



CHRIST IS THE  
ANSWER MINISTRIES  
[CITAM]

# 2020 Financial Statements

AS AT 31 DECEMBER 2020



**CHRIST IS THE ANSWER MINISTRIES (CITAM)**

**AUDITED FINANCIAL STATEMENTS**

**AS AT 31 DECEMBER 2020**

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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

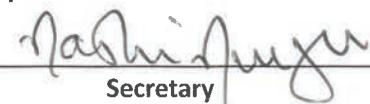
**INDEPENDENT AUDITORS**

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

**By Order of the Deacon Board**

MARCH 5, 2021

Date

  
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**

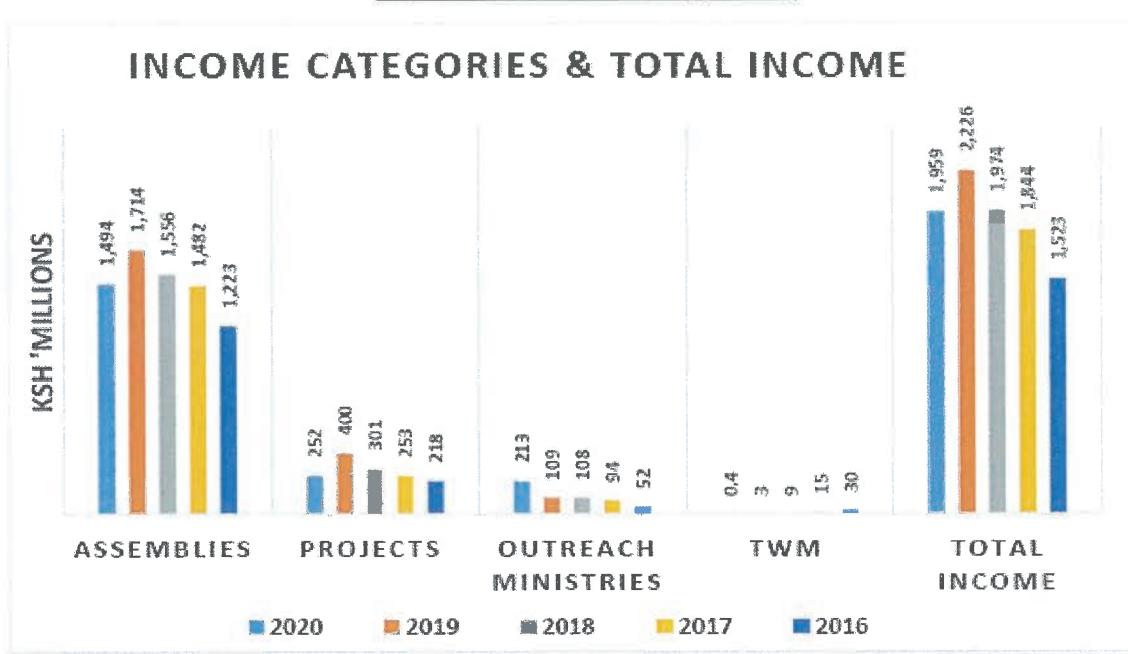
	2020 KES Millions	2019 KES Millions	2018 KES Millions	2017 KES Millions	2016 KES Millions
Assemblies Income (Note 4)	1,494	1,714	1,556	1,482	1,223
Projects Income (Note 5)	252	400	301	253	218
Outreach ministries Income (Note 6)	213	109	108	94	52
Together we can do more (Note 8)	0.35	3	9	15	30
<b>Total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



