

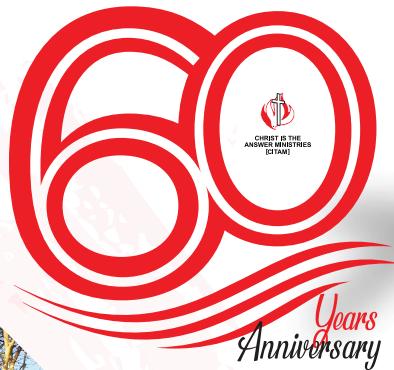


CHRIST IS THE
ANSWER MINISTRIES
[CITAM]

2019 Annual Report

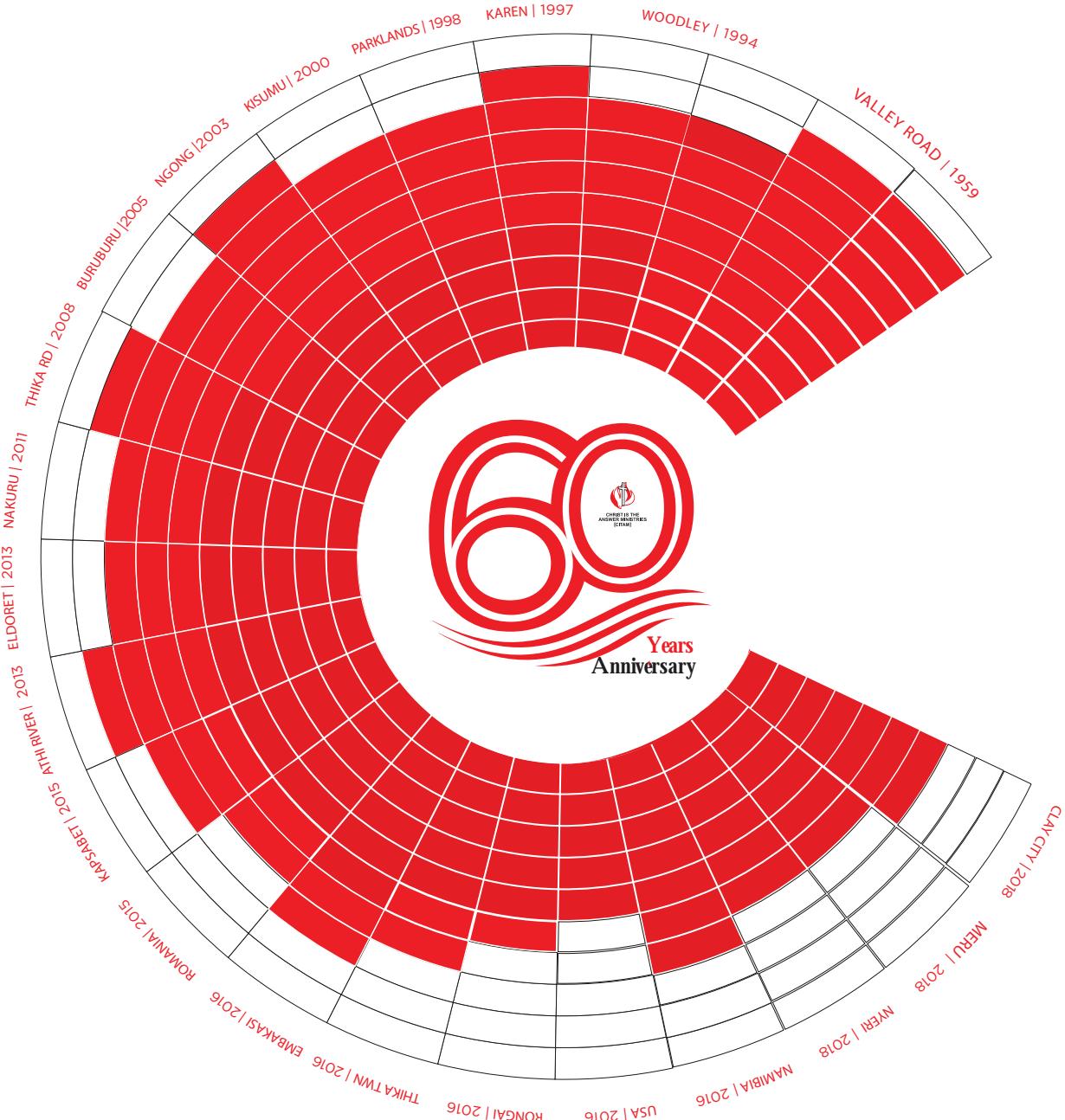
AND FINANCIAL STATEMENTS

ABRIDGED VERSION



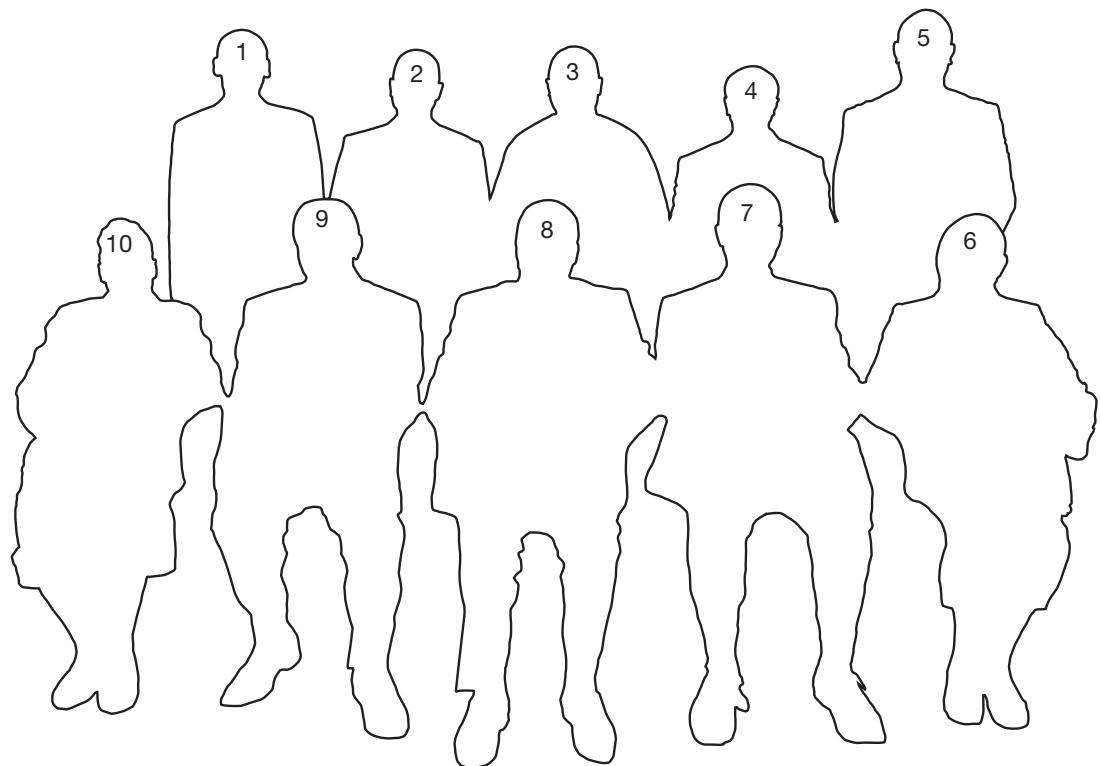


CHRIST IS THE ANSWER MINISTRIES [CITAM]



2018 ANNUAL REPORT AND FINANCIAL STATEMENTS ABRIDGED VERSION

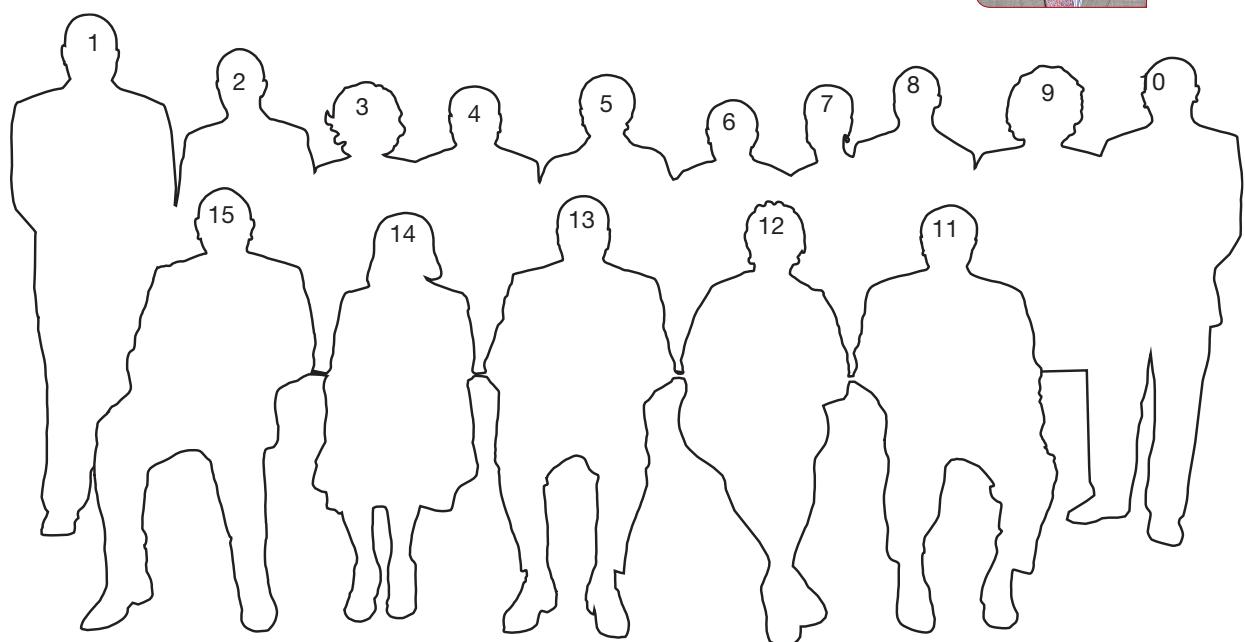
COUNCIL OF ELDERS



Standing left -right: 1: Geoffrey Kihara | 2: Dennis Cheruiyot | 3: Pius Kokomu | 4: Rev. Elias Githuka | 5: Rev. Ken Kimiywe

Seated right - left: 6: Teresia Biu | 7: Don Odera | 8: Rev. (Dr) David Oginde | 9: John Migiro | 10: Marcellina M'Mwirichia

DEACON BOARD



Standing left -right: 1: George Asoyo | 2: Martin Kiogora | 3: Catherine Wahome | 4: Selvaraj Chelliah | 5: Elizabeth Oyombe

6: Paul Mbugua | 7: Catherine Lengewa | 8: Martin Munyu | 9: Christine Ojera | 10: Andrew Musyoka

