



CHRIST IS THE
ANSWER MINISTRIES
[CITAM]

Financial Statements

2020

AS AT 31 DECEMBER 2020





CHRIST IS THE ANSWER MINISTRIES (CITAM)

AUDITED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2020

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Certified Public Accountants
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CHRIST IS THE ANSWER MINISTRIES (CITAM)

| | | |
|----------------------|--|---|
| DEACON BOARD MEMBERS | : *Rev. Dr. David Oginde | - Presiding Bishop |
| | : **Rev. Calisto Odede | - Presiding Bishop |
| | : Rev. Dr. John Karita | - Deputy Bishop |
| | : Mr. Martin Munyu | - Secretary |
| | : Mrs. Caroline Wambugu | - Treasurer |
| | : Mr. David Kitur | |
| | : Mr. Caleb Mutali | |
| | : Dr. Martin Kiogora | |
| | : Mr. Richard Arina | |
| | : Mrs. Unny Nzioka | |
| | : Mr. George Asoyo | |
| | : Mrs. Christine Ojera | |
| | : Mrs. Catherine Wahome | |
| | : Mr. Abraham Irudhayaraj | |
| | : **Ms. Esther Chengo | |
| | : Rev. Elias Mwaura | - Director for Administration (Ex-officio) |
| | * - Retired in October 2020 | |
| | **- Joined in October 2020 | |
| REGISTERED ADDRESS | : Christ Is The Answer Ministries 2nd Parklands Avenue P. O. Box 42254 - 00100 NAIROBI | |
| PRINCIPAL BANKERS | : Co-operative Bank of Kenya Ltd University Way Branch P. O. Box 48231-00100 NAIROBI | |
| | : KCB Bank Kenya Ltd Sarit Centre Branch P. O. Box 14959-00800 NAIROBI | |
| | : Stanbic Bank Kenya Ltd Waiyaki Way Branch P. O. Box 30550 NAIROBI | |
| LEGAL ADVISORS | : B.M. Mutie & Co. Advocates 2nd Floor MMID Studio Westlands Road, Westlands P. O. Box 14846-00100 NAIROBI | |
| INDEPENDENT AUDITORS | : KKCO East Africa Certified Public Accountants of Kenya | |

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Report of the Deacon Board**

The Deacon Board has pleasure in presenting its report together with the audited financial statements for the year ended 31st December 2020.

REGISTRATION

CITAM is registered under the Kenyan Societies Act under Certificate Number 8870.

PRINCIPAL ACTIVITY

The principal activity of the Ministry is to know God and make Him known through evangelism and discipleship.

FINANCIAL PERFORMANCE OVERVIEW

The Treasurer's report for the year is on pages 3 to 9.

RESULTS

The results for the year are set out on page 19.

CITAM CORPORATE GOVERNANCE

The statement of Corporate Governance is set out on pages 10 to 15.

IMPACT OF COVID-19 ON THE MINISTRY'S SUSTAINABILITY

In March 2020, the World Health Organization declared a global pandemic due to the emergence of COVID-19. Since then, the situation has been constantly evolving leading to multiple impacts on local, national and global economies. In Kenya, the containment measures (partial lockdown) were introduced on 15th March 2020 following the announcement of the first case. The pandemic has had an impact on the Ministry's financial statements as a result of travel restrictions, disrupted school calendar, restrictions to church gatherings and other business interruptions.

The Deacon Board has been closely monitoring the situation and responding to ensure the Ministry is sustainable during and after the pandemic.

DEACON BOARD MEMBERS

The names of the members who served during the year and upto the date of this report are set out on page 1.

Changes during the year were as follows :-

Joined on 17/10/2020

- Rev. Calisto Odede
- Ms. Esther Chengo

Term ended on 17/10/2020

- Rev. Dr. David Oginde
- Dr. Faith Thuita
- Prof. Paul K. Mbugua

INDEPENDENT AUDITORS

The auditors, KKCO East Africa, Certified Public Accountants, have expressed their willingness to continue in office.

MARCH 5, 2021

Date

By Order of the Deacon Board

Nashir Mwangi
Secretary



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer

2020 OVERVIEW

Operating Environment

The operating environment in the year 2020 faced exceptional challenges for the longest part of the year due to Covid-19 pandemic. This impacted negatively on both the national and the world economy. The guidelines issued by the government as an effort to contain the pandemic majorly disrupted businesses, employment, supply chains and people's livelihood.

The ministry recorded an impressive performance against the backdrop of this difficult and challenging year. This performance was achieved as a result of the continuous faithful giving by members and the effective action plans put in place by management from the start of the pandemic. Cost saving measures proactively undertaken cushioned the ministry from negative results and cash flow constraints.

Financial performance

Income

Total income for the year 2020 decreased by 12% to KSh 1.96 billion down from KSh 2.23 billion. This was majorly due to the adverse economic impact of Covid-19 pandemic that resulted to closure of learning institutions, closure of or reduced businesses and ban of social gatherings.

Assemblies' income declined by 13% with most of the Assemblies recording income reduction in 2020 compared to 2019. This was as a result of significant reduction of designated and other ministry income, donations and other income.

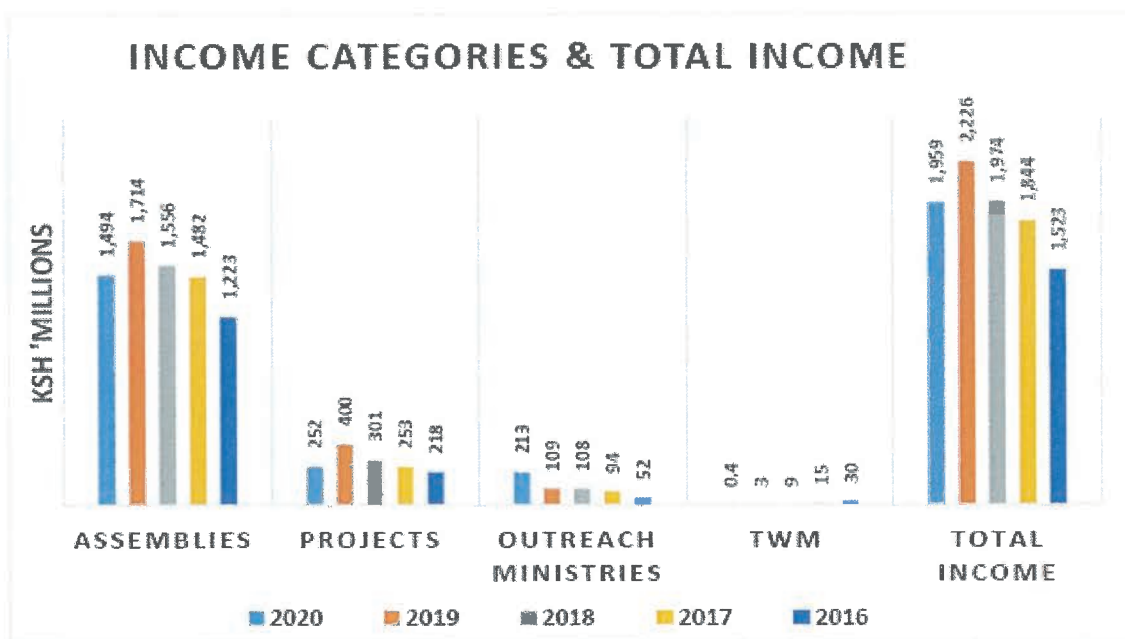
Business units' income declined by 37% to KSh 252 million down from KSh 400 million in 2019. This was majorly due to closure of hotels, eateries and Learning institutions. Closure of schools impacted on the catering and transport units.

Outreach ministries income increased by 95% to KSh 213 million up from KSh 109 million in 2019. This was majorly due to inter-unit sales from CITAM Broadcasting service (CBS) provided by Hope media from the onset of Covid-19 pandemic to the year end.

Below is the analysis of total income for the last five (5) years

| | 2020 KES Millions | 2019 KES Millions | 2018 KES Millions | 2017 KES Millions | 2016 KES Millions |
|-------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assemblies Income (Note 4) | 1,494 | 1,714 | 1,556 | 1,482 | 1,223 |
| Projects Income (Note 5) | 252 | 400 | 301 | 253 | 218 |
| Outreach ministries Income (Note 6) | 213 | 109 | 108 | 94 | 52 |
| Together we can do more (Note 8) | 0.35 | 3 | 9 | 15 | 30 |
| Total Income | 1,959 | 2,226 | 1,974 | 1,844 | 1,523 |

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)*Year on Year percentage growth in Income*

| | 2019 - 2020 | 2018 - 2019 |
|----------------------------|-------------|-------------|
| Assemblies Income | -13% | 10% |
| Projects Income | -37% | 33% |
| Outreach ministries Income | 95% | 1% |
| Together we can do more | -88% | -67% |
| Total | -12% | 11% |

Below is an analysis of total income by region

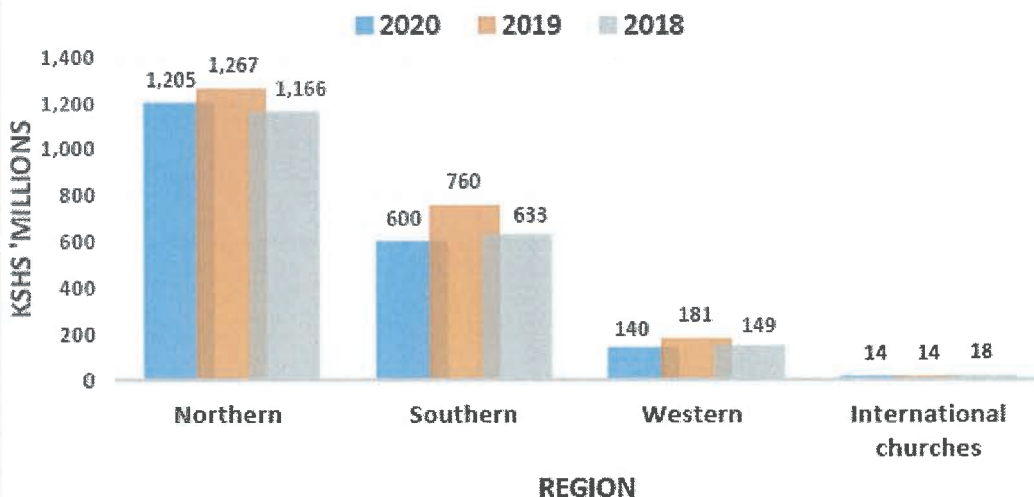
| Region | 2020 KES Millions | 2019 KES Millions | 2018 KES Millions |
|------------------------|----------------------|----------------------|----------------------|
| Northern Region | 1,205 | 1,267 | 1,166 |
| Southern Region | 600 | 760 | 633 |
| Western Region | 140 | 181 | 149 |
| International churches | 14 | 14 | 18 |
| Total | 1,959 | 2,222 | 1,966 |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)

INCOME BY REGION 2018-2020



Expenditure

Total operating expenditure for the year 2020 declined by 12% to KSh 1.48 billion down from KSh 1.68 billion reported in 2019. All expense categories significantly decreased during the year mainly due to the effects of Covid-19 pandemic.

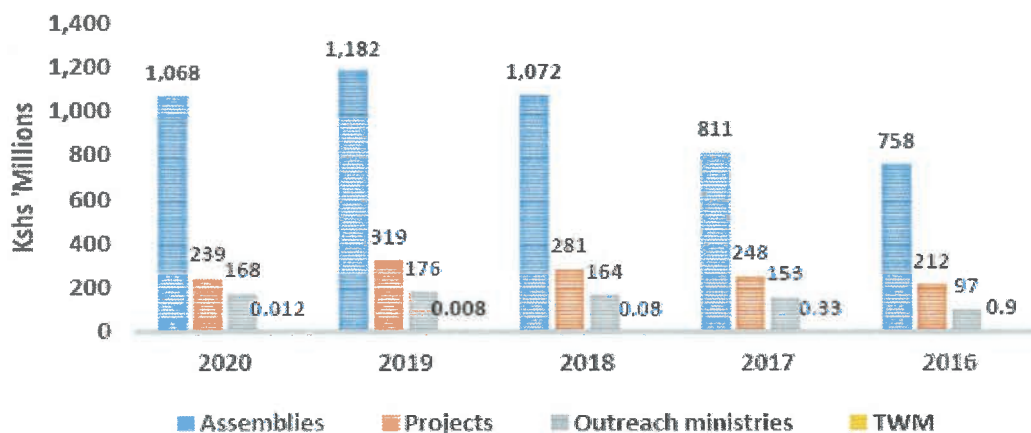
Below is an analysis of the total expenses for the last five (5) years

| | 2020 KES Millions | 2019 KES Millions | 2018 KES Millions | 2017 KES Millions | 2016 KES Millions |
|---------------------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Assemblies Expenses (Note 4) | 1,068 | 1,182 | 1,072 | 811 | 758 |
| Projects Expenses (Note 5) | 239 | 319 | 281 | 248 | 212 |
| Outreach ministries Expenses (Note 6) | 168 | 176 | 164 | 153 | 97 |
| Together we can do more (Note 7) | 0.012 | 0.008 | 0.08 | 0.33 | 0.9 |
| Totals | 1,475 | 1,677 | 1,517 | 1,212 | 1,068 |

Year on Year percentage growth in Expenses

| | 2019 - 2020 | 2018 - 2019 | 2017- 2018 |
|------------------------------|----------------|----------------|---------------|
| Assemblies Expenses | -10% | 10% | 32% |
| Projects Expenses | -25% | 14% | 13% |
| Outreach ministries Expenses | -5% | 8% | 7% |
| Together we can do more | 50% | -89% | -75% |
| Totals | -12% | 11% | 25% |

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)**EXPENDITURE TIMELINES**

Staff expenses decreased by 7% to KSh 608 million from KSh 653 million reported in 2019. This was majorly attributed to suspension of staff recruitment, promotions, and deferment of some benefits/allowances to a future period when the economy normalises.