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

## INCOME CATEGORIES &amp; TOTAL INCOME

*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*

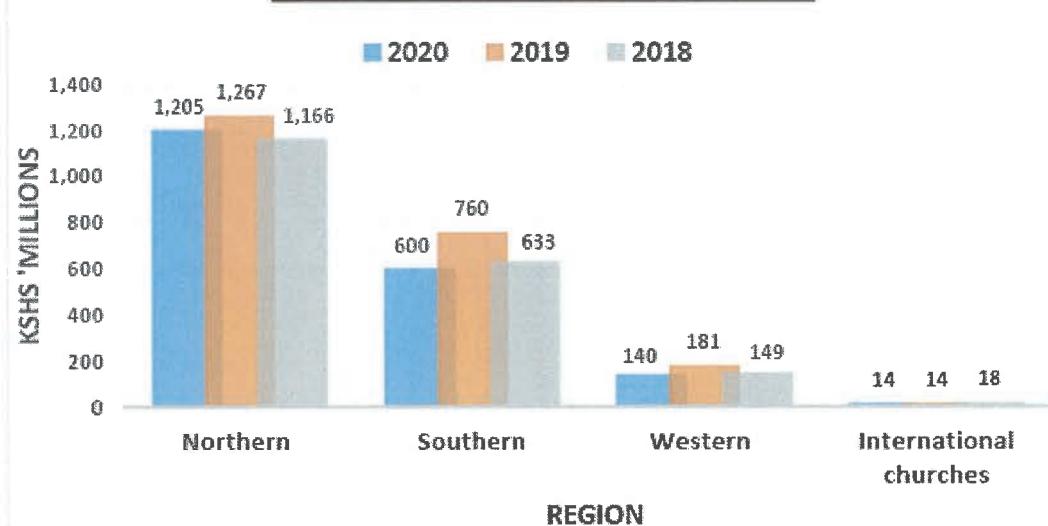
Region	2020 KES Millions	2019 KES Millions	2018 KES Millions
Northern Region	1,205	1,267	1,166
Southern Region	600	760	633
Western Region	140	181	149
International churches	14	14	18
<b>Total</b>	<b>1,959</b>	<b>2,222</b>	<b>1,966</b>



## 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
<b>Totals</b>	<b>1,475</b>	<b>1,677</b>	<b>1,517</b>	<b>1,212</b>	<b>1,068</b>

### *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%
<b>Totals</b>	<b>-12%</b>	<b>11%</b>	<b>25%</b>

**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
<b>Total Expenses</b>	<b>1,670</b>	<b>2,004</b>	<b>1,829</b>	<b>1,756</b>	<b>1,488</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

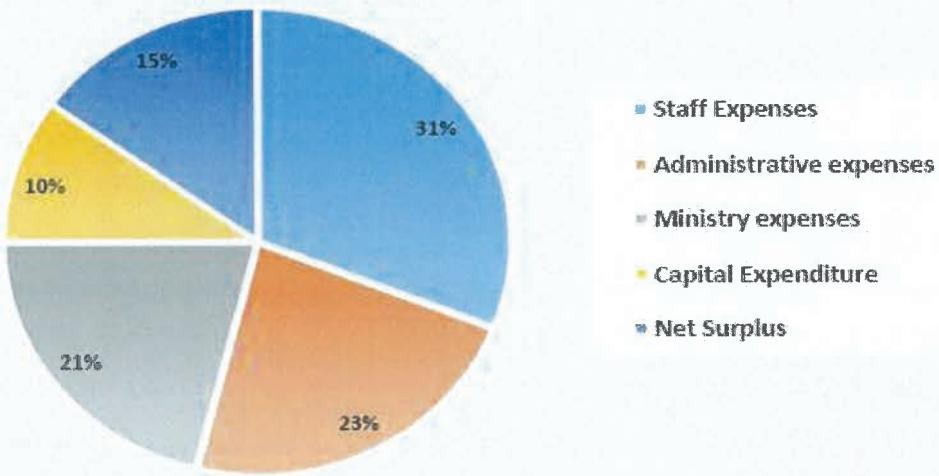
#### Staff, Assemblies and unit numbers for the last five (5) years

