	-	-	-	-	-	-
<b>Other revenue</b>										
Child care reimbursement	-	-	-	-	91,000	-	-	-	-	91,000
Interest income	40,012	-	-	-	-	-	-	-	-	40,012
Rental income	-	3,600	-	-	-	-	-	-	-	3,600
Others	5,075,980	3,276	4,096	3,225	4,026	-	480	2,891	-	5,083,974
	14,519,848	11,778,243	17,550,973	4,484,303	8,229,392	2,191,958	5,954,021	6,074,734	2,960,828	73,744,300

## 21 Details of profit or loss and other comprehensive income – Non-subservated services (continued)

	Administration	Pregnant Girls Home	Baby Care	Community Connection	Adoption	Advocacy and Community Education	Project Bridge	Youth Programme	Volunteer Engagement	Total non-subservated services (refer to pages 45 to 46)
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Expenditure</b>										
Salaries and allowances	932,519	5,358,350	13,020,209	3,492,196	4,016,157	1,793,118	1,452,643	3,236,901	-	33,302,093
Transportation	155,014	23,801	12,723	14,988	-	308	9,026	448	308	219,172
Insurance	159,419	63,970	190,093	48,922	50,568	22,410	-	44,810	21,136	601,328
Rent and rates	28,028	52,764	24,166	5,304	24,186	2,580	-	12,846	15,254	165,128
Management charges	-	50,916	-	-	32,424	-	-	12,732	-	96,072
Professional fees	14,998	1,043	2,243	-	1,043	-	-	1,043	-	20,370
Bank charges	92,636	62,724	59,537	39,899	44,116	20,262	39,489	39,558	19,950	418,171
Utilities	125,211	91,982	209,480	21,066	22,979	12,342	-	18,989	47,270	549,319
Repairs and maintenance	118,233	68,889	123,935	15,845	7,134	6,698	-	9,848	38,510	389,092
Food	56,366	105,119	256,839	16,539	6,818	8,646	-	11,136	8,350	469,813
Programme expenses	58,748	115,206	222,740	1,032,221	47,561	32,915	156,595	224,943	3,472	1,894,401
Depreciation	440,213	835,492	217,709	119,364	249,863	846	-	53,558	140,533	2,057,578
Office supplies	646,986	114,498	26,181	135,267	86,599	23,468	-	33,898	101,880	1,168,777
Cleaning expenses	133,684	56,072	56,911	28,011	30,620	16,900	-	27,376	25,844	375,418
Miscellaneous expenses	14,301	31,761	82,503	54,373	22,478	7,872	6,049	12,097	-	231,434
	<u>2,976,356</u>	<u>7,032,587</u>	<u>14,505,269</u>	<u>5,011,563</u>	<u>4,657,534</u>	<u>1,948,365</u>	<u>1,663,802</u>	<u>3,740,183</u>	<u>422,507</u>	<u>41,958,166</u>
<b>Surplus/(deficit) for the year</b>	11,543,492	4,745,656	3,045,704	(527,260)	3,571,858	243,593	4,290,219	2,334,551	2,538,321	31,786,134
Net realised and unrealised loss on financial assets at fair value through profit or loss	11,604,175	-	-	-	-	-	-	-	-	11,604,175
<b>Total comprehensive income for the year</b>	<u>23,147,667</u>	<u>4,745,656</u>	<u>3,045,704</u>	<u>(527,260)</u>	<u>3,571,858</u>	<u>243,593</u>	<u>4,290,219</u>	<u>2,334,551</u>	<u>2,538,321</u>	<u>43,390,309</u>

## 22 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 March 2021

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 March 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the company.

	<i>Effective for accounting periods beginning on or after</i>
Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16, <i>Interest Rate Benchmark Reform — Phase 2</i>	1 January 2021
Amendments to HKFRS 3, <i>Reference to the Conceptual Framework</i>	1 January 2022
Amendments to HKAS 16, <i>Property, Plant and Equipment: Proceeds before Intended Use</i>	1 January 2022
Amendments to HKAS 37, <i>Onerous Contracts - Cost of Fulfilling a Contract</i>	1 January 2022
Annual Improvements to HKFRSs 2018-2020 Cycle	1 January 2022
Amendments to HKAS 1, <i>Classification of Liabilities as Current or Non-current</i>	1 January 2023

The company is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the company's financial statements.

## Review report to the board of directors of Mother's Choice Limited (the "company")

We have audited the financial statements of the company for the year ended 31 March 2021 and have issued an unqualified auditor's report thereon dated 29 September 2021.