Administrative expenses decreased by 26% to KSh 450 million from KES 606 million reported in 2019. This was majorly due to reduced operations costs resulting from effects of Covid-19 pandemic which led to closure of learning institutions, businesses and ban of physical gatherings hence suspension of in-person church services.

Ministry expenses remained relatively the same at KSh 417 million from KES 418 million in 2019. This was mainly due to the CITAM Broadcasting services costs. However, other ministry costs decreased significantly as a result of reduced physical ministry activities during the year.

Below is the analysis of Expenses by Category for last five (5) years

| Expenditure category | 2020 KES Millions | 2019 KES Millions | 2018 KES Millions | 2017 KES Millions | 2016 KES Millions |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| Staff Expenses | 608 | 653 | 604 | 521 | 469 |
| Administrative expenses | 450 | 606 | 549 | 398 | 343 |
| Ministry expenses | 417 | 418 | 364 | 294 | 256 |
| TWM Expenses | 0.012 | 0.008 | 0.08 | 0.33 | 93 |
| Capital Expenditure | 195 | 327 | 312 | 543 | 327 |
| Total Expenses | 1,670 | 2,004 | 1,829 | 1,756 | 1,488 |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)

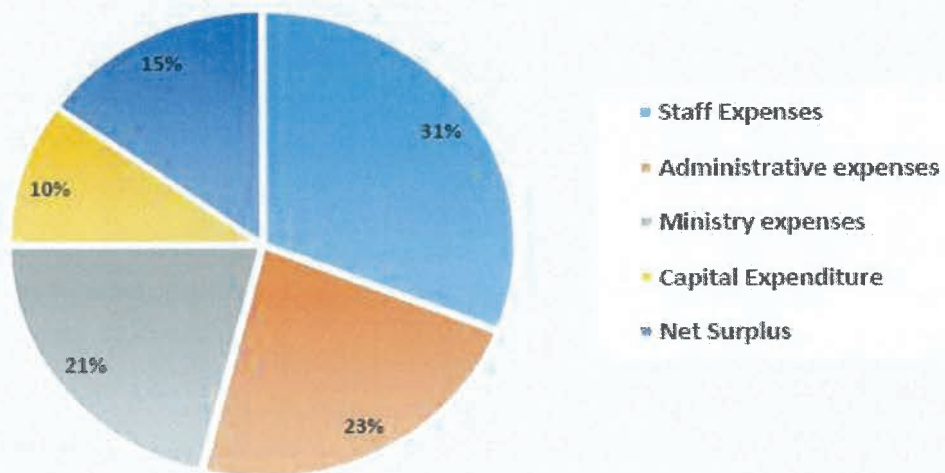
Staff, Assemblies and unit numbers for the last five (5) years

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------------|------|------|------|------|------|
| Number of staff | 523 | 554 | 500 | 491 | 418 |
| Number of Assemblies | 27 | 27 | 21 | 19 | 18 |
| Number of Schools | 7 | 7 | 8 | 8 | 8 |
| Number of other units | 21 | 18 | 17 | 16 | 12 |
| Number of Outreach ministries | 7 | 6 | 9 | 9 | 4 |

Total expenses expressed as a percentage of the total income for the last five (5) years.

| Expenditure category | 2020 | 2019 | 2018 | 2017 | 2016 |
|-------------------------|------|------|------|------|------|
| Staff Expenses | 31% | 29% | 31% | 28% | 31% |
| Administrative expenses | 23% | 27% | 28% | 22% | 23% |
| Ministry expenses | 21% | 19% | 18% | 16% | 17% |
| TWM Expenses | 0% | 0% | 0% | 0% | 6% |
| Capital Expenditure | 10% | 15% | 16% | 29% | 21% |

Expenses as a percentage of Total income

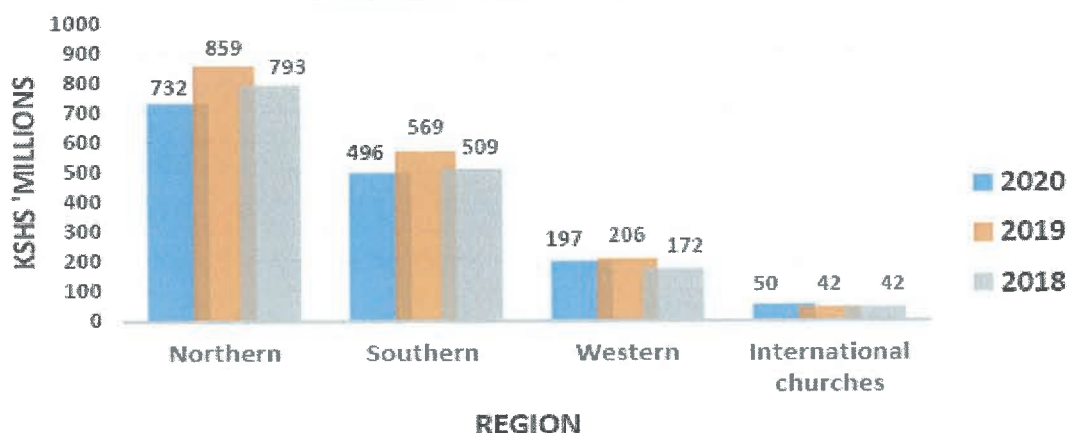


CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer..../(Contd.)

Below is the analysis of the expenses per region

| | 2020 Kshs Millions | 2019 Kshs Millions | 2018 Kshs Millions |
|------------------------|--------------------------|--------------------------|--------------------------|
| Northern Region | 732 | 859 | 793 |
| Southern Region | 496 | 569 | 509 |
| Western Region | 197 | 206 | 172 |
| International churches | 50 | 42 | 42 |

Expenditure by Region**Surplus**

Surplus before Capital Expenditure declined by 6% to KSh 485 million from KSh 514 million reported in 2019. This was driven by the ministry's overall decrease in total income impacted by Covid-19 pandemic during the year.

Net surplus after capital expenditure increased by 55% to KSh 290 million from KSh 187 million reported in 2019. This was driven by the reduction in capital expenditure by 41% following the suspension of major capital projects due to the pandemic.

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | Kshs millions | Kshs millions | Kshs millions | Kshs millions | Kshs millions |
| Surplus before Capital Expenditure | 485 | 514 | 458 | 631 | 362 |
| Net Surplus for the year | 290 | 187 | 145 | 88 | 35 |

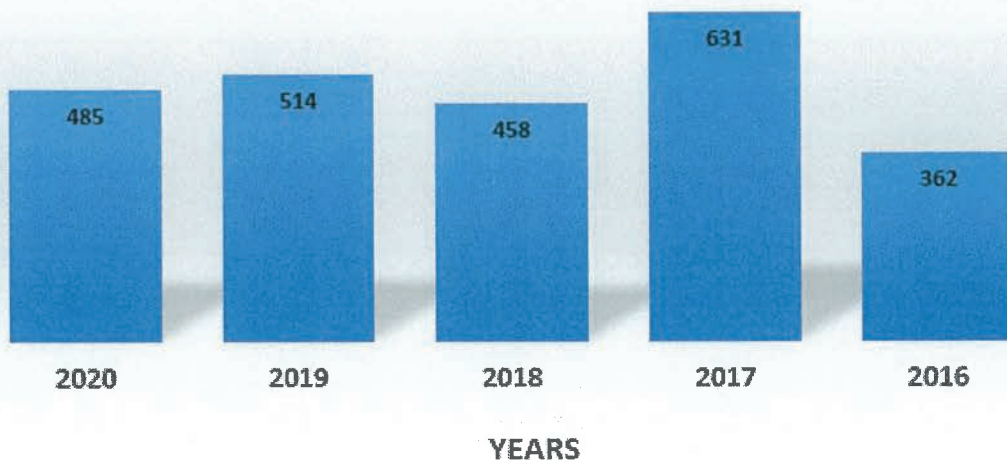


CHRIST IS THE ANSWER MINISTRIES (CITAM)

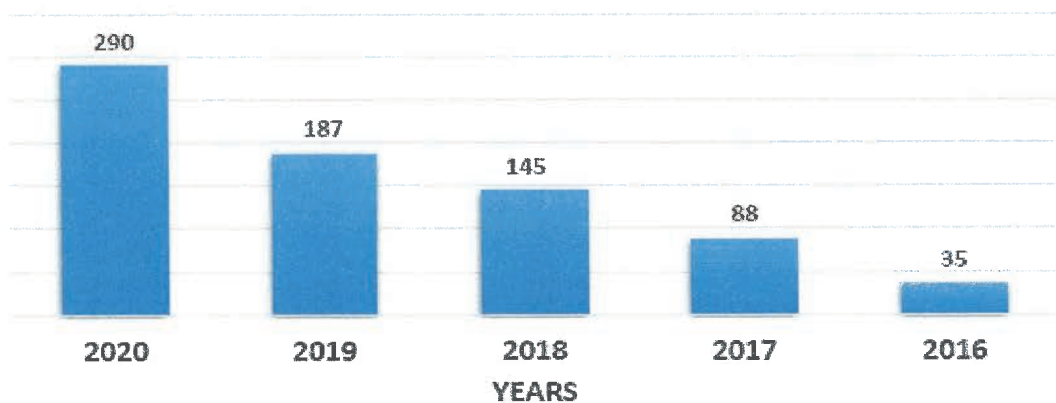
Report of the Treasurer..../(Contd.)

Below is the analysis of surplus before capital expenditure for the past 5 years

Surplus before Capital Expenditure (Kshs 'Millions')



Net surplus for the year (Kshs 'Millions')



Conclusion

On behalf of the Deacon Board, we remain forever grateful to our God for successfully taking us through a challenging year. We most sincerely appreciate all CITAM congregants and partners for their prayers and for going out of their way in faithful giving to support the ministry during a difficult season. May the Lord God Almighty replenish your resources and prosper you in all that you do.

We also thank all the staff for the synergy in offering your services through-out the year to ensure the ministry did not halt. May the Lord bless you all.

Church Treasurer



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Corporate Governance

Christ Is The Answer Ministries (CITAM) continues to strengthen and uphold high standards of Corporate Governance in order to direct, manage and control the affairs of the ministry. Governance structures have been set with a primary objective of enhancing prosperity, sustainability and corporate accountability with the ultimate objective of realising the ministry's long-term values and vision. CITAM also strives to ensure that all its affairs are done with commitment, integrity, transparency and accountability which are not only the principles of good governance but also form part of the core values of the ministry. CITAM has a broad and detailed governance structure which is well stipulated in the Church constitution.

Prior to 2019 the governance CITAM structure had the AGM as the apex decision making organ, seconded by the ADC followed by the Bishop assisted by the Deputy Bishop, then the Deacon Board and the Elders Council, and the Assembly advisory Committees.

However as at 27th April 2019, members sitting at the Annual General Meeting, in exercise of their mandate amended the constitution in essence changing the governance structure of the Church. The amendments largely looked into decentralization and regionalization of Ministry. The new governance structure of the Ministry therefore is as follows:

Annual Delegates Conference (ADC)

This is the supreme decision-making body of the ministry. Its attendance is capped at 1200 delegates drawn from all assemblies. All the decisions made at the RAGM's are ratified during the ADC. The purpose of the ADC is to give delegates a report on the church activities and finances for the previous year. Delegates are allowed to ask questions; elect members of the church governing body and also appoint the auditor for the following year.

Regional Annual General Meetings (RAGM's).

CITAM established three (3) regions in which assemblies and units within each of the region are clustered together. Each region holds a general meeting once a year. All matters relating to region are discussed extensively at the RAGM and decisions made ratified at the ADC. The members ratify the delegates elected at the assembly to the ADC. Nominated Deacon Board members from the assemblies are presented at the RAGM, but election is carried in the ADC. Each region is led by a regional overseer and a deputy regional overseer. Currently the three (3) regions are; Northern, Western and Southern Regions.