	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.*

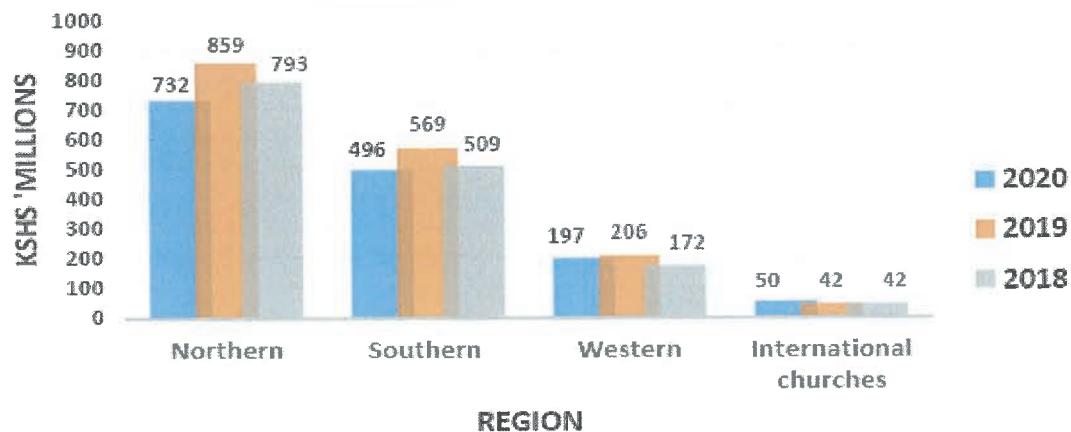
Expenditure category	2020	2019	2018	2017	2016
Staff Expenses	31%	29%	31%	28%	31%
Administrative expenses	23%	27%	28%	22%	23%
Ministry expenses	21%	19%	18%	16%	17%
TWM Expenses	0%	0%	0%	0%	6%
Capital Expenditure	10%	15%	16%	29%	21%

#### 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 Kshs millions	2019 Kshs millions	2018 Kshs millions	201 Kshs millions	2016 Kshs millions
Surplus before Capital Expenditure	485	514	458	631	362
Net Surplus for the year	290	187	145	88	35

