

## **Flag Days**

### **Applicant organisations should meet the following eligibility criteria –**

- The applicant organisation must be a bona-fide non-profit-making organisation exempt from tax under Section 88 of the Inland Revenue Ordinance, Cap. 112.
- The applicant organisation must have organised charitable activities in each of the past three years after it was registered for tax exemption under Section 88 of the Inland Revenue Ordinance, Cap. 112 by the closing date of flag day application, and provide such record to SWD for the purpose of consideration of its application. In this regard, the applicant organisation should produce corresponding audited annual financial statements to support its record of charitable activities in the past three years.
- Applications from charitable organisations which are associated with commercial organisations would be considered ineligible for this flag day allocation exercise.
- Closely-related organisations are not allowed to apply for flag day separately in the same exercise to ensure fair chances among all applicant organisations. Closely-related organisations normally include but are not limited to holding-subsidiary organisations, organisations of the same group or organisations which exhibit close relationship in such aspects as levels of duplication of Board members, shared administrative staff, shared accommodation or non-arm's length transfer of resources/ monies, etc. However, applications from non-governmental organisations (NGOs) with independent Social Welfare Department (SWD) subvention status would normally be considered eligible under this provision. Applicants must make a self-declaration that they have no closely-related organisations applying in the same exercise. Non-compliance may render NGOs' current applications being rejected and their eligibility for future application may also be affected.

- SWD must be satisfied that the applicant organisation is suitable for organising the flag day fund-raising activities, taking into consideration a number of factors, including but not limited to the applicant organisation's:
  - (a) integrity;
  - (b) management capability;
  - (c) track record of previous charitable activities;
  - (d) financial position (which may be reflected in the annual financial statement, such as its financial stability, irregular financial arrangements, etc.) In particular, its compliance with the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards, Hong Kong Companies Ordinance and other applicable ordinances, regulations or reporting requirements etc., would be taken into account; and
  - (e) records of non-compliance with the conditions of a Public Subscription Permit (including flag days or other fund-raising activities), etc
  
- The applicant organisation must allow the staff of the SWD to conduct on-site inspection of the organisation, its service unit(s) and activities.
  
- The nature, value and standard of existing services provided by the applicant organisation or by its member agencies and the purpose of the proposed flag day should be in support of a cost-effective charitable activity measured in terms of the number of beneficiaries and the degree of improvement to the well being of the community. The flag day proceeds should normally be used in direct services to be provided by the applicant organisations and should not be donated to other organisations.
  
- The applicant organisation should establish its need for charitable fund-raising through a flag sale. Inter alia, the applicant organisation's estimated income and expenditure of the project(s) to be funded by the flag sale for the forthcoming year and its proposed target net proceeds would be used to assess the organisation's need.
  
- The applicant organisation should have the ability to organise a flag sale effectively.
  
- Applications from organisations which have poorly organised their flag day in the past may be considered ineligible for the flag day allocation exercise.

- Where necessary, SWD may impose additional criteria and conditions, on the advice of the Lotteries Fund Advisory Committee.

Last update on 6.8.2018