Deacon Board

The Deacon Board overall responsibility is to provide leadership in administrative, business and legal matters, ensure effective governance and fiduciary oversight of the ministry. The Deacon Board is also responsible for establishment of the ministry's strategy and policies, monitoring and reviewing the performance of the ministry in their areas of mandate and ensuring that the internal controls are adequate and strong to safeguard the ministry's resources.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Corporate Governance..../(Contd.)

The responsibility of daily operations is delegated to a management team appointed by the board. A clear segregation of duties between the board and management is always maintained. The Deacon board makes all operations policy decisions while management implements the decision of the board.

The Deacon Board meets at least quarterly in a year but additional meetings may be held on need basis. This is aimed at receiving relevant information in order to make timely decisions affecting the ministry.

A total of seventeen (17) Deacon Board meetings were held during the year.

The table below shows the Deacon Board members who served during the year.

| MEMBERS | REMARKS |
|-------------------------|-----------------------------------|
| Bishop Dr. David Oginde | Chairman-Term ended on 17.10.2020 |
| Bishop Calisto Odede | Joined on 17.10.2020 |
| Bishop John Karita | Vice -Chairman |
| Mrs. Caroline Wambugu | Church Treasurer |
| Mr. Martin Munyu | Church Secretary |
| Prof. Paul Mbugua | Term ended on 17.10.2020 |
| Dr. Martin Kiogora | Member |
| Mr. George Asoyo | Member |
| Mrs. Christine Ojera | Member |
| Mrs. Catherine Wahome | Member |
| Mr. David Kitur | Member |
| Mr. Caleb Mutali | Member |
| Mr. Richard Arina | Member |
| Mr. Abraham Irudhayaraj | Member |
| Dr. Faith Thuita | Term ended on 17.10.2020 |
| Esther Chengo | Joined on 17.10.2020 |
| Rev. Elias Githuka | Ex-officio |

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Statement of Corporate Governance..../(Contd.)**

The table below shows the number of Deacon Board meetings held during the year.

| S.No | DATE OF MEETING | ATTENDANCE |
|------|---------------------------------|------------|
| 1 | 21 st January 2020 | 10 |
| 2 | 15 th February 2020 | 17 |
| 3 | 5 th March 2020 | 12 |
| 4 | 23 rd March 2020 | 13 |
| 5 | 7 th April 2020 | 17 |
| 6 | 13 th May 2020 | 17 |
| 7 | 29 th June 2020 | 16 |
| 8 | 6 th July 2020 | 16 |
| 9 | 13 th July 2020 | 17 |
| 10 | 21 st August 2020 | 17 |
| 11 | 14 th September 2020 | 17` |
| 12 | 22 nd September 2020 | 14 |
| 13 | 25 th September 2020 | 15 |
| 14 | 17 th October 2020 | 16 |
| 15 | 6 th November 2020 | 17 |
| 16 | 26 th November 2020 | 17 |
| 17 | 15 th December 2020 | 16 |

Composition of the Deacon Board

The Deacon Board comprises of the Presiding Bishop and the Deputy Bishop as the chairman and deputy chairman respectively, the Director For Administration, not more than 12 elected members and 3 co-opted members where necessary, for smooth and efficient running of the church business. The members are nominated at the Assembly level but are elected at the supreme organ of the Ministry which is the ADC.

The Board members have a wide range of skills and experience and each bring independent judgement and considerable knowledge which may be useful and helpful in the board discussions.

Delegation of Authority

The Deacon Board has nine (9) - sub-committees with delegated authorities. The committees assist the Board is discharging its responsibilities. The committees have clear defined roles and terms of reference. The sub-committees meet regularly to deliberate on issues that fall under their mandate.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Corporate Governance..../(Contd.)

The table below shows the Deacon Board sub-committees and the respective chairperson during the year.

| | Committees | No. of members | Chaired by: |
|---|-----------------------------------|----------------|----------------------------|
| 1 | Finance committee | 7 | Deacon Caroline Wambugu |
| 2 | Audit & Risk Management committee | 7 | Deacon Richard Arina |
| 3 | Human Resources Committee | 6 | Deacon Martin Munyu |
| 4 | ICT committee | 4 | Deacon David Kitur |
| 5 | Media Board/Caretaker Committee | 7 | Deacon Abraham Irudhayaraj |
| 6 | Business Management Committee | 9 | Deacon David Kitur |
| 7 | Building Committee | 6 | Deacon Dr. Martin Kiogora |
| 8 | Legal Committee | 4 | Deacon Martin Munyu |
| 9 | CITAM Children Centre Committee | 8 | Deacon Christine Ojera |

In addressing certain unique needs that face the Ministry, the Board may constitute ad hoc Committees, or Taskforces to address the said issues.

Elders Council

The Elders council takes the responsibility for safeguarding the vision and mission of the church and oversees all spiritual matters of the church. They perform all the duties as detailed in the constitution.

The Elders' Council meet at least four (4) times a year but the Presiding Bishop may convene more meetings on need basis. A total of twenty (20) meetings were held during the year.

The Table below shows the Elders' Council members who served in the year 2020.

| COUNCIL MEMBER | COMMENT |
|------------------------------|------------------------------|
| Bishop Dr. David Oginde | Term ended on 17.10.2020 |
| Bishop Calisto Odede | Chairman - Joined 17.10.2020 |
| Bishop Dr. John Karita | Vice Chairman |
| Elder Geoffrey Kihara | Secretary |
| Elder Pius Cokumu | Term ended on 17.10.2020 |
| Elder Marcellina M'mwirichia | Elder |
| Elder Teresia Biu | Elder |
| Elder Don Odera | Elder |
| Elder James Maina | Elder |
| Elder Lawrence Oseje | Joined on 17.10.2020 |
| Elder Boniface Musembi | Joined on 17.10.2020 |
| Rev. Elias Githuka | Ex-officio |
| Elder Michael Kiboino | Term ended on 17.10.2020 |

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Statement of Corporate Governance..../(Contd.)**

The table below shows the number of council of elders' meetings held during the year and the total attendance for each meeting.

| COUNCIL OF ELDERS MEETINGS FOR THE YEAR 2020 | | |
|---|--|-------------------|
| S/No. | DATE OF MEETING | ATTENDANCE |
| 1 | 31 st January 2020 | 9 |
| 2 | 10 th February 2020 | 7 |
| 3 | 12 th February 2020 | 6 |
| 4 | 14 th February 2020 | 7 |
| 5 | 20 th February 2020 | 8 |
| 6 | 25 th February 2020 | 9 |
| 7 | 28 th February 2020 | 8 |
| 8 | 4 th March 2020 Morning | 8 |
| 9 | 4 th March 2020 Evening | 8 |
| 10 | 10 th March 2020 | 10 |
| 11 | 29 th April 2020 | 10 |
| 12 | 19 th May 2020 | 10 |
| 13 | 10 th July 2020 | 10 |
| 14 | 29 th July 2020 | 10 |
| 15 | 10 th August 2020 | 10 |
| 16 | 12 th August 2020 | 9 |
| 17 | 10 th September 2020 | 10 |
| 18 | 15 th September 2020 | 10 |
| 19 | 6 th October 2020 | 10 |
| 20 | 28 th October 2020 | 11 |
| 21 | 2 nd November 2020 | 11 |
| 22 | 25 th November 2020 (Morning) | 9 |
| 23 | 25 th November 2020 (Evening) | 11 |
| 24 | 16 th December 2020 | 10 |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Corporate Governance..../(Contd.)

The table below shows the number of council of elders' meetings held during the year and the total attendance for each meeting.

Trustees

All land, buildings and other immovable property, all investments and securities acquired by the CITAM are vested in a Trust of the church.

The table below shows the current board of Trustees.

| NAME | COMMENT |
|---------------------|--------------------------|
| Julius Kitheka | Trustee |
| Margaret Hutchinson | Trustee |
| Judy Mbugua | Term ended on 17.10.2020 |
| David Tanki | Trustee |
| Bill Nyasio | Trustee |
| Nelson Kuria | Joined in 17.10.2020 |

Local Advisory committee

Every Assembly has an advisory committee to support the management and coordination of the affairs of the assembly.

Board of Management (BOM)

Every school has board of management which supports the management and coordination of the affairs of the schools.

Compliance statement

CITAM ministry is guided by the Societies Act, 2012 and all other laws and regulations relevant to its operations.

Internal controls

It is the responsibility of the Deacon Board to ensure that a system of internal control that provides reasonable assurance of effective and efficient operations in the ministry is maintained. The ministry has internal control policies and procedures which the Deacon Board has reviewed and are satisfied that appropriate procedures are in place. The business of the church is therefore conducted within this framework and is monitored by the Internal Audit Department and given oversight by the Board Audit Committee.

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Statement of Deacon Board Responsibilities****for the year ended 31st December 2020**

The Deacon Board is required to prepare financial statements for each financial year that give a true and fair view of the financial position of the Ministry as at the end of the financial year and of its surplus or deficit for that year. It also requires the Board to ensure that the Ministry keeps proper accounting records that: (a) show and explain the transactions of the Ministry (b) disclose, with reasonable accuracy, the financial position of the Ministry; and (c) enable the Deacon Board to ensure that every financial statement required to be prepared complies with the requirements of the Kenyan Societies Act.

The Deacon Board accepts responsibility for the preparation and presentation of these financial statements in accordance with the International Financial Reporting Standard and in the manner required by the Kenyan Societies Act. The Board also accepts responsibility for:

- i) Designing, implementing and maintaining such internal control as they determine necessary to enable the presentation of financial statements that are free from material misstatements, whether due to fraud or error;
- ii) Selecting suitable accounting policies and applying them consistently; and
- iii) Making accounting estimates and judgements that are reasonable in the circumstances.

Having made an assesment of the Ministry's ability to continue as a going concern, the Deacon Board is not aware of any material uncertainties related to events or conditions that may cast doubt upon the Ministry's ability to continue as a going concern.

The Deacon Board acknowledges that the independent audit of the financial statements does not relieve the Board of its responsibilities.

Approved by the Deacon Board on March 5, 2021 and signed on its behalf by:-



Chairman



Treasurer


KKCO
KKCO East Africa
 Certified Public Accountants

Report of the Independent Auditors

to the members of Christ Is The Answer Ministries

on the financial statements for the year ended 31st December 2020

Opinion

We have audited the financial statements of **Christ Is The Answer Ministries (CITAM)** set out on pages 19 to 42, which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in funds and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Christ Is The Answer Ministries as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the financial statements section of our report. We are independent of the Ministry in accordance with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Kenya. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Kenya. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Deacon Board is responsible for the other information. The other information comprises the Report of the Deacon Board, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditors' report thereon.

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

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

Responsibilities of the Deacon Board for the financial statements

The Deacon Board is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standard and for such internal control as the Deacon Board determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Member Firm of


 A worldwide association of independent accounting firms
 and business advisers (www.dfk.com).

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Report of the Independent Auditors****to the members of Christ Is The Answer Ministries**

In preparing the financial statements, the Deacon Board is responsible for assessing the Ministry'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 Deacon Board either intend to liquidate the Ministry or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing 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 International Standards on Auditing, we exercise professional judgement 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 Ministry's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Deacon Board.
- Conclude on the appropriateness of the Deacon Board 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 Ministry's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Ministry 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 Deacon Board 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.

The engagement partner responsible for the audit resulting in this independent auditors' report is CPA Nimrod Kurgat (P. 1905).