Seated right - left: 11 Rev. Elias Githuka | 12: Caroline Wambugu | 13: Rev. (Dr) David Oginde | 14: Dr. Faith M. Thuita | 15: Rev. Ken Kimiywe
Not in the group photo: Nelson Kuria

Appendix C:

David Oginde (PhD.), Rev

Presiding Bishop



CHAIRMAN'S REPORT

Positioned for Impact

Introduction

The year 2018 began on a not very positive note. Due to the tempestuous elections of the previous year, the nation was gripped in anxiety and tension that was obvious even in our congregations. However, the Christian fraternity took opportunity to earnestly intercede for our country and for peace to prevail. We thank God because He heard our prayers and granted us peace when our political leaders made a deliberate choice to embrace peace. This opened doors for ministry and service in line with our theme for the year – *Positioned for Impact* (Acts 1:8, Isaiah 61). We share a few highlights.

Impact through Prayer

It is said that desperate times call for desperate measures. Considering where the nation was at, and the place of CITAM as a ministry, we embarked on forty days of prayer and

fasting to intercede for the nation, the church, family and for individuals. It was the only way for positioning ourselves for impact. We thank God for an overwhelming response from our members. They not only took time for individual and corporate times of prayers at their assemblies, but also turned out in thousands at the solemn assembly at Valley Road to end the season. The impact of this was evident not only in the breakthroughs experienced by various individuals, but also in the growth in the discipline of prayer and greater commitment to ministry at our assemblies.

Impacting the Children

We praise God because in 2018, the CITAM Daily Vacation Bible School (DVBS) saw an unusually large turnout of children, with over 30,000 children being ministered to. Focusing on the power of the Holy Spirit, the children were taken through

such topics as: Empowered to Serve, Empowered for Victorious Christian living, Empowered for Righteous Living, and Positioned for Witness. As a result, over 3,500 children committed their lives to Christ in salvation. Furthermore, all CITAM assemblies held HOPES Camps for KCPE candidates after their examinations. It was an opportunity to prepare them for teenage life through practical lessons from God's word.

Impacting the Family

A key highlight of the year was the CITAM Family Fest where families were nourished and equipped through practical Biblical teachings on family matters. Many testified of being refreshed in their individual and family lives. Special thanks to Rev Tan Chi and family from the Philippines for sharing their life lessons with us and to Dr Mphaphuli from South Africa for challenging us on growing family

finances. And to the many other speakers who shaped and equipped us for impact through the family.

Impact through CITAM Schools

In a true positioning for impact, CITAM schools registered an all-round sterling performance in the 2018 KCPE exams. CITAM Schools Woodley had 16 of its candidates scoring over 400 marks, and 44 scoring over 350. The top candidate, Ryan Kimtai scored 449 marks, only 4 marks away from the national best who obtained 453 marks. Furthermore, the school had a mean score of 372, hence ranked the 10th best school in Nairobi County. CITAM Schools Buru Buru similarly registered an impressive mean score of 361. They had 25 candidates scoring above 350, with four scoring above 400 marks. CITAM Schools Kisumu improved significantly with a mean score of 343 from 333 in 2017. They had 12 candidates scoring above 350, with three scoring above 400 marks. We praise God for the success of our candidates and thank all our teachers for working hard to position our schools for impact in the education sector.

Impact at the Assemblies

With much joy, we appreciate the great work done in our assemblies where many lives were impacted for Christ. An unusual number of conversions were



reported from most of our Assemblies. We especially thank God for the impact of the Safari discipleship program. Many have testified of personal growth and transformation in their walk with God. Furthermore, there were several testimonies of God's work in the lives of many individuals and families through the pulpit and other ministry forums in every assembly. Many of these highlights are outlined in the specific Assembly reports included here.

Impact through Special Projects

In an effort to be good stewards of God's resources bestowed to us, CITAM runs several special projects and programs that are geared towards ministering to the whole person. These projects also generate extra revenue for the ministry. In this regard, *CITAM Kadolta Resort* was officially launched in September of 2018.

The ultra-modern resort is a rest haven offering world class accommodation, classic conference facilities, restaurant, swimming pool, camping and team building facilities within scenic beauty. We encourage our members to take advantage of this facility for their family, organization, and company retreats and conferencing. *CITAM Outfitters* has equally carved a niche in the uniforms and clothing market. Launched just over a year ago, the unit has supplied our children with quality uniforms that are pocket friendly to our parents. The unit also produces other branded textile products.

Impact on National Issues

In CITAM, we believe that in the prosperity of the nation lies our prosperity. We therefore not only pray, but also deliberately engage in various activities to ensure the peace and prosperity of the nation. During the post-election stalemate, the Presiding Bishop was part of a small group of nine drawn from the diplomatic, business and religious sectors, that worked hard in drawn-out shuttle diplomacy to broker reconciliation between the Opposition and

Jubilee Party. We give glory to God that eventually these efforts bore fruit resulting in peace in the nation.

Meanwhile, the CITAM Social Action, Advocacy and Governance (SAAG) Ministry hosted the inaugural Lawyers' Forum where over 100 lawyers from across CITAM assemblies came together to deliberate on their critical role on national governance issues. In a separate forum, the health professionals also met to explore health related issues affecting the nation such as abortion and other family matters. We thank Rev John Wesley Nguuh, the Senior Pastor in charge of SAAG, for leading these initiatives and attending various national forums and media houses to articulate our biblical perspective on national issues.