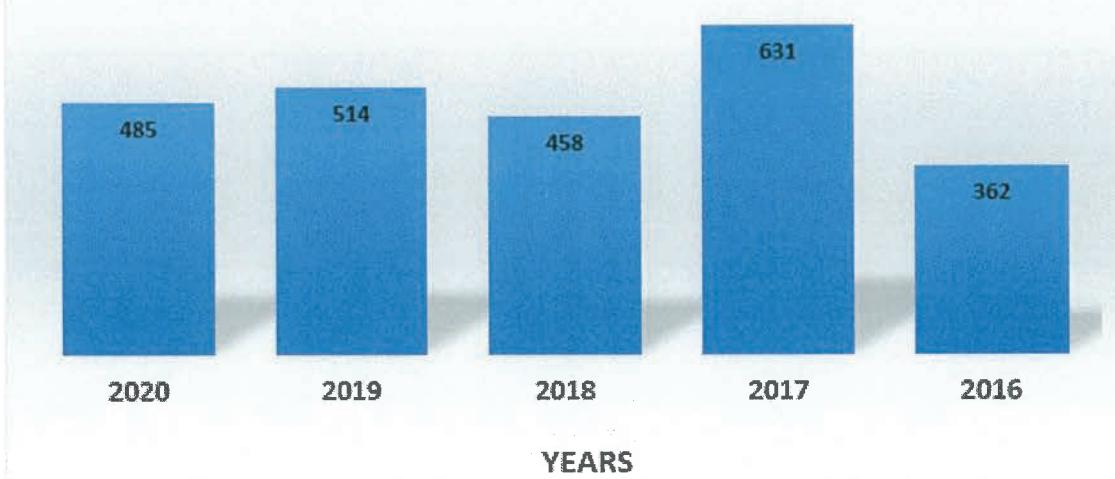


## CHRIST IS THE ANSWER MINISTRIES (CITAM)

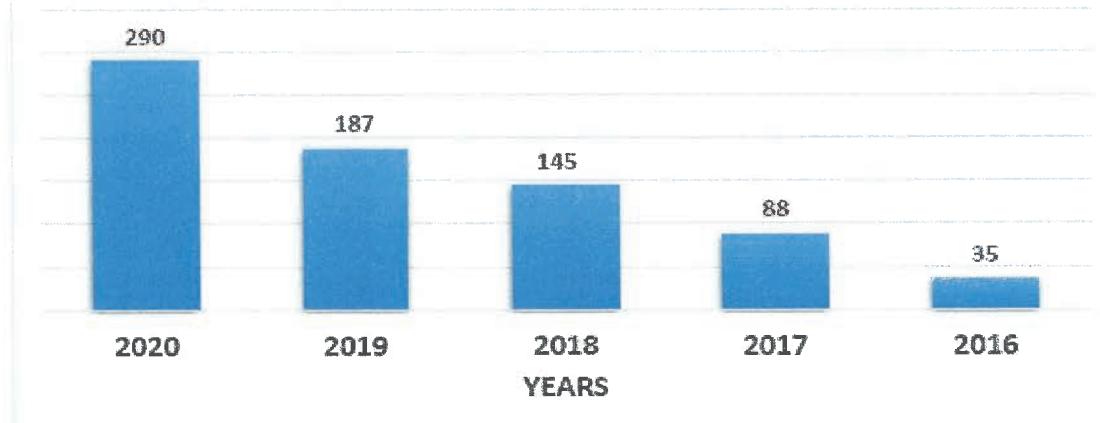
### Report of the Treasurer..../(Contd.)

*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 <sup>st</sup> January 2020	10
2	15 <sup>th</sup> February 2020	17
3	5 <sup>th</sup> March 2020	12
4	23 <sup>rd</sup> March 2020	13
5	7 <sup>th</sup> April 2020	17
6	13 <sup>th</sup> May 2020	17
7	29 <sup>th</sup> June 2020	16
8	6 <sup>th</sup> July 2020	16
9	13 <sup>th</sup> July 2020	17
10	21 <sup>st</sup> August 2020	17
11	14 <sup>th</sup> September 2020	17
12	22 <sup>nd</sup> September 2020	14
13	25 <sup>th</sup> September 2020	15
14	17 <sup>th</sup> October 2020	16
15	6 <sup>th</sup> November 2020	17
16	26 <sup>th</sup> November 2020	17
17	15 <sup>th</sup> 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 in 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 <sup>st</sup> January 2020	9
2	10 <sup>th</sup> February 2020	7
3	12 <sup>th</sup> February 2020	6
4	14 <sup>th</sup> February 2020	7
5	20 <sup>th</sup> February 2020	8
6	25 <sup>th</sup> February 2020	9
7	28 <sup>th</sup> February 2020	8
8	4 <sup>th</sup> March 2020 Morning	8
9	4 <sup>th</sup> March 2020 Evening	8
10	10 <sup>th</sup> March 2020	10
11	29 <sup>th</sup> April 2020	10
12	19 <sup>th</sup> May 2020	10
13	10 <sup>th</sup> July 2020	10
14	29 <sup>th</sup> July 2020	10
15	10 <sup>th</sup> August 2020	10
16	12 <sup>th</sup> August 2020	9
17	10 <sup>th</sup> September 2020	10
18	15 <sup>th</sup> September 2020	10
19	6 <sup>th</sup> October 2020	10
20	28 <sup>th</sup> October 2020	11
21	2 <sup>nd</sup> November 2020	11
22	25 <sup>th</sup> November 2020 (Morning)	9
23	25 <sup>th</sup> November 2020 (Evening)	11
24	16 <sup>th</sup> 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 31<sup>st</sup> 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 assessment 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**



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.