Nairobi, Kenya

March 8, 2021


KKCO East Africa
Certified Public Accountants of Kenya



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Comprehensive Income

for the year ended 31st December 2020

| | | 2020 | 2019 |
|--|-------------|---------------------------|---------------------------|
| ASSEMBLIES INCOME | Note | Kshs | Kshs |
| Tithes and offerings | | 1,448,823,364 | 1,445,001,027 |
| Fundraising and donations | | 16,371,547 | 111,848,402 |
| Church plant contributions | 9 | - | 82,238,496 |
| Ministries and departments | | 11,297,722 | 34,544,995 |
| Sale of books | | - | 19,279,516 |
| Rental income | | 6,410,639 | 15,154,185 |
| Interest income | | 10,541,371 | 5,467,046 |
| Other income | | 598,931 | 800,635 |
| Total assemblies income | 4 | <u>1,494,043,574</u> | <u>1,714,334,302</u> |
| ASSEMBLIES EXPENSES | | | |
| Staff costs | | 347,169,277 | 375,049,108 |
| Administration costs | | 307,404,041 | 388,594,881 |
| Ministries costs | | <u>412,976,774</u> | <u>418,157,585</u> |
| Total assemblies expenditure | 4 | <u>1,067,550,092</u> | <u>1,181,801,574</u> |
| SURPLUS BEFORE PROJECTS AND CAPITAL EXPENDITURE | | 426,493,482 | 532,532,728 |
| Projects net income | 5 | 12,877,258 | 78,977,445 |
| Special outreach activities net expenses | 6 | 45,059,410 | (65,527,187) |
| Together We Can do More-net income | 8 | 339,053 | 3,065,847 |
| Church plant contributions deferred | 9 | - | (34,828,017) |
| | | <u>58,275,721</u> | <u>(18,311,912)</u> |
| SURPLUS BEFORE CAPITAL EXPENDITURE | | 484,769,203 | 514,220,816 |
| Capital expenditure | 10 | <u>(194,812,992)</u> | <u>(327,225,035)</u> |
| SURPLUS FOR THE YEAR | | <u>289,956,211</u> | <u>186,995,781</u> |

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Financial Positionas at 31st December 2020

| ASSETS | Note | 2020 Kshs | 2019 Kshs |
|------------------------------------|--------|------------------------------|------------------------------|
| Non-current Assets | | | |
| Property and equipment | 11 | 5,889,957,386 | 5,821,904,057 |
| Right of use assets | 12 | 49,420,149 | 71,653,030 |
| Biological assets | 13 | 477,000 | 444,000 |
| Work in progress | 14 | 68,827,557 | 55,496,761 |
| Prepaid operating lease rentals | 15 | 5,502,335,824 | 5,625,866,902 |
| Intangible assets | 16 | 8,930,606 | 8,105,913 |
| Long term investments | 17 | 6,059,855 | 100,000 |
| Due from related parties | 18 | 473,501,720 | 464,633,647 |
| | | <u>11,999,510,097</u> | <u>12,048,204,310</u> |
| Current Assets | | | |
| Inventories | 19 | 25,323,577 | 31,076,334 |
| Trade and other receivables | 20 | 112,643,789 | 113,034,025 |
| Fixed deposits | 21 (a) | 313,870,315 | 166,848,497 |
| Cash and bank balances | 21 (b) | 160,096,368 | 116,578,354 |
| | | <u>611,934,049</u> | <u>427,537,210</u> |
| TOTAL ASSETS | | <u>12,611,444,146</u> | <u>12,475,741,520</u> |
| FUNDS AND LIABILITIES | | | |
| Funds | | | |
| Capital fund | | 11,470,528,373 | 11,511,817,633 |
| General fund | | 384,721,944 | 143,242,653 |
| Reserve fund | | 147,111,629 | 92,246,630 |
| Designated fund | 22 | 136,225,100 | 117,264,403 |
| | | <u>12,138,587,046</u> | <u>11,864,571,319</u> |
| Non-current liabilities | | | |
| Borrowings | 23 | 189,931,903 | 261,924,324 |
| Lease liabilities | 25 | 32,006,149 | 56,950,370 |
| | | <u>221,938,052</u> | <u>318,874,694</u> |
| Current liabilities | | | |
| Trade and other payables | 24 | 125,738,089 | 174,620,777 |
| Borrowings | 23 | 100,236,738 | 97,475,953 |
| Lease liabilities | 25 | 24,944,221 | 20,198,777 |
| | | <u>250,919,048</u> | <u>292,295,507</u> |
| TOTAL FUNDS AND LIABILITIES | | <u>12,611,444,146</u> | <u>12,475,741,520</u> |

The financial statements on pages 19 to 42 were approved by the Deacon Board on March 5, 2021 and signed on its behalf by:-


Chairman


Treasurer



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Changes in Fundsas at 31st December 2020

| | Capital Fund Kshs | General Fund Kshs | Reserve Fund Kshs | Designated Fund (Note 22) Kshs | Total Kshs |
|---|-------------------------|-------------------------|-------------------------|--------------------------------------|-----------------------|
| At 1 January 2019 | 11,323,958,809 | 95,422,913 | 62,195,589 | 87,937,699 | 11,569,515,010 |
| Fixed assets additions | 470,460,652 | - | - | - | 470,460,652 |
| Biological assets | 12,000 | - | - | - | 12,000 |
| Depreciation | (156,682,807) | - | - | - | (156,682,807) |
| Amortization - Leasehold property | (122,047,867) | - | - | - | (122,047,867) |
| Amortization - Intangible assets | (3,883,154) | - | - | - | (3,883,154) |
| Receipts during the year | - | - | 4,340,000 | 346,270,093 | 350,610,093 |
| Payments during the year | - | - | - | (461,443,491) | (461,443,491) |
| Capital expenditure funded by term loan | - | (113,465,000) | - | - | (113,465,000) |
| 10% tithe allocation | - | - | - | 144,500,102 | 144,500,102 |
| Transfers to reserve fund | - | (25,711,041) | 25,711,041 | - | - |
| Surplus for the year | - | 186,995,781 | - | - | 186,995,781 |
| AT 31 DECEMBER 2019 | 11,511,817,633 | 143,242,653 | 92,246,630 | 117,264,403 | 11,864,571,319 |
| At 1 January 2020 | 11,511,817,633 | 143,242,653 | 92,246,630 | 117,264,403 | 11,864,571,319 |
| Fixed assets additions (Note 11) | 241,280,205 | - | - | - | 241,280,205 |
| Biological assets (Note 13) | 33,000 | - | - | - | 33,000 |
| Depreciation (Note 11) | (154,766,130) | - | - | - | (154,766,130) |
| Amortization - Leasehold property (Note 15) | (126,501,567) | - | - | - | (126,501,567) |
| Amortization - Intangible assets (Note 16) | (1,334,768) | - | - | - | (1,334,768) |
| Receipts during the year | - | - | 6,388,079 | 62,970,658 | 69,358,737 |
| Payments during the year | - | - | - | (188,892,297) | (188,892,297) |
| 10% tithe allocation | - | - | - | 144,882,336 | 144,882,336 |
| Transfers to reserve fund | - | (48,476,920) | 48,476,920 | - | - |
| Surplus for the year | - | 289,956,211 | - | - | 289,956,211 |
| AT 31 DECEMBER 2020 | 11,470,528,373 | 384,721,944 | 147,111,629 | 136,225,100 | 12,138,587,046 |

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Statement of Cash Flows****for the year ended 31st December 2020**

| | <u>2020</u> | <u>2019</u> |
|---|-----------------------------|-----------------------------|
| | Kshs | Kshs |
| CASH FLOWS FROM OPERATIONS | | |
| Surplus for the year | 289,956,211 | 186,995,781 |
| Adjustments for: | | |
| Capital expenditure | 194,812,992 | 327,225,035 |
| Depreciation of right of use asset | 22,232,881 | 13,673,493 |
| Change in fair value of Biological assets | (68,000) | (12,000) |
| Changes in operating assets and liabilities | | |
| (Decrease)/ Increase in inventories | 5,752,757 | (10,666,173) |
| Decrease/(Increase) in trade and other receivables | 390,236 | (41,656,862) |
| (Decrease)/Increase in trade and other payables | (48,882,688) | 78,156,431 |
| Cash flows from operating activities | <u>464,194,389</u> | <u>553,715,705</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (135,322,733) | (279,429,183) |
| Additions to work in progress | (54,292,309) | (49,610,811) |
| Additions to operating lease | (2,970,489) | (111,841,042) |
| Purchase of intangible assets | (2,159,461) | - |
| Purchase of treasury bonds | (5,959,855) | - |
| (Increase)/decrease in due from related parties | (8,868,073) | 20,761,363 |
| Cash flows used in investing activities | <u>(209,572,920)</u> | <u>(420,119,673)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Net (repayment)/receipts in borrowings | (69,231,636) | 21,170,240 |
| Increase in reserve fund | 6,388,079 | 4,340,000 |
| Payments of principal portion of the lease liability | (20,198,777) | (9,137,080) |
| Movement in designated funds | 18,960,697 | 29,326,704 |
| Cash flows (used in)/ from financing activities | <u>(64,081,637)</u> | <u>45,699,864</u> |
| NET INCREASE IN CASH AND CASH EQUIVALENTS | 190,539,832 | 179,295,896 |
| Cash and cash equivalents at the beginning of the year | <u>283,426,851</u> | <u>104,130,955</u> |
| CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 21) | <u>473,966,683</u> | <u>283,426,851</u> |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020

1.0 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

1.1 Basis of preparation

The financial statements are prepared in compliance with International Financial Reporting Standards under the historical cost convention, and are presented in the functional currency, Kenya Shillings (Kshs).

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the accounting policies adopted by the Ministry. Although such estimates and assumptions are based on the Deacons' board best knowledge of the information available, actual results may differ from those estimates.

1.2 New and revised financial reporting standards

i) New and revised standards

The following new and revised standards and amendments to standards became effective for the first time in the financial year beginning 1st January 2020. The Ministry has not adopted any of the new and effective standards and amendments as these were assessed to have no impact on the financial statements.

- **Amendments to IAS 1 and IAS 8 titled Definition of Material (issued in October 2018)** - The amendments, applicable to annual periods beginning on or after 1 January 2020, clarify the definition of material and how it should be applied by including in the definition guidance that previously featured elsewhere in IFRS.
- **The Conceptual Framework for Financial Reporting:** The IASB issued the Conceptual Framework in March 2018. It sets out a comprehensive set of concepts for financial reporting, standard setting, guidance for preparers in developing consistent accounting policies and assistance to others in their efforts to understand and interpret the standards. The Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.
- **Covid-19-Related Rent Concessions – Amendment to IFRS 16:** In May 2020, the IASB amended IFRS 16 to provide relief to lessees from applying the IFRS 16 guidance on lease modifications to rent concessions arising as a direct consequence of the covid-19 pandemic. The amendment does not apply to lessors.
- **Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)** contractual cash flow characteristics.

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Notes to the Financial Statements****for the year ended 31st December 2020****ii) New and revised standards that have been issued but are not yet effective**

The Ministry has not applied any of the new or revised Standards and Interpretations that have been published but are not yet effective for the year beginning 1st January 2020, and the Deacon Board does not plan to apply any of them until they become effective.

1.3 Revenue recognition

Income is recognized to the extent that it is probable that the economic benefits will flow to the ministry and the revenue can be reliably measured. Income earned by the Ministry is recognized on the following basis:

Tithes, offerings and gifts from members are recognized when received.

School fees income represents amount invoiced to the students during the year. Hope FM sales comprise the invoiced value net of value Added Tax (VAT) where necessary.

Other income earned is recognized as it accrues.

1.4 Short-term investments

Short term investments are recognized at the transaction price and subsequently measured at fair value, with changes in fair value being recognised in the statement of comprehensive income. Fair value is determined using the quoted bid price at the reporting date.

1.5 Trade and other receivables

Receivables are recognized at original invoice amount less an allowance for any uncollectible amounts. Specific provision is made for all known doubtful debts. Bad debts are written off when all reasonable steps to recover them have been taken without success.

1.6 Inventories

Inventories are valued at the lower of cost and net realizable value.

1.7 Financial liabilities

Financial liabilities are initially recognised at the transaction price (including transaction costs). Trade payables are obligations on the basis of normal credit terms and do not bear interest. Interest bearing liabilities are subsequently measured at amortised cost using the effective interest method.

1.8 Trade and other payables

Trade and other payables are stated at their nominal value.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

1.9 Translation of foreign currencies

Transactions in foreign currencies during the year are converted into the functional currency, Kenya Shillings(functional currency) at rates ruling at the transaction dates. Monetary assets and liabilities at the balance sheet dates which are expressed in foreign currencies are translated into Kenya Shillings at exchange rates ruling at that date. The resulting differences from conversion and translation are dealt within the statement of comprehensive income in the year in which they arise.

1.10 Provisions

A provision is recognized in the statement of financial position when the Ministry has a present legal or constructive obligation as a result of past event and it is more likely than not that an outflow of economic benefit will be required to settle the obligation and it can be reliably estimated.

1.11 Property and equipment

Property and equipment purchased from general fund are fully expensed in the statement of comprehensive income in the year of purchase. Those purchased from designated funds are debited to the relevant funds. For purposes of control, they are held in property and equipment and capital fund accounts, so that any change in the assets can be traced. Depreciation of the assets is reflected in both the property and equipment and capital funds accounts. The effect of this is to reduce the value of the fixed assets and capital fund as a result of diminution due to use.

Depreciation is calculated on a straight line basis at annual rates to write down the cost of each asset to its residual value over its estimated useful life on the following basis:

| | |
|--------------------------|-----|
| Freehold Land | Nil |
| Buildings | Nil |
| Boreholes | Nil |
| Motor vehicles | 25% |
| Computers & IT Equipment | 30% |
| Equipment | 15% |
| Furniture & Fittings | 15% |
| Tents | 15% |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of an asset, the depreciation of that asset is revised prospectively to reflect the new expectations.

On disposal, the difference between the net disposal proceeds and the carrying amount of the item sold is recognised in the statement of comprehensive income.