In Nakuru, CITAM Nakuru successfully implemented an emergency intervention project following the Solai Dam tragedy in May 2018. The project comprised three main phases: relief food assistance, construction of toilet facilities, and trauma counseling. The assistance went a long way in relieving the pain and loss of victims of the Solai tragedy. Interestingly, of the 32 organizations involved in supporting the victims, CITAM was recognized as the second, after Safaricom, in contributing to the needs of the victims.

In other efforts, various of our Assemblies organized Prayer Breakfasts and Leadership Training Summits for County Leaders in their areas. Such initiatives were successfully hosted by CITAM Eldoret, Kapsabet, Kisumu, and Nakuru. The County Governments expressed great appreciation for these training and collaborative events.

Our Missions office continued to reach out to the underprivileged communities with the compassion of Christ. The church distributed relief food worth millions of shillings in the drought stricken areas of the country. We also supported over fifty organizations engaged in various critical ministries that we are not able to cover.

Impact in the Digital Space

Through digital migration, the world has inadvertently shifted to the cyberspace. If we are to impact today's generation we must join them where they literally live – online. At the last AGM we officially launched **CITAM Church Online** which has served as a valuable tool to amplify the gospel message across multiple social media platforms. This cyber Church has reached over 23 million people in 48 nations in just one year. We invite you to engage with us on the **CITAM Church Online** platforms – YouTube channel, Facebook, Twitter and Instagram Pages – and be part of God's move in the digital space.

Impact through Strengthened Structures

Recognizing the continued favor of God and resultant growth, the members agreed at the 2017 SGM that CITAM should adopt a regional structure. This has led to the structuring of the ministry into three geographical regions – Western, Northern, and Southern Regions – to be headed by Regional Overseers. This further necessitates the restructuring of our governance system to keep in tandem with the growth. Accordingly, to ensure the effective engagement of all our members in decision making, there is a definite need to bring decision making forums such as the Annual General Meeting (AGM) to the regions. The proposal is therefore to introduce Regional Annual General Meetings (RAGM) and a National Delegates Conference (NDC) as key decision making forums for our members. It is hoped that this will position us for greater impact in the years to come.

Looking Back to Impact the Future

In 2019, we celebrate 60 years of God's faithfulness and breakthrough since the ministry began. As we look back, it is our strong belief that our past as well as our future success is purely an act of God's favor. Thus, as we celebrate sixty years, we are upbeat about what God is yet to do in the days

ahead. That is why we have anchored ourselves in the theme, ***“Not by might, nor by power but by the Spirit of God,”*** (Zechariah 4:6). Through the year, we will take time to:

- a. **Reflect** on God’s faithfulness from 1959 to 2019.
- b. **Retell** the lessons we have learnt over the years as we hand over the baton to succeeding generations after us.
- c. **Re-examine** our history as we crystallize our success stories and learnings for posterity.
- d. **Refine** our operations in light of the growth God has brought our way.
- e. **Recast** our vision to the Counties and Nations of the world.
- f. **Redouble** our efforts in fulfilling the Great Commission through Evangelism and Church planting.
- g. **Rededicate** ourselves to the Lord as we embark in the next phase of ministry.

Greater Impact at Sixty

Over the years, we have been inundated with calls to take CITAM to different parts of Nairobi and to other towns in Kenya. While the spirit is willing, the pocket has proved to be weak. However, as we celebrate 60 years (Six Decades), we want to appreciate God for His faithfulness by planting at least six churches (one for each decade) in 2019. This is a major leap, but we have faith that it can be done – not by might, nor by power but by the Spirit of God. As D.L. Moody put it, “If God is your partner, make your plans BIG!” Likewise, Chuck Swindoll declares, “We are all faced with a series of great opportunities brilliantly disguised as impossible situations.” Let us trust God for great success.

Celebrating Champions of Impact

It never ceases to amaze how our Members, Volunteer Workers, Leaders, Pastors and Staff have over the years consistently and sacrificially positioned themselves for impact through this ministry. We want to sincerely thank every one of you for your devout prayers, dedicated service, and

cheerful giving. You are our champions of impact. You have given CITAM a name and made CITAM a brand. May the Lord open the windows of heaven and pour upon each one of you His abundant blessings.

We single out the sacrificial and tireless work by our Trustees, Elders, Deacons, Staff, and Ministry Workers. God’s grace be upon you. We also take this opportunity to especially express deep gratitude to our outgoing Deputy Bishop Rev Ken Kimiywe who has been a great right hand man in the ministry. You have worked hard and been a blessing to many. As you proceed on to a well deserved Sabbatical leave, we pray for God’s special blessing upon you and your family. May you be refreshed just as you have refreshed others. At the same time, we welcome Rev Dr John Karita as the incoming Deputy Bishop. Great work awaits you, but we know you are equal to the task. Finally, may I thank my dear wife, Nancy, and our children Joyce and Chris for their continued support and encouragement.

We give glory, honour, and praise to the Almighty God for all that He has done among us. As we look to the future, we must not be afraid of anything or anyone. Instead, each one of us must stand firm. Let nothing move you. Always give yourselves fully to the work of the Lord, because you know that your labour in the Lord is not in vain. (1 Cor. 15:58)

Greater things are yet ahead of us, and we will accomplish them ***not by our might, nor by power but by the Spirit of God.*** Amen!