A worldwide association of independent accounting firms and business advisers ([www.dfk.com](http://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*  
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**

<b>ASSEMBLIES INCOME</b>	<b>Note</b>	<b>2020</b>	<b>2019</b>
		<b>Kshs</b>	<b>Kshs</b>
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
<b>Total assemblies income</b>	<b>4</b>	<b>1,494,043,574</b>	<b>1,714,334,302</b>
<b>ASSEMBLIES EXPENSES</b>			
Staff costs		347,169,277	375,049,108
Administration costs		307,404,041	388,594,881
Ministries costs		412,976,774	418,157,585
<b>Total assemblies expenditure</b>	<b>4</b>	<b>1,067,550,092</b>	<b>1,181,801,574</b>
<b>SURPLUS BEFORE PROJECTS AND CAPITAL EXPENDITURE</b>			
		<b>426,493,482</b>	<b>532,532,728</b>
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)
		<b>58,275,721</b>	<b>(18,311,912)</b>
<b>SURPLUS BEFORE CAPITAL EXPENDITURE</b>			
		<b>484,769,203</b>	<b>514,220,816</b>
Capital expenditure	10	(194,812,992)	(327,225,035)
<b>SURPLUS FOR THE YEAR</b>		<b>289,956,211</b>	<b>186,995,781</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Financial Positionas at 31<sup>st</sup> December 2020

ASSETS	Note	2020 Kshs	2019 Kshs
<b>Non-current Assets</b>			
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>
<b>Current Assets</b>			
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>
<b>TOTAL ASSETS</b>		<u>12,611,444,146</u>	<u>12,475,741,520</u>
<b>FUNDS AND LIABILITIES</b>			
<b>Funds</b>			
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>
<b>Non-current liabilities</b>			
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>
<b>Current liabilities</b>			
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>
<b>TOTAL FUNDS AND LIABILITIES</b>		<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 <u>Fund</u> Kshs	General <u>Fund</u> Kshs	Reserve <u>Fund</u> Kshs	Designated <u>Fund (Note 22)</u> 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
<b>AT 31 DECEMBER 2019</b>	<b>11,511,817,633</b>	<b>143,242,653</b>	<b>92,246,630</b>	<b>117,264,403</b>	<b>11,864,571,319</b>
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
<b>AT 31 DECEMBER 2020</b>	<b>11,470,528,373</b>	<b>384,721,944</b>	<b>147,111,629</b>	<b>136,225,100</b>	<b>12,138,587,046</b>

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

	<b>2020</b>	<b>2019</b>
	Kshs	Kshs
<b>CASH FLOWS FROM OPERATIONS</b>		
Surplus for the year	289,956,211	186,995,781
<b>Adjustments for:</b>		
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)
<b>Changes in operating assets and liabilities</b>		
(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	<u>(48,882,688)</u>	<u>78,156,431</u>
<b>Cash flows from operating activities</b>	<u>464,194,389</u>	<u>553,715,705</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
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	<u>(8,868,073)</u>	<u>20,761,363</u>
<b>Cash flows used in investing activities</b>	<u>(209,572,920)</u>	<u>(420,119,673)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
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	<u>18,960,697</u>	<u>29,326,704</u>
<b>Cash flows (used in)/ from financing activities</b>	<u>(64,081,637)</u>	<u>45,699,864</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>		
Cash and cash equivalents at the beginning of the year	<u>190,539,832</u>	<u>179,295,896</u>
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 21)</b>	<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 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> 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 12months 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	<u>112,643,789</u>	<u>113,034,025</u>
	<b><u>586,610,472</u></b>	<b><u>396,460,876</u></b>

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



## 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)
	<b>1,494,043,574</b>	<b>1,067,550,092</b>	<b>426,493,482</b>	<b>1,714,334,302</b>	<b>1,181,801,574</b>	<b>532,532,728</b>
5.0 PROJECTS INCOME AND EXPENDITURE	Surplus/ (Deficit)			Surplus/ (Deficit)		
	Income Kshs	Expenditure Kshs	Kshs	Income Kshs	Expenditure Kshs	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 Kadulta Resort	6,616,770	14,682,815	(8,066,045)	25,963,925	20,662,898	5,301,027
CITAM Schools Buruburu High	<b>252,252,263</b>	<b>239,375,005</b>	<b>12,877,258</b>	<b>399,685,017</b>	<b>310,335,318</b>	<b>89,349,699</b>
	<b>252,252,263</b>	<b>239,375,005</b>	<b>12,877,258</b>	<b>399,685,017</b>	<b>320,707,572</b>	<b>78,977,445</b>