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Notes to the Financial Statements****for the year ended 31st December 2020.... / (Contd)****1.12 Intangible assets**

Computer software license costs and computer software are initially recognised at cost less accumulated amortisation and accumulated impairment losses. Costs that are directly attributable to the production of identifiable computer software products controlled by CITAM are recognised as intangible assets. Amortisation is calculated using the straight line method to write down the cost of each license or item of software to its residual value over its estimated useful life at an annual rate of 30%.

1.13 Prepaid operating lease rentals

Payments to acquire leasehold interest in land are treated as prepaid operating lease rentals and are amortized over the period of the lease.

1.14 Borrowing costs

Borrowing costs are recognised in the statement of comprehensive income in the period which they are incurred. However, borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of that asset.

1.15 Cash and cash equivalents

Cash and Cash equivalents comprise cash at bank, cash in hand, cash held in paybills and short-term deposits with an original maturity of three months or less. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash and cash equivalents as defined above.

1.16 Post employment benefit obligation

The Ministry operates a defined contribution pension scheme for its staff. The assets of the pension scheme are administered by Britam American Insurance Company Ltd. The scheme is funded by contributions from both the employees and the Ministry. The Ministry's contributions to the scheme are charged to the statement of comprehensive income in the year to which they relate.

The Ministry and its employees also contribute to a statutory defined scheme, the National Social Security Fund (NSSF). Contributions are determined by local statute and the ministry's contributions are charged to the statement of comprehensive income in the year in which they relates.

1.17 Interest bearing loans and borrowings

All borrowings are initially recognized at cost, being the fair value of the consideration received net of issue costs associated with the borrowings.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

1.18 Contingent liabilities

Contingent liabilities arise if there is possible obligation; or present obligation that may, but probably will not, require an outflow of economic resources; or there is a present obligation, but there is no reliable method of estimating the monetary value of the obligation.

1.19 Long term investments

Investments in treasury bonds are recorded at market value.

1.20 Related party balances

Related party transactions with the Ministry's related entities primarily comprise of loans and expenses paid on behalf. These are recorded at cost.

1.21 Capital fund

A capital fund is created to represent the funds invested in property and equipment. Items of property and equipment purchased are credited in the capital fund while the corresponding debit is taken to the general fund. Depreciation and amortisation are debited to the capital fund and credited to the accumulated depreciation of the respective asset.

1.22 General fund

This represents amounts which are expendable at the discretion of CITAM in furtherance of its objectives. Such funds may be held in order to finance working capital or capital investment.

1.23 Reserve fund

10% of the surplus before capital expenditure is transferred from the general fund to the reserve fund.

1.24 Designated fund

Funds held for specially defined purposes are classified as designated funds.

1.25 Mission fund

The 10% tithe allocation is used for mission fund including CITAM Namibia.

1.26 Taxation

No tax provisions are made in these financial statements. The Ministry obtained a tax exemption letter on 5th November 2019. The exemption certificate however is yet to be obtained as the Kenya Revenue Authority (KRA) is in the process of updating its systems for generating certificates.

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Notes to the Financial Statements****for the year ended 31st December 2020.... / (Contd)****1.27 Foreign exchange gain/loss**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

1.28 Biological assets

Biological assets are measured at fair value less estimated point of sale costs.

Any changes to the fair value are recognised in the profit or loss in the year which they arise.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All costs incurred relating to biological assets are recognised in profit or loss in the year in which they are incurred.

1.29 Long term leases

On the commencement date of each lease (excluding leases with a term, on commencement, of 12 months or less and leases for which the underlying asset is of low value) the Ministry recognises a right-of-use asset and a lease liability.

The lease liability is measured at the present value of the lease payments that are not paid on that date. The lease payments include fixed payments, variable payments that depend on an index or a rate, amounts expected to be payable under residual value guarantees, and the exercise price of a purchase option if the Ministry is reasonably certain to exercise that option. The lease payments are discounted at the interest rate implicit in the lease. If that rate cannot be readily determined, the Ministry's incremental borrowing rate is used.

For leases that contain non-lease components, the Ministry allocates the consideration payable to the lease and non-lease components based on their relative stand-alone components.

The right-of-use asset is initially measured at cost comprising the initial measurement of the lease liability, any lease payments made on or before the commencement date any initial direct costs incurred, and an estimate of the costs of restoring the underlying asset to the condition required under the terms of the lease.

Subsequently the lease liability is measured at amortised cost, subject to remeasurement to reflect any reassessment, lease modifications, or revised fixed lease payments.

1.30 Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

2.0 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

i) Critical accounting estimates and assumptions

Property and equipment

Critical estimates are made by the Deacon Board in determining depreciation rates for property and equipment. The rates used are as set out in Note 1.11 on page 25.

ii) Critical judgements in applying the entity's accounting policies

In the process of applying the Ministry's accounting policies, management has made judgements in determining:-

- a) Provisions and contingencies
- b) The classification of financial assets and leases.
- c) Whether assets are impaired.

3.0 FINANCIAL RISKS MANAGEMENT OBJECTIVES AND POLICIES

The Ministry's activities expose it to a variety of financial risks. These include market risk, credit risk, liquidity risk and the effects of changes in foreign currency rates. The Ministry's overall risk management programme focuses on the unpredictability of changes in operating environment and seeks to minimise potential adverse effects of such risks on its financial performance by setting acceptable levels of risks, but the Ministry does not hedge any risk.

a) Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, and foreign exchange rates will affect the Ministry's income or value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

i) Foreign exchange risk

The Ministry is not exposed to any significant foreign exchange risk.

ii) Price risk

The Ministry does not hold investments that would be subject to price risk.

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Notes to the Financial Statements****for the year ended 31st December 2020.... / (Contd)****b) Credit risk**

Credit risk arises from cash and cash equivalents and deposits with banks, as well as trade and other receivables. The Ministry does not have any significant concentrations of credit risk. The Ministry assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored.

The amount that best represents the Ministry's maximum exposure to credit risk at 31st December 2020 is made up as follows:-

| | <u>2020</u> Kshs | <u>2019</u> Kshs |
|-----------------------------|---------------------|---------------------|
| Cash and cash equivalents | 473,966,683 | 283,426,851 |
| Trade and other receivables | 112,643,789 | 113,034,025 |
| | <u>586,610,472</u> | <u>396,460,876</u> |

c) Liquidity risk

The responsibility for liquidity risk management rests with the Deacon Board, who have built an appropriate liquidity risk management framework for the management of the Ministry's short, medium and long term funding and liquidity management requirements. The Ministry manages liquidity risk by maintaining enough required funds for its operation through continuous monitoring of forecast and actual cash flows.

The table below provides a contractual analysis of the Ministry's financial liabilities :-

| | <u>2020</u> Kshs | <u>2019</u> Kshs |
|-----------------------------|---------------------|---------------------|
| Finance liabilities | | |
| Borrowings | 290,168,641 | 359,400,277 |
| Trade and other payables | 125,738,089 | 174,620,777 |
| Lease liabilities | 56,950,370 | 77,149,147 |
| Total financial liabilities | <u>472,857,100</u> | <u>611,170,201</u> |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

d) Exchange risk

The Ministry holds some of its bank balances in foreign currency. The fluctuations in currency exchange rates result in changes in the value of the monetary assets denominated in foreign currency hence exposing the Ministry to the risk of incurring exchange loss. The monetary assets held in foreign currency are closely monitored to ensure that they are not materially affected by adverse foreign currency fluctuations. There are no other foreign currencies denominated financial assets or liabilities.

e) Operational risk

Operational risk is the risk of indirect loss arising from a wide variety of causes associated with the Ministry's processes, personnel, technology, infrastructure and external factors other than credit and liquidity risks such as those arising from legal and regulatory requirements and if generally acceptable standard.

The Ministry's objective is to manage operational risks so as to balance the avoidance of financial losses and damage to the Ministry's reputation with overall cost effectiveness and to avoid any control procedures that restrict initiative and creativity in the church.

The primary responsibility of the development and implementation of controls to address operational risk is assigned to the Deacon Board.

This responsibility is supported by the development of overall Ministry's standards for the management of operational risks in the following areas:-

- Requirements for appropriate segregation of duties including the independent authorization and approval of transactions.
- Requirements for the reconciliation and monitoring transactions.
- Compliance with regulatory and other legal requirements.
- Documentation of control and procedures.
- Requirements for the periodic assessment of operational risks faced by the institution, and adequacy of controls and procedures to address the risks identified.
- Development of contingency plans.
- Training and professional development of its personnel and
- Adherence to ethical and business standard.

Review of compliance with Ministry's standards is done on an ongoing basis.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.../(Contd)