We conducted our review of the attached Annual Financial Report on pages 53 to 61 of the company for the year ended 31 March 2021 in accordance with Practice Note 851 "Review of the Annual Financial Reports of Non-Government 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 company, on which the above audited financial statements of the company are based.

### *Review conclusions*

On the basis of the results of the above review procedures and having regard to the audit procedures performed by us in relation to the audit of the financial statements of the company for the year ended 31 March 2021:

- (a) in our opinion the Annual Financial Report has been properly prepared from the books and records of the company; and
- (b) no matters have come to our attention during the course of our review, which cause us to believe that the company has not:
  - properly accounted for the receipt of Lump Sum Grant, Provident Fund and other social welfare subventions and expenditure in respect of Funding and Services Agreement activities and support services;
  - kept separate Operating Income and Expenditure Statement 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 Hong Kong Special Administrative Region ("HKSAR");
  - prepared the Annual Financial Report in accordance with the format and requirements set out in the LSG Manual; and
  - employed the staff quoted in the Provident Fund arrangements during the year ended 31 March 2021.

## Review report to the board of directors of Mother's Choice Limited (the "company") (continued)

### *Review conclusions (continued)*

This report is intended solely for your benefit and for filing with the Social Welfare Department of the Government of the HKSAR and is not intended to be, and should not be used for any other purposes, and we do not assume responsibility towards or accept liability or duty to any other person other than the addressees of this report for the contents of this report.



Certified Public Accountants

8th Floor, Prince's Building  
10 Chater Road  
Central, Hong Kong

**29 SEP 2021**

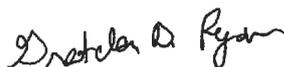
ANNUAL FINANCIAL REPORT  
NGO: MOTHER'S CHOICE LIMITED

1 APRIL 2020 TO 31 MARCH 2021

	Notes	Total 2020-2021 \$	Total 2019-2020 \$
<b>A. INCOME</b>			
1. Lump Sum Grant ("LSG")		12,458,141	9,479,142
a. LSG (excluding Provident Fund)	1b	11,755,190	8,963,846
b. Provident Fund	1c	702,951	515,296
2. Fee Income	2	-	-
3. Central Items	3	9,002,874	8,659,676
4. Rent and Rates	4	-	-
5. Other Income	5	2,361	1,442
6. Interest Received		862	-
<b>TOTAL INCOME</b>	<b>8</b>	<b>21,464,238</b>	<b>18,140,260</b>
<b>B. EXPENDITURE</b>			
1. Personal Emoluments			
a. Salaries		9,414,955	8,589,046
b. Provident Fund	1c	451,464	426,584
c. Allowances		-	-
Subtotal	6	9,866,419	9,015,630
2. Other Charges	7	1,358,188	1,393,394
3. Central Items	3	6,748,446	6,483,767
4. Rent and Rates	4	-	-
<b>TOTAL EXPENDITURE</b>	<b>8</b>	<b>17,973,053</b>	<b>16,892,791</b>
<b>C. SURPLUS FOR THE YEAR</b>		<b>3,491,186</b>	<b>1,247,469</b>

The Annual Financial Report from pages 53 to 61 has been prepared in accordance with the requirements as set out in the Lump Sum Grant Manual.

SIGNATURE



CHAIRMAN

DATE: 29 SEP 2021

SIGNATURE



NGO HEAD/HEAD OF SOCIAL WELFARE SERVICES

DATE: 29 SEP 2021

## 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.

The Provident Fund received and contributed for staff under the Central Items have been shown under 3. Details are analysed below:

<b><u>Provident Fund Contribution</u></b>	<b>Snapshot Staff</b>	<b>6.8% and other posts</b>	<b>Total</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Subvention Received	-	702,951	702,951
<b>Less:</b> Provident Fund Contribution Paid during the Year	-	451,464	451,464
Surplus for the year	-	251,487	251,487
<b>Add:</b> Surplus b/f Additional subvention received for previous year(s)	-	752,563	752,563
<b>Less:</b> Refund to Government	-	-	-
<b>Surplus c/f</b>	-	1,004,050	1,004,050

### 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 Provident Fund received and contributed for staff under Central Items have been separately included as part of the income and expenditure of the relevant items (paragraph 3.14 of LSG Manual (October 2016)). The income and expenditure of each of the Central Items are as follows:

