
ADOPTIVE FAMILIES OF HONG KONG

(established in Hong Kong as a registered society under the Societies Ordinance (Cap.151))

STEERING COMMITTEE'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

ADOPTIVE FAMILIES OF HONG KONG

STEERING COMMITTEE'S REPORT

The steering committee of Adoptive Families of Hong Kong (the "Society") presents the steering committee report together with the audited financial statements of the Society for the year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The Society is principally engaged in connecting, supporting and celebrating adoptive families in Hong Kong and helping educate the greater community about adoption.

RESULTS AND APPROPRIATIONS

The results of the Society for the year ended 31 March 2017 and the state of the Society's affairs as at 31 March 2017 are set out in the financial statements on pages 5 to 10.

The steering committee members do not recommend to set up any reserves accounts for the year.

STEERING COMMITTEE MEMBERS

The steering committee members of the Society during the year were as follows:

Ms. Louise GARNAUT	Chairperson
Ms. Maria WONG	Honorary Treasurer
Ms. Deborah HOLCOMBE	Steering Committee Member
Dr. Erica Liu WOLLIN	Steering Committee Member
Ms. Becky HOLDAWAY	Steering Committee Member
Ms. Jenny WISEMAN	Steering Committee Member
Ms. Renni GREEN	Steering Committee Member
Mr. Lucas RENZI	Steering Committee Member

There being no provision in the Society's Articles of Association for retirement, the existing steering committee members continue in office.

AUDITOR

The financial statements have been audited by CP Fong (CPA) Limited, who retire and, being eligible, offer themselves for re-appointment.

Approved by the Steering Committee and signed on its behalf by



Louise GARNAUT
Chairperson

30 MAY 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADOPTIVE FAMILIES OF HONG KONG

established in Hong Kong as a registered society under the Societies Ordinance (Cap.151))

Opinion

We have audited the financial statements of Adoptive Families of Hong Kong (the "Society") set out on pages 5 to 10, which comprise the statement of financial position as at 31 March 2017, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") and with reference to Practice Note 900 (Revised) "Audit of Financial Statements Prepared in Accordance with the Small and Medium-sized Entity Financial Reporting Standard" issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society 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.

Emphasis of matter

We draw attention to Note 6 to the financial statements which describes the potential tax liabilities, which may arise, if the approval of the tax-exempt charitable status from the Inland Revenue Department is not granted. Our opinion is not qualified in respect of this matter.

Other information

The steering committee members are responsible for the other information. The other information comprises the information included in the Steering Committee Members' Report, but does not include the financial statements and our auditor's report thereon.

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

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

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADOPTIVE FAMILIES OF HONG KONG

established in Hong Kong as a registered society under the Societies Ordinance (Cap.151))

Responsibilities of steering committee members for the financial statements

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

In preparing the financial statements, the steering committee members are responsible for assessing the Society'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 steering committee members either intend to liquidate the Society 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 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 HKSAs 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 HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the steering committee members.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ADOPTIVE FAMILIES OF HONG KONG

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- Conclude on the appropriateness of the steering committee members' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society'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 Society to cease to continue as a going concern.

We communicate with the steering committee members 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.



CP Fong (CPA) Limited
Certified Public Accountant

Fong Chi Pong
Practising Certificate Number P06198

Hong Kong, 30 MAY 2019

ADOPTIVE FAMILIES OF HONG KONG
INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017 HKD	2016 HKD
Income	3	124,097	154,286
Other income		-	60
Events expenses		(18,389)	(43,272)
Staff salaries		(62,550)	(50,452)
Other general expenses		(24,756)	(20,006)
Surplus before tax	4	18,402	40,616
Income tax expense	6	-	-
Surplus for the year		18,402	40,616

The accompanying notes to financial statements form an integral part of, and should be read in conjunction with, these financial statements.

ADOPTIVE FAMILIES OF HONG KONG
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2017

	Notes	2017 HKD	2016 HKD
Current assets			
Prepayments		2,411	10,446
Other receivable		39,412	44,388
Bank balances		349,050	313,342
		<u>390,873</u>	<u>368,176</u>
Current liabilities			
Accrued expenses and other payable		14,490	10,195
		<u>14,490</u>	<u>10,195</u>
Net Current Assets		<u>376,383</u>	<u>357,981</u>
NET ASSETS		<u>376,383</u>	<u>357,981</u>
Represented by:			
Operating funds	7	40,756	40,756
General surplus	7	335,627	317,225
		<u>376,383</u>	<u>357,981</u>

Approved by the Steering Committee and signed on its behalf by



Louise GARNAUT
Chairperson



Maria WONG
Treasurer

The accompanying notes to the financial statements form an integral part of, and should be read in conjunction with, these financial statements.