| 4.0 ASSEMBLIES INCOME AND EXPENDITURE | 2020 | | | 2019 | | |
|--|----------------------|----------------------|-------------------------------|----------------------|----------------------|-------------------------------|
| | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs |
| Head Office & CED | 203,157,774 | 458,500,434 | (255,342,660) | 112,796,949 | 331,791,065 | (218,994,116) |
| Regional Secretariat | - | 7,077,649 | (7,077,649) | - | - | - |
| CITAM Valley Road | 326,027,500 | 81,848,692 | 244,178,808 | 433,768,108 | 124,155,944 | 309,612,164 |
| CITAM Woodley | 171,065,960 | 39,970,728 | 131,095,232 | 197,206,005 | 61,508,062 | 135,697,943 |
| CITAM Karen | 125,753,566 | 38,836,972 | 86,916,594 | 176,707,287 | 68,943,432 | 107,763,855 |
| CITAM Parklands | 54,226,094 | 26,788,552 | 27,437,542 | 70,121,447 | 41,726,417 | 28,395,030 |
| CITAM Kisumu | 30,702,859 | 23,401,499 | 7,301,360 | 35,282,886 | 35,709,475 | (426,589) |
| CITAM Ngong | 65,995,589 | 32,870,427 | 33,125,162 | 89,190,921 | 54,261,335 | 34,929,586 |
| CITAM Buruburu | 97,123,256 | 36,692,007 | 60,431,249 | 124,228,704 | 58,349,655 | 65,879,049 |
| CITAM Thika Road | 82,643,073 | 32,641,180 | 50,001,893 | 115,621,034 | 51,641,812 | 63,979,222 |
| CITAM Nakuru | 28,294,278 | 17,596,390 | 10,697,888 | 40,394,326 | 29,337,584 | 11,056,742 |
| CITAM Eldoret | 21,233,688 | 16,204,599 | 5,029,089 | 25,945,514 | 24,880,812 | 1,064,702 |
| CITAM Athi River | 41,928,625 | 22,226,344 | 19,702,281 | 62,171,718 | 32,300,087 | 29,871,631 |
| CITAM Kapsabet | 3,115,406 | 7,527,822 | (4,412,416) | 5,147,331 | 11,220,781 | (6,073,450) |
| CITAM Thika Town | 35,635,025 | 18,653,515 | 16,981,510 | 44,834,298 | 28,991,657 | 15,842,641 |
| CITAM Embakasi | 38,883,542 | 31,169,009 | 7,714,533 | 57,547,596 | 42,784,138 | 14,763,458 |
| CITAM Rongai | 27,329,992 | 17,554,746 | 9,775,246 | 33,285,362 | 32,844,487 | 440,875 |
| CITAM Clay City | 20,697,891 | 16,197,854 | 4,500,037 | 27,721,374 | 23,152,525 | 4,568,849 |
| CITAM Nyeri | 9,997,090 | 14,965,877 | (4,968,787) | 8,248,640 | 19,475,502 | (11,226,862) |
| CITAM Meru | 6,664,919 | 18,171,448 | (11,506,529) | 6,155,678 | 20,000,962 | (13,845,284) |
| CITAM USA | 9,234,711 | 19,629,808 | (10,395,097) | 10,521,527 | 19,652,473 | (9,130,946) |
| CITAM Romania | 2,804,778 | 11,246,440 | (8,441,662) | 2,733,703 | 20,465,205 | (17,731,502) |
| CITAM Kisii | 5,423,981 | 8,080,699 | (2,656,718) | 3,621,003 | 5,220,775 | (1,599,772) |
| CITAM Naivasha | 5,750,331 | 7,039,617 | (1,289,286) | 1,753,938 | 5,639,114 | (3,885,176) |
| CITAM Kikuyu | 21,838,142 | 14,669,405 | 7,168,737 | 10,552,234 | 10,506,405 | 45,829 |
| CITAM Kangundo road | 9,076,419 | 11,189,599 | (2,113,180) | 3,963,406 | 10,490,236 | (6,526,830) |
| CITAM Kiambu road | 9,615,861 | 13,227,198 | (3,611,337) | 1,632,100 | 3,512,965 | (1,880,865) |
| CITAM Kitengela | 26,580,999 | 10,549,633 | 16,031,366 | 11,071,112 | 7,678,799 | 3,392,313 |
| CITAM Mombasa | 13,242,225 | 13,021,949 | 220,276 | 2,110,101 | 5,559,870 | (3,449,769) |
| | 1,494,043,574 | 1,067,550,092 | 426,493,482 | 1,714,334,302 | 1,181,801,574 | 532,532,728 |
| 5.0 PROJECTS INCOME AND EXPENDITURE | 2020 | | | 2019 | | |
| | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs |
| CITAM Schools Woodley | 78,389,238 | 64,712,086 | 13,677,152 | 100,436,262 | 76,298,241 | 24,138,021 |
| CITAM Schools Buruburu Primary | 28,888,374 | 30,753,645 | (1,865,271) | 41,546,863 | 41,874,356 | (327,493) |
| CITAM Schools Kisumu | 14,305,858 | 21,174,683 | (6,868,825) | 24,750,057 | 32,452,072 | (7,702,015) |
| CITAM Schools Ngong | 20,864,778 | 20,603,662 | 261,116 | 31,028,699 | 23,212,003 | 7,816,696 |
| CITAM Schools Nakuru | 6,274,825 | 10,619,648 | (4,344,823) | 11,306,300 | 10,720,262 | 586,038 |
| CITAM Schools Athi River | 7,492,900 | 9,802,693 | (2,309,793) | 10,378,100 | 10,834,470 | (456,370) |
| CITAM Schools Eldoret | 5,692,918 | 12,872,582 | (7,179,664) | 9,162,774 | 14,921,149 | (5,758,375) |
| CITAM Schools Woodley Transport | 4,311,021 | 5,372,431 | (1,061,410) | 11,921,371 | 8,765,813 | 3,155,558 |
| CITAM Schools Buruburu Transport | 3,003,272 | 4,311,782 | (1,308,510) | 9,856,400 | 7,142,222 | 2,714,178 |
| CITAM Schools Kisumu Transport | 1,468,000 | 3,432,867 | (1,964,867) | 5,269,032 | 4,887,992 | 381,040 |
| CITAM Schools Ngong Transport | 3,367,005 | 3,431,165 | (64,160) | 10,196,150 | 6,418,417 | 3,777,733 |
| Woodley Catering | 9,739,736 | 7,001,300 | 2,738,436 | 20,551,353 | 9,800,366 | 10,750,987 |
| Buruburu Catering | 6,709,561 | 5,257,464 | 1,452,097 | 16,426,481 | 7,118,602 | 9,307,879 |
| Valley Road Catering | 10,172,615 | 7,510,875 | 2,661,740 | 15,457,781 | 9,595,443 | 5,862,338 |
| Kisumu Catering | 2,176,269 | 2,784,302 | (608,033) | 6,240,537 | 3,927,166 | 2,313,371 |
| Ngong Catering | 4,138,756 | 2,812,271 | 1,326,485 | 13,350,829 | 4,232,959 | 9,117,870 |
| Parklands Catering | 2,490,635 | 4,657,923 | (2,167,288) | 11,159,229 | 6,283,850 | 4,875,379 |
| Nakuru Catering | 878,346 | 1,220,064 | (341,718) | 3,628,632 | 1,783,044 | 1,845,588 |
| Creative Department | 2,011,953 | 3,473,914 | (1,461,961) | 12,691,325 | 5,447,789 | 7,243,536 |
| Kiserian Carpentry | 2,686,911 | 5,061 | 2,681,850 | 1,653,624 | 360,461 | 1,293,163 |
| CITAM Outfitters | (335,889) | 1,568,408 | (1,904,297) | 5,897,948 | 1,793,239 | 4,104,709 |
| Hope Recording Studio | 30,908,411 | 1,313,364 | 29,595,047 | 811,345 | 1,802,504 | (991,159) |
| CITAM Kadolta Resort | 6,616,770 | 14,682,815 | (8,066,045) | 25,963,925 | 20,662,898 | 5,301,027 |
| | 252,252,263 | 239,375,005 | 12,877,258 | 399,685,017 | 310,335,318 | 89,349,699 |
| CITAM Schools Buruburu High | - | - | - | - | 10,372,254 | (10,372,254) |
| | 252,252,263 | 239,375,005 | 12,877,258 | 399,685,017 | 320,707,572 | 78,977,445 |
| 5.1 Breakdown of the projects expenses | | | | | | |
| Staff costs | | 177,360,908 | | | 195,945,404 | |
| Administrative costs | | 62,014,097 | | | 124,762,168 | |
| | | 239,375,005 | | | 320,707,572 | |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.../(Contd)

| 6.0 SPECIAL OUTREACH INCOME AND EXPENDITURE | Income Kshs | Expenditure Kshs | 2020 (Deficit) Kshs | Income Kshs | Expenditure Kshs | 2019 (Deficit) Kshs |
|---|--------------------|---------------------|---------------------------|--------------------|---------------------|---------------------------|
| Hope FM | 74,275,065 | 84,283,344 | (10,008,279) | 66,019,069 | 84,658,882 | (18,639,813) |
| Hope TV | 113,437,459 | 31,256,671 | 82,180,788 | 11,780,942 | 25,669,945 | (13,889,003) |
| CITAM Children Centre Kiserian | 655,011 | 18,204,478 | (17,549,467) | 2,593,822 | 26,429,336 | (23,835,514) |
| Children Centre Kiserian School | 741,924 | 10,305,556 | (9,563,632) | 769,326 | 9,932,183 | (9,162,857) |
| Heavens Gate & Hells Flames | 9,502,919 | 9,502,919 | - | 18,131,166 | 18,131,166 | - |
| ERDO Project | 9,139,616 | 9,139,616 | - | 9,591,013 | 9,591,013 | - |
| Compassion International Kenya | 5,600,926 | 5,600,926 | - | - | - | - |
| | 213,352,920 | 168,293,510 | 45,059,410 | 108,885,338 | 174,412,525 | (65,527,187) |

6.1 Breakdown of the outreach expenses

| | | |
|----------------------|--------------------|--------------------|
| Staff costs | 83,279,289 | 81,645,747 |
| Administrative costs | 85,014,221 | 92,647,778 |
| Ministry expenses | - | 119,000 |
| | 168,293,510 | 174,412,525 |

| 7.0 REGIONAL INCOME STATEMENTS | Income Kshs | Expenditure Kshs | 2020 Surplus/ (Deficit) Kshs | Income Kshs | Expenditure Kshs | 2019 Surplus/ (Deficit) Kshs |
|------------------------------------|----------------------|---------------------|---------------------------------------|----------------------|---------------------|---------------------------------------|
| (a) NORTHERN REGION | | | | | | |
| CITAM Head Office | 116,764,448 | 219,502,653 | (102,738,205) | 73,025,609 | 217,888,439 | (144,862,830) |
| Regional Office | - | 1,866,646 | (1,866,646) | - | - | - |
| CITAM Valley Road | 326,027,500 | 81,848,692 | 244,178,808 | 433,768,108 | 124,155,944 | 309,612,164 |
| CITAM Woodley | 171,065,960 | 39,970,728 | 131,095,232 | 197,206,005 | 61,508,062 | 135,697,943 |
| CITAM Thika Road | 82,643,073 | 32,641,180 | 50,001,893 | 115,621,034 | 51,641,812 | 63,979,222 |
| CITAM Clay City | 20,697,891 | 16,197,854 | 4,500,037 | 27,721,374 | 23,152,525 | 4,568,849 |
| CITAM Thika Town | 35,635,025 | 18,653,515 | 16,981,510 | 44,834,298 | 28,991,657 | 15,842,641 |
| CITAM Parklands | 54,226,094 | 26,788,552 | 27,437,542 | 70,121,447 | 41,726,417 | 28,395,030 |
| CITAM Meru | 6,664,919 | 18,171,448 | (11,506,529) | 6,155,678 | 20,000,962 | (13,845,284) |
| CITAM Nyeri | 9,997,090 | 14,965,877 | (4,968,787) | 8,248,640 | 19,475,502 | (11,226,862) |
| CITAM Kikuyu | 21,838,142 | 14,669,405 | 7,168,737 | 10,552,234 | 10,506,405 | 45,829 |
| CITAM Kiambu Road | 9,615,861 | 13,227,198 | (3,611,337) | 1,632,100 | 3,512,965 | (1,880,865) |
| CITAM Schools Woodley | 78,389,238 | 64,712,086 | 13,677,152 | 100,436,262 | 76,298,242 | 24,138,020 |
| CITAM Catering Unit Valley Road | 10,172,615 | 7,510,875 | 2,661,740 | 15,457,781 | 9,595,443 | 5,862,338 |
| CITAM Catering Unit Woodley | 9,739,736 | 7,001,300 | 2,738,436 | 20,551,353 | 9,800,366 | 10,750,987 |
| CITAM Catering Unit Parklands | 2,490,635 | 4,657,923 | (2,167,288) | 11,159,229 | 6,283,850 | 4,875,379 |
| CITAM Transport Unit Woodley | 4,311,021 | 5,372,431 | (1,061,410) | 11,921,371 | 8,765,813 | 3,155,558 |
| CITAM Hope Recording Studio | 30,908,411 | 1,313,364 | 29,595,047 | 811,345 | 1,802,504 | (991,159) |
| CITAM Hope Creatives | 2,011,953 | 3,473,914 | (1,461,961) | 12,691,325 | 5,447,789 | 7,243,536 |
| CITAM Hope FM | 74,275,065 | 84,283,405 | (10,008,279) | 66,019,069 | 84,658,882 | (18,639,813) |
| CITAM Hope TV | 113,437,459 | 31,256,671 | 82,180,788 | 11,780,942 | 25,669,945 | (13,889,003) |
| CITAM Heavens Gate and Hells Flame | 9,502,919 | 9,502,919 | - | 18,131,166 | 18,131,166 | - |
| ERDO Food Relief Project | 9,139,616 | 9,139,616 | - | 9,591,013 | 9,591,013 | - |
| Compassion International Kenya | 5,600,926 | 5,600,926 | - | - | - | - |
| | 1,205,155,597 | 732,329,117 | 472,826,480 | 1,267,437,383 | 858,605,703 | 408,831,680 |

| (b) SOUTHERN REGION | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs | Income Kshs | Expenditure Kshs | Surplus/ (Deficit) Kshs |
|---------------------------------------|--------------------|---------------------|-------------------------------|--------------------|---------------------|-------------------------------|
| CITAM Head Office | 69,666,818 | 159,166,357 | (89,499,539) | 30,221,767 | 85,414,337 | (55,192,570) |
| Regional Office | - | 1,792,794 | (1,792,794) | - | - | - |
| CITAM Ngong | 65,995,589 | 32,870,427 | 33,125,162 | 89,190,921 | 54,261,335 | 34,929,586 |
| CITAM Athi River | 41,928,625 | 22,226,344 | 19,702,281 | 62,171,718 | 32,300,087 | 29,871,631 |
| CITAM Buru Buru | 97,123,256 | 36,692,007 | 60,431,249 | 124,228,704 | 58,349,655 | 65,879,049 |
| CITAM Rongai | 27,329,992 | 17,554,746 | 9,775,246 | 33,285,362 | 32,844,487 | 440,875 |
| CITAM Karen | 125,753,566 | 38,836,972 | 86,916,594 | 176,707,287 | 68,943,432 | 107,763,855 |
| CITAM Embakasi | 38,883,542 | 31,169,009 | 7,714,533 | 57,547,596 | 42,784,138 | 14,763,458 |
| CITAM Kangundo Road | 9,076,419 | 11,189,599 | (2,113,180) | 3,963,406 | 10,490,236 | (6,526,830) |
| CITAM Kitengela | 26,580,999 | 10,549,633 | 16,031,366 | 11,071,112 | 7,678,799 | 3,392,313 |
| CITAM Mombasa | 13,242,225 | 13,021,949 | 220,276 | 2,110,101 | 5,559,870 | (3,449,769) |
| CITAM Schools Buruburu Primary | 28,888,374 | 30,753,645 | (1,865,271) | 41,546,863 | 41,874,355 | (327,492) |
| CITAM Schools Buruburu High School | - | - | - | - | 10,372,254 | (10,372,254) |
| CITAM Schools Ngong | 20,864,778 | 20,603,662 | 261,116 | 31,028,699 | 23,212,003 | 7,816,696 |
| CITAM Schools Athi River | 7,492,900 | 9,802,693 | (2,309,793) | 10,378,100 | 10,834,470 | (456,370) |
| CITAM Catering Unit Ngong | 4,138,756 | 2,812,271 | 1,326,485 | 13,350,829 | 4,232,959 | 9,117,870 |
| CITAM Catering Unit Buruburu | 6,709,561 | 5,257,464 | 1,452,097 | 16,426,481 | 7,118,602 | 9,307,879 |
| CITAM Transport Unit Buruburu Primary | 3,003,272 | 4,311,782 | (1,308,510) | 9,856,400 | 7,142,222 | 2,714,178 |
| CITAM Schools Ngong Transport | 3,367,005 | 3,431,165 | (64,160) | 10,196,150 | 6,418,417 | 3,777,733 |
| CITAM Kadolita Resort | 6,616,770 | 14,682,815 | (8,066,045) | 25,963,925 | 20,662,898 | 5,301,027 |
| CITAM Kiserian Carpentry | 2,686,911 | 5,061 | 2,681,850 | 1,653,624 | 360,461 | 1,293,163 |
| CITAM Outfitters | (335,889) | 1,568,408 | (1,904,297) | 5,897,948 | 1,793,239 | 4,104,709 |
| CITAM Kiserian Children Center | 655,011 | 18,204,478 | (17,549,467) | 2,593,822 | 26,429,336 | (23,835,514) |
| CITAM Schools Kiserian | 741,924 | 10,305,556 | (9,563,632) | 769,326 | 9,932,183 | (9,162,857) |
| | 600,410,404 | 496,808,837 | 103,601,567 | 760,160,141 | 569,009,775 | 191,150,366 |