## 5.1 Breakdown of the projects expenses

Staff costs	177,360,908	195,945,404
Administrative costs	62,014,097	124,762,168
	<b>239,375,005</b>	<b>320,707,572</b>



## 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	2020			2019		
		Income Kshs	Expenditure Kshs	(Deficit) Kshs	Income Kshs	Expenditure Kshs	(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	-	-	-	-
		<b>213,352,920</b>	<b>168,293,510</b>	<b>45,059,410</b>	<b>108,885,338</b>	<b>174,412,525</b>	<b>(65,527,187)</b>
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	
			<b>168,293,510</b>			<b>174,412,525</b>	
7.0	REGIONAL INCOME STATEMENTS	2020			2019		
	(a) NORTHERN REGION	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
	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	84,283,344	(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	-	-	-	-
		<b>1,205,155,597</b>	<b>732,329,117</b>	<b>472,826,480</b>	<b>1,267,437,383</b>	<b>858,605,703</b>	<b>408,831,680</b>
	(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 Kadolta 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)
		<b>600,410,404</b>	<b>496,808,837</b>	<b>103,601,567</b>	<b>760,160,141</b>	<b>569,009,775</b>	<b>191,150,366</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

		2020			2019		
		Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) 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
		<u>140,180,602</u>	<u>196,505,739</u>	<u>(56,325,137)</u>	<u>181,304,331</u>	<u>206,956,696</u>	<u>(25,652,365)</u>
(d)	INTERNATIONAL ASSEMBLIES						
	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)
		<u>13,902,154</u>	<u>49,574,914</u>	<u>(35,672,760)</u>	<u>14,002,802</u>	<u>42,349,497</u>	<u>(28,346,695)</u>
8.0	TOGETHER WE CAN DO MORE (TWM)						
	Income					2020	2019
	Expenditure					Kshs	Kshs
	NET INCOME					<u>351,682</u>	<u>3,074,824</u>
						<u>(12,629)</u>	<u>(8,977)</u>
						<u>339,053</u>	<u>3,065,847</u>
9.0	CHURCH PLANT CONTRIBUTIONS DEFERRED						
	Supported Assembly					2020	2019
	Kangundo Road					Kshs	Kshs
	Kiambu Road					-	(24,670)
	CITAM Kikuyu					-	3,382,391
	CITAM Kisii					-	5,405,176
	CITAM Kitengela					-	160,778
	CITAM Mombasa					-	9,956,492
	CITAM Naivasha					-	(763,530)
						-	16,708,380
						<u>-</u>	<u>34,825,017</u>

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)**

	<b>2020</b> Kshs	<b>2019</b> Kshs
<b>10.0 CAPITAL EXPENDITURE</b>		
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
	<hr/> 241,348,205	<hr/> 470,675,652
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	<hr/> (34,828,017)	<hr/> -
	<hr/> <b>194,812,992</b>	<hr/> <b>327,225,035</b>