**“Let us
trust God
for great
Success**

Dr. Faith M. Thuita

Church Secretary



CHURCH SECRETARY'S REPORT

Introduction

2018 was a great year with the theme, Positioned for Impact (Acts 1:8) guiding us to be proactive by having meaningful impact in all our areas of influence. This report gives an overview of key ministry highlights particularly on issues of Policy, Governance and Administration. We praise God for His mercies and favour over our country because of the peace and calmness we witnessed in 2018 after coming out from a very tense and tempestuous election in the previous year. Only God could have orchestrated the move within the political realm that led to the peace and calm that we continue to enjoy. Indeed, He is a God who hears and answers from heaven when we call upon his name (Ps 20:6).

CITAM continues to grow and reach out to many for Christ through effective and

life transforming ministry. The Deacon Board throughout the year steered the ministry by providing direction and counsel as required. Board members were always willing and available when called upon to attend meetings, some of which went for long hours. May the Lord richly bless each one of them for their selfless and dedicated service to the Lord. The CITAM Leadership Forum that brings together the Deacon Board, Elders Councils and Senior Pastors met 3 times for prayer, fellowship and consultation on a broad range of issues relating to the ministry and governance.

Deacon Board Meetings

During the year, the Deacon Board held 9 meetings as scheduled, including a number of special meetings as need arose. Besides, there were numerous board sub-committee meetings to deliberate on key issues of the ministry. Deacon

Board members also attended three CITAM Leadership Summit retreats that brought together the Deacon Board, Council of Elders and the Senior Pastors.

We thank God for enabling the board to review and update all CITAM Policies in the course of the year under the able guidance of the chairman. The board also developed a Board Charter which sets out the roles, responsibilities and authorities of board members and board committee. The charter further articulates the values, goals, principles and governing structure of the deacon board.

In line with provisions of the charter, an on-line system for evaluation of performance of the board members and board committees was established and comprehensive evaluation done at the end of term of the current board.



Church Plants

Though we did not plant a church in 2018, the Board envisioned the planting of at least 6 churches in 2019 to celebrate God's faithfulness to CITAM in the last 60 years of the ministry. The Deacon board approved leasing property for CITAM Meru to cater for expanding growth for which we thank God. We are thankful for donation of a prime and strategically located property to CITAM in Makueni town. May the Lord abundantly bless the family that gifted us this property.

Business units

The business units besides being models of excellence and proponents of Christian values in the market place also generate revenue to support the work of the ministry. Through the business committee, the deacon board provided oversight and support to the CITAM business units leading to remarkable improvement in performance during the period under review. The board has remained steadfast in ensuring that the business units, despite competition from other players, remain afloat and register profits.

We are delighted that we launched the CITAM Kadolta Resort on 22nd September 2018. It was a significant milestone in the ministry when the doors of our resort were officially opened in an event graced by the Presiding Bishop. The launch gave the resort good publicity which together with on-going marketing has led to a high season of bookings with a notable increase in income earned. CITAM Kadolta Resort, the rest haven, offers a wide variety of incredible resort services that include world-class accommodation, classic conference facilities, restaurant, swimming pool with ambient scenery, camping and team building facilities.

We encourage our members to make use of this facility and enjoy the excellent services. Our hospitality units at Parklands, Valley Road, Woodley and other assemblies continue to offer excellent catering services to the respective assemblies, schools and the community in the environs. The CITAM Outfitters unit continues to churn out an assortment of creatively designed products for sale through various outlets in our assemblies and beyond.

The 2018 KCPE results were received with jubilant celebrations in our CITAM schools because of the sterling performance. CITAM Woodley posted the best results ever in the history of the school with 70% of students scoring above 350 marks. The school recorded a mean score of 372 ranking it 10th best school in Nairobi County. Ryan Kimtai scored 449 marks, only 4 marks away from the best candidate countrywide who obtained 553 marks. We thank God for this sterling academic performance which has seen demand for admission to the school surge upwards in 2019. . CITAM Schools Kisumu had fantastic news with an improvement on the mean score from 333 in 2017 to 343 while CITAM Schools Buruburu had an impressive mean score of 361. We praise God for the good performance in our schools.

Missions and Outreach

CITAM continued to support both local and international mission centers. CITAM supports missionaries in six local mission stations in Olturot, Archer's Post, Kargi, Gororukesa, Mataarba and Loiyangalani reaching out to the largely unreached people groups of the Rendille, Borana, Burji, Samburu and Turkana. Beyond our national borders, we have missionaries in Romania, East Timor, USA and Namibia doing many exploits for God's kingdom. We continue to trust God to enable us plant more mission stations.

Through our schools, we reach out to the children by not only providing quality education but also inculcating Christian values in them. In 2018, we recorded significant numerical growth at Woodley, Ngong and Buruburu Schools.

The Hope Media, both TV and Hope FM has been a strategic avenue of reaching millions of people around the globe with the good news of the salvation of our Lord Jesus Christ. During the period under review, there were over 45 live broadcasts

from different locations including live transmission of Sunday Services from various CITAM assemblies across the country. The HOPE creative lab and recording studio provided vital services in recording, printing, broadcast and creative design work.

Our Children's Centre in Kiserian has been a home to the poor and homeless children who have been provided with care, spiritual nurture and good education.

We are grateful for the impact made by CITAM Church Online, which has seen many people across the continents hear the gospel on their mobile phones, iPads and tablets. We are committed to be as innovative as possible so as to reach as many people as possible with the gospel while it is still day. We are confident that we are on course in our mission of knowing God and making Him known through evangelism and discipleship.