		<b>2020-21</b>	<b>2019-20</b>
		\$	\$
<b>a</b>	<b>Income</b>		
	Foster Care Allowance	8,143,704	7,922,736
	Day Foster Care Allowance	678,642	660,228
	Special Grant on Manpower Support for Residential and Home-based Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	29,504
	Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	80,528	47,208
	Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	100,000	-
	<b>Total</b>	<b>9,002,874</b>	<b>8,659,676</b>
<b>b</b>	<b>Expenditure</b>		
	Foster Care Allowance	6,229,335	5,959,170
	Day Foster Care Allowance	519,111	496,597
	Special Grant on Manpower Support for Residential and Home-based Service Units in respect of the Severe Respiratory Disease associated with a Novel Infectious Agent	-	-
	Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	-	28,000
	Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	-	-
	<b>Total</b>	<b>6,748,446</b>	<b>6,483,767</b>

**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

These include all 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 Others Income is as follows:

	2020-21	2019-20
	\$	\$
(a) Fees and charges for services incidental to the operation of subvented services	2,361	1,442
(b) Others	-	-
<b>Total</b>	<u>2,361</u>	<u>1,442</u>

## 6. Personal Emoluments

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

The analysis on number of posts with annual Personal Employment over \$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.	nil	-
HK\$800,001 - HK\$900,000 p.a.	nil	-
HK\$900,001 - HK\$1,000,000 p.a.	nil	-
HK\$1,000,001 - HK\$1,100,000 p.a.	nil	-
HK\$1,100,001 - HK\$1,200,000 p.a.	nil	-
>HK\$1,200,000 p.a.		

## 7. Other Charges

The breakdown of Other Charges is as follows:

	2020-21	2019-20
	\$	\$
<b>Other Charges</b>		
(a) Utilities	297,806	303,100
(b) Food	212,908	216,066
(c) Administration Expenses	81,100	92,066
(d) Stores and Equipment	28,014	26,561
(e) Repair and Maintenance	206,234	179,323
(f) Special Allowances	-	-
(g) Programme Expenses	302,678	350,210
(h) Transportation & Travelling	51,928	60,573
(i) Insurance	177,413	164,706
(j) Miscellaneous	107	789
<b>Total</b>	<u>1,358,188</u>	<u>1,393,394</u>

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

**2020-2021 FIGURES**

	Analysis of Reserve Fund				
	Lump Sum Grant	Special One-off Grant	Rent and	Central	Total
	(LSG) \$	(SOG) \$	Rates \$	Items \$	\$
<b>Income</b>					
Lump Sum Grant	12,458,141	-	-	-	12,458,141
Fee Income	-	-	-	-	-
Other Income	2,361	-	-	-	2,361
Interest Received (Note (1))	862	-	-	-	862
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	9,002,874	9,002,874
<b>Total Income (a)</b>	<b>12,461,364</b>	<b>-</b>	<b>-</b>	<b>9,002,874</b>	<b>21,464,238</b>
<b>Expenditure</b>					
Personal Emoluments	9,866,419	-	-	-	9,866,419
Other Charges	1,358,188	-	-	-	1,358,188
Rent and Rates	-	-	-	-	-
Central Items	-	-	-	6,748,446	6,748,446
<b>Total Expenditure (b)</b>	<b>11,224,607</b>	<b>-</b>	<b>-</b>	<b>6,748,446</b>	<b>17,973,053</b>
<b>(Deficit)/Surplus for the Year (a) - (b)</b>	<b>1,236,758</b>	<b>-</b>	<b>-</b>	<b>2,254,428</b>	<b>3,491,186</b>
Less: Surplus of Provident Fund	251,487	-	-	-	251,487
	1,488,245	-	-	2,254,428	3,742,673
(Deficit)/Surplus b/f (Note (2))	-	-	-	3,759,752	3,759,752
Less: Refund to the government	-	-	-	(3,617,689)	(3,617,689)
Surplus c/f (Note (3))	1,488,245	-	-	2,396,491	3,884,736

Notes:

- (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 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) The level of LSG cumulative reserve (i.e. S), 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.