## CHRIST IS THE ANSWER MINISTRIES (CITAM)

## Notes to the Financial Statements

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

11.0 PROPERTY AND EQUIPMENT		Freehold Land Kshs	Buildings Kshs	Boreholes Kshs	Motor Vehicles Kshs	Furniture & Fittings Kshs	Equipment Kshs	Computers Kshs	Tents Kshs	Total Kshs
<b>COST OR VALUATION</b>										
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	
At 31 DECEMBER 2019	<b>2,086,924,750</b>	<b>3,234,861,124</b>	<b>14,654,321</b>	<b>238,906,884</b>	<b>230,462,092</b>	<b>723,804,808</b>	<b>73,479,456</b>	<b>122,150,533</b>	<b>6,725,243,968</b>	
<b>DEPRECIATION</b>										
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	
At 31 DECEMBER 2019	<b>2,086,924,750</b>	<b>3,234,861,124</b>	<b>14,654,321</b>	<b>175,943,380</b>	<b>144,381,793</b>	<b>469,688,789</b>	<b>52,348,551</b>	<b>60,977,398</b>	<b>903,339,911</b>	
<b>NET BOOK VALUE</b>										
At 31 DECEMBER 2019	<b>2,086,924,750</b>	<b>3,234,861,124</b>	<b>14,654,321</b>	<b>62,963,504</b>	<b>86,080,299</b>	<b>254,116,019</b>	<b>21,130,905</b>	<b>61,173,135</b>	<b>5,821,904,057</b>	
<b>COST OR VALUATION</b>										
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)	
At 31 DECEMBER 2020	<b>2,095,619,790</b>	<b>3,311,365,495</b>	<b>15,715,321</b>	<b>235,089,082</b>	<b>235,647,496</b>	<b>775,885,497</b>	<b>88,604,633</b>	<b>177,746,811</b>	<b>6,935,674,125</b>	
<b>DEPRECIATION</b>										
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)	
At 31 DECEMBER 2020	<b>2,095,619,790</b>	<b>3,311,365,495</b>	<b>15,715,321</b>	<b>39,808,867</b>	<b>71,855,413</b>	<b>238,118,315</b>	<b>65,382,421</b>	<b>83,494,838</b>	<b>1,045,716,739</b>	
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 31<sup>st</sup> December 2020.... / (Contd)

	<u>2020</u> Kshs	<u>2019</u> Kshs
<b>12.0 RIGHT OF USE ASSETS</b>		
At 1 January	88,831,698	15,773,292
Additions	-	73,058,406
	<u>88,831,698</u>	<u>88,831,698</u>
<b>AMORTIZATION</b>		
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>
<b>NET BOOK VALUE</b>		
<b>At 31 DECEMBER</b>	<b><u>49,420,149</u></b>	<b><u>71,653,030</u></b>

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.

	Sheep, Goats & Rabbits		<u>2020</u> Kshs	<u>2019</u> Kshs
	<u>Cattle</u> Kshs	<u>Kshs</u>		
<b>13.0 BIOLOGICAL ASSETS</b>				
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	<u>(25,000)</u>	<u>(10,000)</u>	<u>(35,000)</u>	<u>(6,000)</u>
<b>Carrying amount at 31st December</b>	<b><u>445,000</u></b>	<b><u>32,000</u></b>	<b><u>477,000</u></b>	<b><u>444,000</u></b>

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 31<sup>st</sup> December 2020.... / (Contd)

14.0 WORK IN PROGRESS	Balance at			Balance at 31.12.2020 Kshs
	01.01.2020 Kshs	Additions Kshs	Transfers 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)	-
	<b>55,496,761</b>	<b>54,292,309</b>	<b>(40,961,513)</b>	<b>68,827,557</b>

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

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

(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 31<sup>st</sup> December 2020.... / (Contd)

		<b>2020</b>	<b>2019</b>
		Kshs	Kshs
<b>16.0</b>	<b>INTANGIBLE ASSETS</b>		
	<b>COST</b>		
	At 1 January	74,944,086	74,944,086
	Additions	2,159,461	-
		<u>77,103,547</u>	<u>74,944,086</u>
	<b>AMORTIZATION</b>		
	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>
	<b>NET BOOK VALUE</b>		
	<b>At 31 DECEMBER</b>	<b><u>8,930,606</u></b>	<b><u>8,105,913</u></b>

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

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

(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%.