Giving - Tithes & Offerings

Your relentless commitment to paying your tithes and regular giving of offerings was encouraging. Through your generous giving, we were facilitated to run the affairs of the church throughout the year. On behalf the board, I pray that God will meet all your needs according to the riches of his glory in Christ Jesus (Philippians 4:19).

Moving the Ark

Construction works to refurbish CITAM Kisumu are now completed and the modern sanctuary is beautiful to behold. We praise God for His provision and for quality work by the construction team. We will soon be celebrating as we re-launch the new sanctuary. Furthermore, we will soon break ground in CITAM Thika Road, CITAM Nakuru and CITAM Buruburu which are the last three sanctuaries remaining under the Moving the ARK initiative.

CITAM Strategic Plan - Implementation and Monitoring

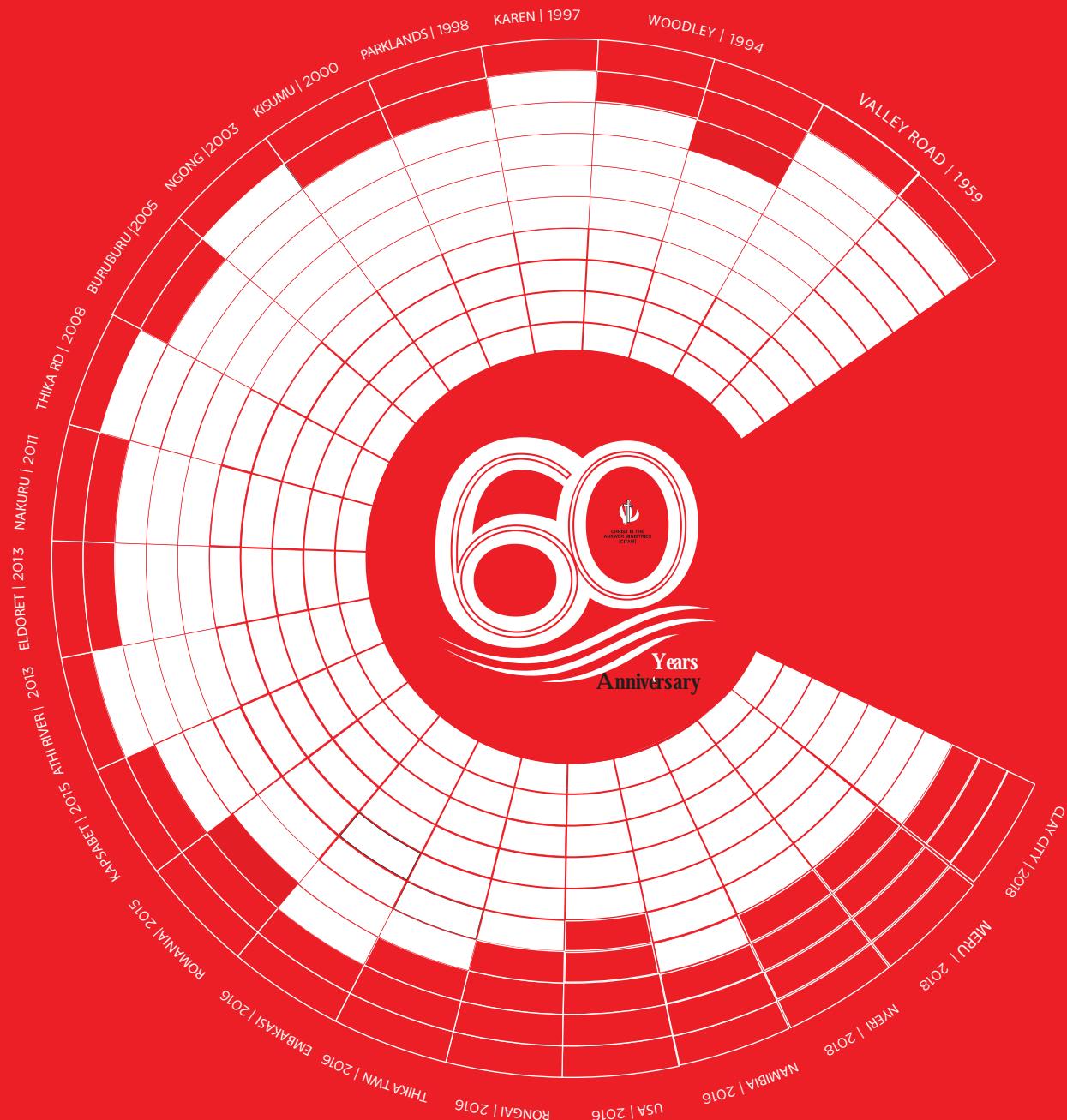
During the year, the Strategic Plan Oversight Team (SPOT) oversaw the implementation of the 2015-2025 strategic plan on behalf of the Board through champions drawn from the management team. The team's main mandate was to monitor the implementation of the specific pillars in the strategic plan.

Prayer issues

- a. For God's provision to meet the ever-increasing demands of the ministry to reach as many people for Christ as possible.
2. Finalization of sale of the Juja property to facilitate infrastructural development of planned projects.
3. God's guidance to the leadership in this season when Rev. Ken Kimiywe will be exiting as the Deputy Bishop and Rev. Dr. Karita Mbagara takes over. We pray for the process of appointing a new Bishop as the current Presiding Bishop's tenure comes to an end in April 2020.