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.../(Contd)

| | | | 2020 | | | 2019 |
|--|--------------------|--------------------|-----------------------|--------------------|--------------------|-----------------------|
| | Income | Expenditure | Surplus/ (Deficit) | Income | Expenditure | Surplus/ (Deficit) |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| c) WESTERN REGION | | | | | | |
| CITAM Head Office | 14,863,843 | 61,132,758 | (46,268,915) | 8,802,001 | 26,256,470 | (17,454,469) |
| Regional Office | - | 3,418,209 | (3,418,209) | - | - | - |
| CITAM Kisumu | 30,702,859 | 23,401,499 | 7,301,360 | 35,282,886 | 35,709,475 | (426,589) |
| CITAM Eldoret | 21,233,688 | 16,204,599 | 5,029,089 | 25,945,514 | 24,880,812 | 1,064,702 |
| CITAM Kapsabet | 3,115,406 | 7,527,822 | (4,412,416) | 5,147,331 | 11,220,781 | (6,073,450) |
| CITAM Nakuru | 28,294,278 | 17,596,390 | 10,697,888 | 40,394,326 | 29,337,584 | 11,056,742 |
| CITAM Kisii | 5,423,981 | 8,080,699 | (2,656,718) | 3,621,003 | 5,220,775 | (1,599,772) |
| CITAM Naivasha | 5,750,331 | 7,039,617 | (1,289,286) | 1,753,938 | 5,639,114 | (3,885,176) |
| CITAM Schools Kisumu | 14,305,858 | 21,174,683 | (6,868,825) | 24,750,057 | 32,452,072 | (7,702,015) |
| CITAM Schools Nakuru | 6,274,825 | 10,619,648 | (4,344,823) | 11,306,300 | 10,720,262 | 586,038 |
| CITAM Schools Eldoret | 5,692,918 | 12,872,582 | (7,179,664) | 9,162,774 | 14,921,149 | (5,758,375) |
| CITAM Catering Unit Kisumu | 2,176,269 | 2,784,302 | (608,033) | 6,240,537 | 3,927,166 | 2,313,371 |
| CITAM Catering Unit Nakuru | 878,346 | 1,220,064 | (341,718) | 3,628,632 | 1,783,044 | 1,845,588 |
| CITAM Transport Unit Kisumu | 1,468,000 | 3,432,867 | (1,964,867) | 5,269,032 | 4,887,992 | 381,040 |
| | 140,180,602 | 196,505,739 | (56,325,137) | 181,304,331 | 206,956,696 | (25,652,365) |
| (d) INTERNATIONAL ASSEMBLIES | | | | | | |
| | Income | Expenditure | (Deficit) | Income | Expenditure | (Deficit) |
| | Kshs | Kshs | Kshs | Kshs | Kshs | Kshs |
| CITAM Head Office | 1,862,665 | 18,698,666 | (16,836,001) | 747,572 | 2,231,819 | (1,484,247) |
| CITAM USA | 9,234,711 | 19,629,808 | (10,395,097) | 10,521,527 | 19,652,473 | (9,130,946) |
| CITAM Romania | 2,804,778 | 11,246,440 | (8,441,662) | 2,733,703 | 20,465,205 | (17,731,502) |
| | 13,902,154 | 49,574,914 | (35,672,760) | 14,002,802 | 42,349,497 | (28,346,695) |
| 8.0 TOGETHER WE CAN DO MORE (TWM) | | | | 2020 | 2019 | |
| | | | | Kshs | Kshs | |
| Income | | | | 351,682 | 3,074,824 | |
| Expenditure | | | | (12,629) | (8,977) | |
| NET INCOME | | | | 339,053 | 3,065,847 | |
| 9.0 CHURCH PLANT CONTRIBUTIONS DEFERRED | | | | 2020 | 2019 | |
| | | | | Kshs | Kshs | |
| Supported Assembly | | | | | | |
| Kangundo Road | | | | - | (24,670) | |
| Kiambu Road | | | | - | 3,382,391 | |
| CITAM Kikuyu | | | | - | 5,405,176 | |
| CITAM Kisii | | | | - | 160,778 | |
| CITAM Kitengela | | | | - | 9,956,492 | |
| CITAM Mombasa | | | | - | (763,530) | |
| CITAM Naivasha | | | | - | 16,708,380 | |
| | | | | - | 34,825,017 | |

During the year, there were no church plant contributions for the new assemblies.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.../(Contd)

| | <u>2020</u> | <u>2019</u> |
|---|---------------------------|---------------------------|
| | Kshs | Kshs |
| 10.0 CAPITAL EXPENDITURE | | |
| Furniture and equipment | 57,266,093 | 125,169,701 |
| Construction work in progress | 54,292,309 | 49,610,811 |
| Land and buildings | 51,731,436 | 104,621,138 |
| Tents | 39,407,700 | 19,690,659 |
| Computers | 15,125,177 | 17,622,140 |
| Freehold land | 8,695,040 | - |
| Motor vehicles | 8,571,500 | 39,521,130 |
| Prepaid operating lease rentals | 2,970,489 | 111,841,042 |
| Computer software/LAN | 2,159,461 | - |
| Boreholes | 1,061,000 | 2,587,031 |
| Biological assets | 68,000 | 12,000 |
| | <u>241,348,205</u> | <u>470,675,652</u> |
| Less capital expenditure funded by term loan | - | (113,465,000) |
| Less capital expenditure funded by CITAM missions fund | (11,707,196) | (24,406,574) |
| Less Capital expenditure funded by CITAM School's textbook fund | - | (5,579,043) |
| Less capital expenditure funded by church plant fund | <u>(34,828,017)</u> | <u>-</u> |
| | <u>194,812,992</u> | <u>327,225,035</u> |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020..../(Contd)

| 11.0 PROPERTY AND EQUIPMENT | | Freehold | Buildings | Boreholes | Motor | Furniture & | Equipment | Computers | Tents | Total |
|---------------------------------|--|---------------|---------------|------------|--------------|-------------|-------------|------------|-------------|---------------|
| COST OR VALUATION | | Land | Kshs | Kshs | Vehicles | Fittings | Kshs | Kshs | Kshs | Kshs |
| At 1 January 2019 | | 2,086,924,750 | 3,091,150,111 | 12,067,290 | 199,385,754 | 192,750,157 | 636,347,042 | 55,857,316 | 102,459,874 | 6,376,942,294 |
| Additions | | - | 104,621,138 | 2,587,031 | 39,521,130 | 37,711,935 | 87,457,766 | 17,622,140 | 19,690,659 | 309,211,799 |
| Transfers from WIP | | - | 39,089,875 | - | - | - | - | - | - | 39,089,875 |
| | | 2,086,924,750 | 3,234,861,124 | 14,654,321 | 238,906,884 | 230,462,092 | 723,804,808 | 73,479,456 | 122,150,533 | 6,725,243,968 |
| DEPRECIATION | | | | | | | | | | |
| At 1 January 2019 | | - | - | - | 132,482,818 | 124,527,524 | 403,563,544 | 41,283,844 | 44,799,374 | 746,657,104 |
| Charge for the year | | - | - | - | 43,460,562 | 19,854,269 | 66,125,245 | 11,064,707 | 16,178,024 | 156,682,807 |
| | | - | - | - | 175,943,380 | 144,381,793 | 469,688,789 | 52,348,551 | 60,977,398 | 903,339,911 |
| NET BOOK VALUE | | | | | | | | | | |
| At 31 DECEMBER 2019 | | 2,086,924,750 | 3,234,861,124 | 14,654,321 | 62,963,504 | 86,080,299 | 254,116,019 | 21,130,905 | 61,173,135 | 5,821,904,057 |
| COST OR VALUATION | | | | | | | | | | |
| At 1 January 2020 | | 2,086,924,750 | 3,234,861,124 | 14,654,321 | 238,906,884 | 230,462,092 | 723,804,808 | 73,479,456 | 122,150,533 | 6,725,243,968 |
| Additions | | 8,695,040 | 51,731,436 | 1,061,000 | 8,571,500 | 5,185,404 | 52,080,689 | 15,125,177 | 39,407,700 | 181,857,946 |
| Transfers from work in progress | | - | 24,772,935 | - | - | - | - | - | 16,188,578 | 40,961,513 |
| Disposals | | - | - | - | (12,389,302) | - | - | - | - | (12,389,302) |
| | | 2,095,619,790 | 3,311,365,495 | 15,715,321 | 235,089,082 | 235,647,496 | 775,885,497 | 88,604,633 | 177,746,811 | 6,935,674,125 |
| DEPRECIATION | | | | | | | | | | |
| At 1 January 2020 | | - | - | - | 175,943,380 | 144,381,793 | 469,688,789 | 52,348,551 | 60,977,398 | 903,339,911 |
| Charge for the year | | - | - | - | 31,726,137 | 19,410,290 | 68,078,393 | 13,033,870 | 22,517,440 | 154,766,130 |
| Disposals | | - | - | - | (12,389,302) | - | - | - | - | (12,389,302) |
| | | - | - | - | 195,280,215 | 163,792,083 | 537,767,182 | 65,382,421 | 83,494,838 | 1,045,716,739 |
| NET BOOK VALUE | | | | | | | | | | |
| At 31 DECEMBER 2020 | | 2,095,619,790 | 3,311,365,495 | 15,715,321 | 39,808,867 | 71,855,413 | 238,118,315 | 23,222,212 | 94,251,973 | 5,889,957,386 |

Land and buildings were revalued in FY2017 on an open market value basis by Capital Valuers Ltd, a professional firm of registered valuers.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

| | <u>2020</u> | <u>2019</u> |
|---------------------------------|--------------------------|--------------------------|
| | Kshs | Kshs |
| 12.0 RIGHT OF USE ASSETS | | |
| At 1 January | 88,831,698 | 15,773,292 |
| Additions | - | 73,058,406 |
| | <u>88,831,698</u> | <u>88,831,698</u> |
| AMORTIZATION | | |
| At 1 January | 17,178,668 | 3,505,176 |
| Charge for the year | 22,232,881 | 13,673,492 |
| | <u>39,411,549</u> | <u>17,178,668</u> |
| NET BOOK VALUE | | |
| At 31 DECEMBER | <u>49,420,149</u> | <u>71,653,030</u> |

The right-of-use assets relate to leased premises by the Ministry where the lease is beyond 2 years in accordance with the requirements of IFRS 16.

| | <u>Cattle</u> | <u>Sheep, Goats & Rabbits</u> | <u>2020</u> | <u>2019</u> |
|---|-----------------------|--|-----------------------|-----------------------|
| | Kshs | Kshs | Kshs | Kshs |
| 13.0 BIOLOGICAL ASSETS | | | | |
| Carrying amount at 1 January | 410,000 | 34,000 | 444,000 | 432,000 |
| Acquisition during the year | 60,000 | 8,000 | 68,000 | 18,000 |
| Decrease due to deaths during the year | (25,000) | (10,000) | (35,000) | (6,000) |
| Carrying amount at 31st December | <u>445,000</u> | <u>32,000</u> | <u>477,000</u> | <u>444,000</u> |

Biological assets comprise of cattle, goats, sheep and rabbits.