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

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

	<u>2020</u> Kshs	<u>2019</u> Kshs		
<b>19.0 INVENTORIES</b>				
Safari books	15,639,651	13,724,177		
Consumables	17,503,752	17,352,157		
Less: Provision for slow moving inventories	<u>(7,819,826)</u>	-		
	<u>25,323,577</u>	<u>31,076,334</u>		
<b>20.0 TRADE AND OTHER RECEIVABLES</b>	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	<u>6,747,525</u>	<u>3,218,137</u>		
	<u>162,987,058</u>	<u>140,327,857</u>		
Provision for impairment	<u>(50,343,269)</u>	<u>(27,293,832)</u>		
	<u>112,643,789</u>	<u>113,034,025</u>		
<b>21.0 CASH AND CASH EQUIVALENTS</b>				
<b>(a) Fixed deposit</b>	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.	<u>-</u>	<u>5,000,000</u>		
	<u>313,870,315</u>	<u>166,848,497</u>		
(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>(b) Cash and bank balances</b>	Kshs	Kshs		
Cash at bank	97,337,524	74,596,032		
Safaricom paybill account	60,568,893	40,878,765		
Cash in hand	<u>2,189,951</u>	<u>1,103,557</u>		
	<u>160,096,368</u>	<u>116,578,354</u>		
<b>Total cash and cash equivalents</b>	<u>473,966,683</u>	<u>283,426,851</u>		
	<b>Balance at</b> <b>01.01.2020</b> <b>Kshs</b>	<b>Receipts</b> <b>Kshs</b>	<b>Payments</b> <b>Kshs</b>	<b>Balance at</b> <b>31.12.2020</b> <b>Kshs</b>
<b>22.0 DESIGNATED FUNDS</b>				
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	<u>(149,584,901)</u>	<u>38,449,538</u>	<u>(133,038,082)</u>	<u>(244,173,445)</u>
Other development funds	33,837,597	11,202,064	(11,106,122)	33,933,539
Church plant fund	34,828,017	<u>-</u>	<u>(34,828,017)</u>	-
LADF	7,612,920	<u>-</u>	<u>-</u>	<u>7,612,920</u>
Staff welfare fund	916,385	2,357,580	(2,797,500)	476,465
Caution fees	<u>8,308,982</u>	<u>1,530,000</u>	<u>-</u>	<u>9,838,982</u>
	<u>117,264,403</u>	<u>207,852,994</u>	<u>(188,892,297)</u>	<u>136,225,100</u>


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

	<b>2020</b> Kshs	<b>2019</b> Kshs
<b>23.0 BORROWINGS</b>		
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
	<b>290,168,641</b>	<b>359,400,277</b>

**Repayment analysis**

Non-current - repayable after the next 12 months	<b>189,931,903</b>	<b>261,924,324</b>
Current - repayable in the next 12 months	<b>100,236,738</b>	<b>97,475,953</b>

(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.

	<b>2020</b> Kshs	<b>2019</b> Kshs
<b>24.0 TRADE AND OTHER PAYABLES</b>		
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
	<b>125,738,089</b>	<b>174,620,777</b>

<b>25.0 LEASE LIABILITIES</b>	Kshs	Kshs
Lease liability	77,149,147	86,286,227
Payment of the principal portion of lease liability	(20,198,777)	(9,137,080)
	<b>56,950,370</b>	<b>77,149,147</b>
<b>Split into:</b>		
Non-current liability	<b>32,006,149</b>	<b>56,950,370</b>
Current liability	<b>24,944,221</b>	<b>20,198,777</b>

This relates to the right-of use assets.

	Kshs	Kshs
26.0 CAPITAL COMMITMENTS		
Authorised and contracted	<b>151,474,828</b>	<b>157,879,882</b>

The above are capital commitments authorised and contracted as at the balance sheet date but not recognized in the financial statements.

	<b>2020</b> Kshs	<b>2019</b> Kshs
<b>27.0 SURPLUS FOR THE YEAR</b>		
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' renumeration	<b>2,412,568</b>	<b>2,357,421</b>

**CHRIST IS THE ANSWER MINISTRIES (CITAM)****Notes to the Financial Statements****for the year ended 31<sup>st</sup> 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	2020 Kshs	2019 Kshs	2020 %	2019 %
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%
Kadulta 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%
<b>Total</b>	<b>239,242,383</b>	<b>168,835,495</b>	<b>70%</b>	<b>48%</b>

**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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