CHRIST IS THE
ANSWER MINISTRIES
[CITAM]



**FINANCIAL STATEMENT
AND ACCOUNTS | 2018**

CHRIST IS THE ANSWER MINISTRIES (CITAM)

AUDITED FINANCIAL STATEMENTS

AS AT 31 DECEMBER 2018

CONTENTS:	P a g e
Report of the Deacon Board	1 - 2
Report of the Treasurer	3 - 8
Statement of Corporate Governance	9 - 12
Statement of the Deacon Board Responsibilities	13
Report of the Independent Auditors	14 - 15
Statement of Comprehensive Income	16
Statement of Financial Position	17
Statement of Changes in Funds	18
Statement of Cash Flows	19
Notes to the Financial Statements	20 - 36

**KKCO East Africa
Certified Public Accountants
P. O. Box 46335 - 00100
NAIROBI**
Email: audit@kkcoeastafrika.com
Website: www.kkcoeastafrika.com

CHRIST IS THE ANSWER MINISTRIES (CITAM)

DEACON BOARD MEMBERS

: Rev. Dr. David Oginde	- Bishop
: Rev. Ken Kimiywe	- Deputy Bishop
: Dr. Faith Thuita	- Secretary
: Mrs. Caroline Wambugu	- Treasurer
: Ms. Elizabeth Oyombe	
: Dr. Catherine Lengewa	
: Dr. Martin Kiogora	
: Prof. Paul K. Mbugua	
: Mr. Selvaraj Chelliah	
: Mr. Nelson Kuria	
: Mr. George Asoyo	
: Mrs. Christine Ojera	
: Mrs. Catherine Wahome	
: Mr. Martin Munyu	
: Rev. Elias Mwaura	- Director for Administration (Ex-officio)

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

: CFC Stanbic Bank Kenya Ltd
Waiyaki Way Branch
P. O. Box 30550
NAIROBI

LEGAL ADVISORS

: P. C. Onduso & Co. Advocates
Devsons Court 2nd Floor, Hurlingham
P. O. Box 12853-00100
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 2018.

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.

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:-

Mr. George Asoyo	- Joined on 29/04/2018
Mrs. Christine Ojera	- Joined on 29/04/2018
Mrs. Catherine Wahome	- Joined on 29/04/2018
Mr. Martin Munyu	- Joined on 29/04/2018
Mr. Apollo Apamo	- Term ended on 29/04/2018
Mr. Maurice Ouma	- Term ended on 29/04/2018
Eng. Reuben Maritim	- Term ended on 29/04/2018

RESULTS

The results for the year are set out on page 16.

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 23, 2019

Date

Secretary



CHRIST IS THE ANSWER MINISTRIES (CITAM)

Report of the Treasurer

2018 Financial Performance Overview

INCOME

The ministry recorded an improvement in financial performance in the year 2018 against a backdrop of several economic challenges experienced during the year in the country.

Total income in the year 2018 stood at Kshs 1.96 billion up from Kshs 1.84 billion representing a 7% growth in income. This was majorly due to; income from the new church plants, increased giving in the fairly new assemblies, improved performance of business units and outreach ministries specifically the Hope Media.

Tithes and offerings remained the highest contributor to the total income of the ministry at 70%. Projects/business units and Outreach ministries recorded a remarkable growth in income in the year under review compared to year 2017. This was attributable to increased enrolment in our schools hence creating higher demand to the catering and Transport units of the ministry.

Although total assemblies' income increased marginally, most assemblies recorded a decline in income in 2018 compared to 2017.

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

	2018 Millions	2017 Millions	2016 Millions	2015 Millions	2014 Millions
Assemblies Income (Note 4)	1,539	1,482	1,223	1,016	836
Projects Income (Note 5)	304	253	218	222	200
Outreach ministries Income (Note 6)	112	94	52	57	50
Together we can do more (Note 7)	9	15	30	50	96
Totals	1,964	1,844	1,523	1,346	1,182

Year on Year percentage growth in Income

	2017 - 2018
Assemblies Income	4%
Projects Income	20%
Outreach ministries Income	19%
Together we can do more	-41%
Totals	7%

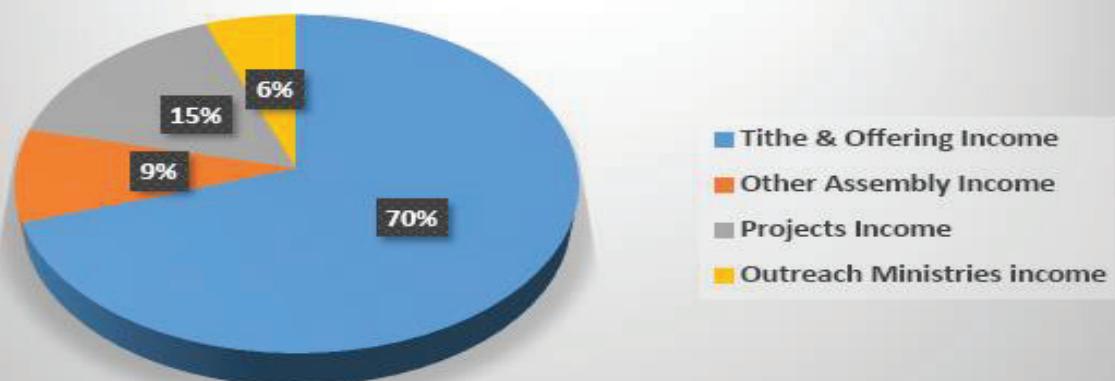
CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