ADOPTIVE FAMILIES OF HONG KONG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

Reporting entity

Adoptive Families of Hong Kong (the "Society") was established in Hong Kong on 20 December 1993 as a non-for-profit society under the Societies Ordinance (Cap.151). The Society was registered as a charitable institution and as granted tax-exempt charitable status under Section 88 of the Inland Revenue Ordinance effective from 3 March 2011. The tax-exempt charitable status is currently being reviewed and is subject to the approval of Inland Revenue Department.

The Society's registered office is located at 52 Tai Hang Hau, Clear Water Bay, New Territories, Hong Kong.

The principal activity of the Society is connecting, supporting and celebrating adoptive families in Hong Kong and helping educate the greater community about adoption.

1. Basis of preparation

The financial statements of the Society has been prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") issued by the Hong Kong Institute of Certified Public Accountants.

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

The measurement base adopted is the historical cost convention.

2. Significant accounting policies

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

(a) Revenue

Revenue is recognised when it is probable that the economic benefits will flow to the Society and when the revenue can be measured reliably, on the following bases:

- (i) donation received is recognized on a cash basis upon receipt unless there is any obligation to be met before it becomes non-refundable;
- (ii) sale of goods is recognised when the goods are delivered and the risks and rewards of ownership have passed to the customer, and the Society retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- (iii) membership fee income is recognized on a cash basis upon receipt unless there is any obligation to be met or service to be provided before it becomes non-refundable; and
- (iv) interest income is recognised on a time proportion basis taking into account the principal outstanding and the interest applicable.

ADOPTIVE FAMILIES OF HONG KONG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

(b) Foreign exchange

The reporting currency of the Society is Hong Kong Dollars, which is the currency of the primary economic environment in which the Society operates.

Foreign currency transactions are converted at the exchange rate applicable at the transaction date. Foreign currency monetary items are translated into Hong Kong Dollars using exchange rates applicable at the end of the reporting period. Gains and losses on foreign exchange are recognised in the income statement.

(c) Taxation

Income tax expense represents current tax expense. The income tax payable represents the amounts expected to be paid to the taxation authority, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is not provided.

(d) Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Society are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement.

Capitalised leased assets are included in property, plant and equipment and are depreciated and assessed for impairment losses in the same way as owned assets.

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

(e) Accounts and other receivables

Accounts and other receivables are stated at estimated realisable value after each debt has been considered individually. Where the payment of a debt becomes doubtful a provision is made and charged to the income statement.

ADOPTIVE FAMILIES OF HONG KONG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

3. Income

An analysis of the Society's income is as follows:

	2017	2016
	HKD	HKD
Donations	3,156	13,090
Membership fee income	54,934	47,306
Programs and events income	66,007	93,890
	<u>124,097</u>	<u>154,286</u>

4. Surplus before tax

The Society's surplus before tax is arrived at after charging (crediting):

	2017	2016
	HKD	HKD
Staff cost		
- Key management personnel (including director's emoluments disclosed in Note 5)	-	-
- Other staff	62,550	50,452
	<u>62,550</u>	<u>50,452</u>

5. Steering committee members' emoluments

The aggregate amounts of the steering committee members' emoluments are as follows:

	2017	2016
	HKD	HKD
Fee	-	-
Other emoluments	-	-
	<u>-</u>	<u>-</u>

6. Income tax expense

The Society was registered as a charitable institution and as granted tax-exempt charitable status under Section 88 of the Inland Revenue Ordinance effective from 3 March 2011. The tax-exempt charitable status is currently being reviewed and is subject to the approval of Inland Revenue Department ("IRD").

No provision has been made for Hong Kong profits tax as the steering committee considers that the Society is a non-for-profit organization. Should the IRD not approved the tax-exempt charitable status, tax liabilities would arise.

ADOPTIVE FAMILIES OF HONG KONG
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

7. Changes in funds

	Operating funds HKD	General surplus HKD	Total (Note 1) HKD
At 1 April 2016	40,756	317,225	357,981
Surplus for the year	-	18,402	18,402
At 31 March 2017	40,756	335,627	376,383

Note: In accordance with the Society's Memorandum of Association, if upon the winding up or dissolution of the Society, after satisfaction of all its debts and liabilities, any property whatsoever, the same shall not be paid to or distributed among the members of the steering committee or members of the Society, but shall be given or transferred to a Hong Kong government-approved charitable institution which focuses its activities up on children.

8. Related party transactions

The Society had no related party transactions during the year.

9. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

10. Approval of financial statements

These financial statements were approved and authorised for issue by the Society's steering committee on **30 MAY 2019**.