Annex 1

**Schedule for Central Items  
Analysis of Subvention and Expenditure for the period from 1 April 2020 to 31 March 2021**

Name of Agency:	Mother's Choice Limited	Unit Code and Name (Note 7)	Subvented element	Subvention Released (Note 1)	Annual Expenditure (Note 2)	Surplus/ (deficit) (Note 3) (a)	Deficit for the Year			Surplus b/f (Note 5) (e)	Refund (f)	Surplus c/f (Note 6) (g) = (a)+(d)+ (e)+(f)
							Deficit (Note 3) (b)	Deficit transferred to LGS (Note 4) (c)	Adjusted Deficit (d) = (b) - (c)			
				\$	\$	\$	\$	\$				
		4004/4042/4252 - Foster Care Unit	Foster Care Allowance	8,143,704	6,229,335	1,914,369	-	N/A	-			
		3996 - Day Foster Care Service (Time Defined 14/10/2010)	Foster Care Allowance	678,642	519,111	159,531	-	N/A	-			
		6038 - Training Subsidy under Training Scheme for Child Care Supervisors & Special Child Care Workers in Pre-school Rehabilitation Services	Foster Care Allowance Claw back & adjustment						3,568,977	(3,568,977)	2,073,900	
			Training Subsidy fund for 2017-18						142,063		142,063	
			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					N/A	29,504	(29,504)	-	
			Special Allowance for Staff of Subvented Residential Care Service Units in respect of COVID-19	80,528		80,528		N/A	19,208	(19,208)	80,528	
			Subsidy for Enhanced Support for Ethnic Minority Children in Early Education and Training Centres	100,000		100,000		N/A			100,000	
		<b>TOTAL</b>		<b>9,002,874</b>	<b>6,748,446</b>	<b>2,254,428</b>	<b>-</b>	<b>-</b>	<b>3,759,752</b>	<b>(3,617,689)</b>	<b>2,396,491</b>	

Annex 1

**Schedule for Central Items (continued)**  
**Analysis of Subvention and Expenditure for the period from 1 April 2020 to 31 March 2021**

Notes:

1. The figure for the whole financial year can be extracted from the final payroll for March (Final) of the financial year.
2. Actual expenditure represents the total expenditure incurred including provident fund for the respective services after netting off programme income, if any.
3. Surplus / Deficit for each element represents the difference between subvention released and actual expenditure.
4. 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. (64) in SWD/S/104/2 Pt. 14 dated 22 July 2015.
  - (i) Dementia Supplement for Elderly with Disabilities
  - (ii) Infirmary Care Supplement for the Aged Blind Persons
  - (iii) Dementia Supplement for Residential Elderly Services
  - (iv) Infirmary Care Supplement for Residential Elderly Services
5. "Surplus brought forward (b/f)" means surplus, if any, arising from operations in previous years.
6. "Surplus carried forward (c/f)" means surplus brought forward plus surplus, if any, arising from operations in current year.
7. Unit codes and names assigned by SWD should be filled, if available.
8. The income and expenditure for the Special one-off Subsidy for Better Care for Elderly Persons with Dementia or Requiring Infirmary Care as allocated via SWD's letter ref SWD/S/E/RC/3 Pt. 7 dated 27 February 2017 should also be included in the income/expenditure of the respective items.
9. The central items as listed above may not be exhaustive and any relevant details of central items released and/or expended during the year, where appropriate, should also be included.

**Annex 2**

**Schedule for Rent and Rates  
Analysis of Subvention and Expenditure for the period from 1 April 2020 to  
31 March 2021**

**Name of Agency: Mother's Choice Limited**

Unit Code and Name	Subvented element	Subvention Released (Note 1) \$	Annual Expenditure (Note 3) \$	Surplus (Note 2) \$	Deficit (Note 2) \$
4042-Foster Care Unit	Rent	-	-	-	-
	Rates	-	-	-	-
	Total	-	-	-	-
7702-Wee Care Home (Res.)	Rates	-	-	-	-
	Rates	-	-	-	-
	Total	-	-	-	-
<b>Grand Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Notes:**

1. The figures are to be extracted from the final payroll for March plus subvention released in late March of the financial year
2. Deficit/surplus 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 Investments**  
**Analysis of Investments as at 31 March 2021**

Agency: Mother's Choice Limited

	2020-2021 HK\$	2019-2020 HK\$
LSG Reserve as at 31 March	-	-
Represented by:		
Investments		
HKD Bank Account		
a. Balances	-	-
b. HKD 24-hour Call Deposits	-	-
c. HKD Fixed Deposits	-	-
d. HKD Certificate of Deposits	-	-
e. HKD Bonds	-	-
	-	-

Note: The investments should be reported at historical cost.

Confirmed by:-



CHAIRMAN

DATE: 29 SEP 2021



NGO HEAD/HEAD OF SOCIAL WELFARE  
SERVICES

DATE: 29 SEP 2021