The Ministry had a total of 15 cows (2019 - 13), 4 sheep (2019 - 5), 1 goat (2019 - 2) and 14 rabbits (2019 - 13) during the year. Fair value of the biological assets was determined by using market values of comparable livestock in the market.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statementsfor the year ended 31st December 2020.... / (Contd)

| | Balance at <u>01.01.2020</u> | <u>Additions</u> | <u>Transfers</u> | Balance at <u>31.12.2020</u> |
|------------------------------|---------------------------------|--------------------------|----------------------------|---------------------------------|
| 14.0 WORK IN PROGRESS | Kshs | Kshs | Kshs | Kshs |
| CITAM Ngong | 3,587,009 | 3,797,693 | (2,174,600) | 5,210,102 |
| CITAM Nakuru | 607,987 | 2,733,634 | - | 3,341,621 |
| CITAM Woodley | 2,371,921 | 1,693,007 | - | 4,064,928 |
| CITAM Thika road | 518,988 | - | - | 518,988 |
| CITAM Kiambu | 659,803 | - | (659,803) | - |
| CITAM Valley Road | 12,242,588 | 234,331 | (10,407,491) | 2,069,428 |
| CITAM Kisumu | 316,123 | 2,095,588 | - | 2,411,711 |
| CITAM Buruburu | 5,910,529 | 3,670,440 | - | 9,580,969 |
| CITAM Karen | 186,111 | 13,063,713 | - | 13,249,824 |
| CITAM Athi River | 229,279 | 17,585,769 | - | 17,815,048 |
| CITAM Thika town | 999,530 | 609,302 | - | 1,608,832 |
| CITAM Meru | 14,868,972 | 2,107,634 | (14,868,972) | 2,107,634 |
| CITAM Rongai | 147,274 | - | - | 147,274 |
| CITAM Kitengela | 659,803 | - | (659,803) | - |
| CITAM Eldoret | - | 1,979,832 | - | 1,979,832 |
| CITAM Romania | 8,561,400 | 4,721,366 | (8,561,400) | 4,721,366 |
| CITAM Missions | 3,629,444 | - | (3,629,444) | - |
| | <u>55,496,761</u> | <u>54,292,309</u> | <u>(40,961,513)</u> | <u>68,827,557</u> |

The work in progress relates to the various projects under construction.

| | 2020 | 2019 |
|---|-----------------------------|-----------------------------|
| 15.0 PREPAID OPERATING LEASE RENTALS | Kshs | Kshs |
| COST OR VALUATION | | |
| At 1 January | 5,980,173,999 | 5,868,332,957 |
| Additions | <u>2,970,489</u> | <u>111,841,042</u> |
| | <u>5,983,144,488</u> | <u>5,980,173,999</u> |
| AMORTIZATION | | |
| At 1 January | 354,307,097 | 232,259,230 |
| Charge for the year | <u>126,501,567</u> | <u>122,047,867</u> |
| | <u>480,808,664</u> | <u>354,307,097</u> |
| NET BOOK VALUE | | |
| At 31 DECEMBER | <u>5,502,335,824</u> | <u>5,625,866,902</u> |

(i) Leasehold land was revalued in FY2017 on an open market value basis by Capital Valuers Ltd, a registered firm of professional valuers.

Leasehold land is disclosed as prepaid operating lease rentals and carried at cost less amortization over the lease period.



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

| | <u>2020</u> | <u>2019</u> |
|-------------------------------|-------------------------|-------------------------|
| | Kshs | Kshs |
| 16.0 INTANGIBLE ASSETS | | |
| COST | | |
| At 1 January | 74,944,086 | 74,944,086 |
| Additions | 2,159,461 | - |
| | <u>77,103,547</u> | <u>74,944,086</u> |
| AMORTIZATION | | |
| At 1 January | 66,838,173 | 62,955,019 |
| Charge for the year | 1,334,768 | 3,883,154 |
| | <u>68,172,941</u> | <u>66,838,173</u> |
| NET BOOK VALUE | | |
| At 31 DECEMBER | <u>8,930,606</u> | <u>8,105,913</u> |

The intangible assets relate to computer software and wide area network.

| | <u>2020</u> | <u>2019</u> |
|---|-------------------------|-----------------------|
| | Kshs | Kshs |
| 17.0 LONG-TERM INVESTMENTS | | |
| Treasury bonds (i) | 5,959,855 | - |
| Investment in shares - Ark Properties & | 100,000 | 100,000 |
| | <u>6,059,855</u> | <u>100,000</u> |

(i) Relates to a 10 year infrastructure bond invested with the Central Bank of Kenya, for the Alex Tee Fund. The annual interest rate is 10.9%.

| | Kshs | Kshs |
|--|---------------------------|---------------------------|
| 18.0 DUE FROM RELATED PARTIES | | |
| Ark Properties and Investments Limited (18a) | 473,501,720 | 464,633,647 |
| | <u>473,501,720</u> | <u>464,633,647</u> |
| 18 (a) Ark Properties and Investments Ltd | Kshs | Kshs |
| At 1 January | 464,633,647 | 485,395,010 |
| (Decrease)/ Increase during the year | 8,868,073 | (20,761,363) |
| | <u>473,501,720</u> | <u>464,633,647</u> |

This relates to balance of loans CITAM borrowed on behalf of Ark Properties and Investments Limited. CITAM owns 99.7% directly through CITAM Trustees and 0.3% indirectly (through Ark Properties directors) of Ark Properties and Investments Limited shareholding.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

| | 2020 Kshs | 2019 Kshs | | |
|---|---|--------------------------|--------------------------|---|
| 19.0 INVENTORIES | | | | |
| Safari books | 15,639,651 | 13,724,177 | | |
| Consumables | 17,503,752 | 17,352,157 | | |
| Less: Provision for slow moving inventories | (7,819,826) | - | | |
| | 25,323,577 | 31,076,334 | | |
| 20.0 TRADE AND OTHER RECEIVABLES | Kshs | Kshs | | |
| School fees debtors | 20,136,351 | 13,329,880 | | |
| CITAM Hope Media debtors | 26,281,622 | 36,946,425 | | |
| Prepayments and deposits | 99,658,852 | 77,592,840 | | |
| Staff debtors | 6,646,741 | 6,664,157 | | |
| VAT receivable | 3,515,967 | 2,576,418 | | |
| Other receivables | 6,747,525 | 3,218,137 | | |
| | 162,987,058 | 140,327,857 | | |
| Provision for impairment | (50,343,269) | (27,293,832) | | |
| | 112,643,789 | 113,034,025 | | |
| 21.0 CASH AND CASH EQUIVALENTS | | | | |
| (a) Fixed deposit | Kshs | Kshs | | |
| Co-operative Bank of Kenya Ltd. (i) | 271,700,566 | 73,037,667 | | |
| Stanbic Bank Ltd (ii) | 42,169,749 | 88,810,830 | | |
| Standard Chartered Bank Ltd. | - | 5,000,000 | | |
| | 313,870,315 | 166,848,497 | | |
| (i) The fixed deposit with Co-operative Bank Ltd was short term ranging from a period of 1 month to 6 months at an average annual rate of interest of 7%. | | | | |
| (ii) The average annual rate of interest with Stanbic Bank Ltd was 7%. | | | | |
| (b) Cash and bank balances | Kshs | Kshs | | |
| Cash at bank | 97,337,524 | 74,596,032 | | |
| Safaricom paybill account | 60,568,893 | 40,878,765 | | |
| Cash in hand | 2,189,951 | 1,103,557 | | |
| | 160,096,368 | 116,578,354 | | |
| Total cash and cash equivalents | 473,966,683 | 283,426,851 | | |
| | Balance at 01.01.2020 Kshs | Receipts Kshs | Payments Kshs | Balance at 31.12.2020 Kshs |
| 22.0 DESIGNATED FUNDS | | | | |
| Alexander Tee fund | 5,626,708 | 93,684 | (9,246) | 5,711,146 |
| Text book fund | 17,783,092 | 9,337,792 | (7,113,330) | 20,007,554 |
| Mission support fund - allocation | 157,935,603 | 144,882,336 | - | 302,817,939 |
| Mission support fund - donations | (149,584,901) | 38,449,538 | (133,038,082) | (244,173,445) |
| Other development funds | 33,837,597 | 11,202,064 | (11,106,122) | 33,933,539 |
| Church plant fund | 34,828,017 | - | (34,828,017) | - |
| LADF | 7,612,920 | - | - | 7,612,920 |
| Staff welfare fund | 916,385 | 2,357,580 | (2,797,500) | 476,465 |
| Caution fees | 8,308,982 | 1,530,000 | - | 9,838,982 |
| | 117,264,403 | 207,852,994 | (188,892,297) | 136,225,100 |



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2020.... / (Contd)

| | <u>2020</u> | <u>2019</u> |
|--|---------------------------|---------------------------|
| | Kshs | Kshs |
| 23.0 BORROWINGS | | |
| Co-operative Bank of Kenya Ltd (i) | 228,263,080 | 275,350,095 |
| Co-operative Bank Ltd - Ark Properties and Investments Ltd (i) | 59,192,957 | 76,880,490 |
| NCBA Bank - Bus financing (ii) | 2,712,604 | 7,169,692 |
| | <u>290,168,641</u> | <u>359,400,277</u> |
| Repayment analysis | | |
| Non-current - repayable after the next 12 months | <u>189,931,903</u> | <u>261,924,324</u> |
| Current - repayable in the next 12 months | <u>100,236,738</u> | <u>97,475,953</u> |
| (i) The facilities at Co-operative Bank of Kenya Limited are repayable at an interest rate of 12.5% p.a. Securities for the loan include existing legal charge over Kisumu municipality block LR No. 10/170, Karen land block LR No. 12409/05 and Parklands land block LR No. 209/10810/5. | | |
| (ii) The facility with NCBA Bank Limited is payable over the next three years at an interest rate of 13% p.a. The bank borrowings are secured over the school buses financed by the borrowings. | | |
| | <u>2020</u> | <u>2019</u> |
| | Kshs | Kshs |
| 24.0 TRADE AND OTHER PAYABLES | | |
| Trade payables | 86,580,516 | 125,273,732 |
| Prepaid school fees | 11,449,592 | 39,528,651 |
| Accounts payable and accruals | 26,332,983 | 8,444,722 |
| Withholding tax and catering levy | 1,374,998 | 1,373,672 |
| | <u>125,738,089</u> | <u>174,620,777</u> |
| 25.0 LEASE LIABILITIES | Kshs | Kshs |
| Lease liability | 77,149,147 | 86,286,227 |
| Payment of the principal portion of lease liability | (20,198,777) | (9,137,080) |
| | <u>56,950,370</u> | <u>77,149,147</u> |
| Split into: | | |
| Non-current liability | <u>32,006,149</u> | <u>56,950,370</u> |
| Current liability | <u>24,944,221</u> | <u>20,198,777</u> |
| This relates to the right-of use assets. | | |
| 26.0 CAPITAL COMMITMENTS | Kshs | Kshs |
| Authorised and contracted | <u>151,474,828</u> | <u>157,879,882</u> |
| The above are capital commitments authorised and contracted as at the balance sheet date but not recognized in the financial statements. | | |
| | <u>2020</u> | <u>2019</u> |
| | Kshs | Kshs |
| 27.0 SURPLUS FOR THE YEAR | | |
| The surplus for the year is arrived at after charging:- | | |
| Finance costs | 25,918,960 | 31,033,540 |
| Provision for bad and doubtful debts | 23,049,437 | 26,991,539 |
| Depreciation of right of use asset | 22,232,881 | 13,673,493 |
| Auditors' remuneration | <u>2,412,568</u> | <u>2,357,421</u> |

CHRIST IS THE ANSWER MINISTRIES (CITAM)**Notes to the Financial Statements****for the year ended 31st December 2020.... / (Contd)****28.0 INTER-UNIT SALES**

Inter-Unit sales are transactions between various departments within the Ministry. The inter-unit sales during the year were as follows:-

| Department/Unit | <u>2020</u> | <u>2019</u> | <u>2020</u> | <u>2019</u> |
|------------------------|---------------------------|---------------------------|--------------------|--------------------|
| | Kshs | Kshs | % | % |
| Hope FM | 52,795,500 | 3,670,000 | 68% | 6% |
| Hope TV | 108,138,049 | 9,327,000 | 95% | 79% |
| Recording Studio | 29,667,875 | 160,000 | 96% | 20% |
| Creative Department | 7,715,890 | 25,539,648 | 100% | 98% |
| Catering Units | 28,247,789 | 73,669,402 | 45% | 50% |
| Transport Units | 1,367,000 | 15,590,300 | 11% | 42% |
| Kadolta Resort | 7,734,380 | 26,812,249 | 40% | 78% |
| CITAM Outfitters | - | 6,791,845 | 0% | 30% |
| Kiserian Carpentry | 3,575,900 | 7,275,051 | 100% | 100% |
| Total | <u>239,242,383</u> | <u>168,835,495</u> | <u>70%</u> | <u>48%</u> |

29.0 CONTINGENT LIABILITIES

The Ministry has pending litigations in court. However, the Ministry does not foresee a major liability arising from the suits.

30.0 EVENTS AFTER REPORTING PERIOD

We draw your attention to the Report of the Deacon Board on page 2 regarding the impact of Covid-19 on the sustainability of the Ministry in FY2020.

The Deacon Board is not aware of any matters arising after 31st December 2020 that would significantly affect operations of the Ministry.

31.0 CURRENCY

The financial statements are presented in Kenya shillings (Kshs).



**CHRIST IS THE
ANSWER MINISTRIES
[CITAM]**

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