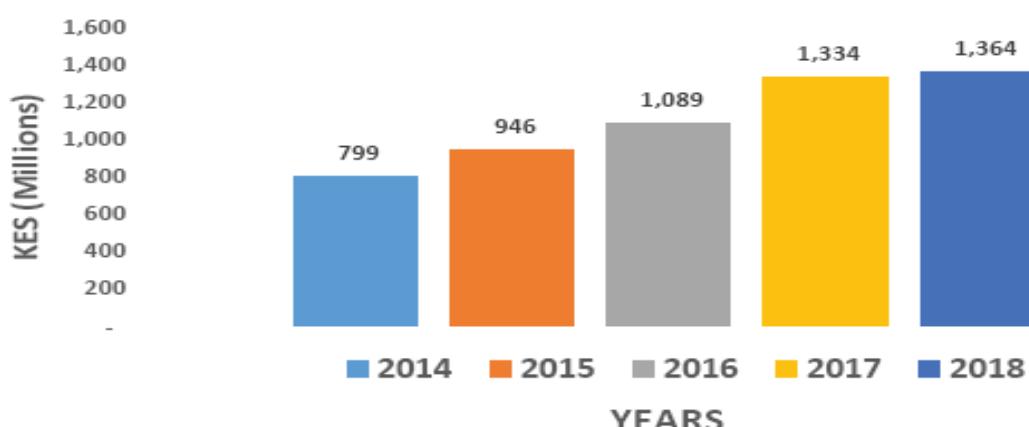
Total income



Total Income by category



Total Tithe & Offering



CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

Expenditure

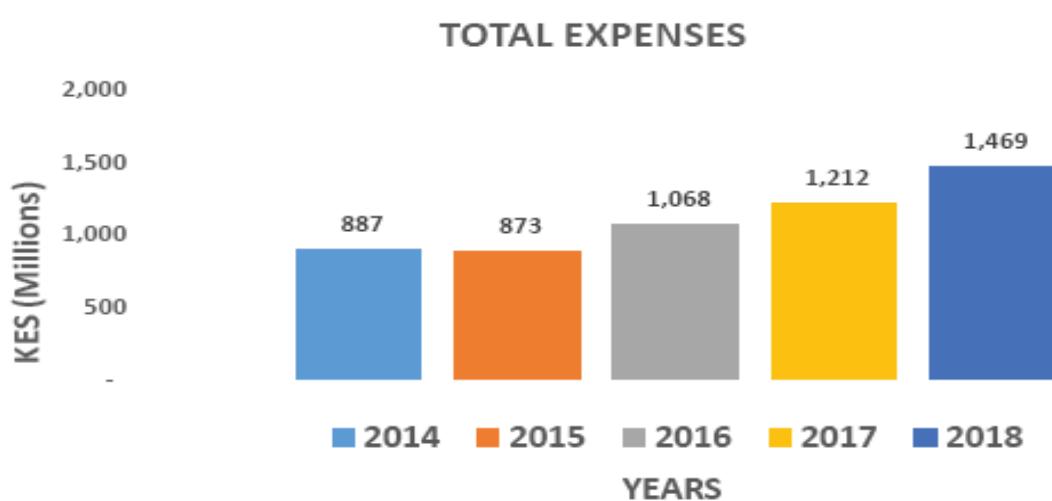
Total expenditure for the year 2018 stood at Kshs 1.47 billion up from Kshs 1.21 billion reported in 2017 representing an increase in expenditure of Kshs 256 million (21%). All expense categories increased during the year mainly driven by new assemblies, annual salary reviews to all CITAM staff as approved during the 2018 AGM and finance costs of new finance covenants.

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

	2018 Millions	2017 Millions	2016 Millions	2015 Millions	2014 Millions
Assemblies Expenses (Note 4)	1,017	811	758	607	586
Projects Expenses (Note 5)	285	248	212	178	208
Outreach ministries Expenses (Note 6)	166	153	97	84	92
Together we can do more (Note 7)	0.08	0.33	0.9	4.4	1.71
Totals	1,469	1,212	1,068	873	887

Year on Year percentage growth in Expenses

	2017 - 2018
Assemblies Expenses	25%
Projects Expenses	15%
Outreach ministries Expenses	9%
Together we can do more	-75%
Totals	21%



CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

Staff expenses stood at Kshs 592million up from Kshs 521million reported in 2017 representing 14% increase. This was majorly attributed to staff salary adjustments which consequently increases other staff benefits, Staff promotions and engagement in the new assemblies, Severance pay/exgratia paid to the disengaged staff of Buruburu senior school and staff mediation training.

Administrative expenses stood at Kshs 540million up from Kshs 398million in 2017 representing a 36% increase. This was majorly due to additional finance charges due to new loans, additional rental charges for rented premises for the new Assemblies, increased general infrastructure costs for renovating the leased premises for our new Assemblies, Increased contractual costs, Annual convention costs, increased Leadership retreats to review the ministry's operating policies, provision for bad debts and increased motor vehicle running costs due to additional school buses and Assemblies pool vehicles. The provision for bad debts was made in compliance with IFRS 9.

Ministry expenses stood at Kshs 336million up from Kshs 294million in 2017 representing 14% increase. This was due to; ministry costs for the new Assemblies, increased cost for printing Safari books, increased children church expenses (DVBS) and Missions and outreach expenses.

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

Expenditure category	2018 Millions	2017 Millions	2016 Millions	2015 Millions	2014 Millions
Staff Expenses	592	521	469	223	272
Administrative expenses	540	398	343	201	146
Ministry expenses	336	294	256	183	169
Capital Expenditure	312	543	327	208	254

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

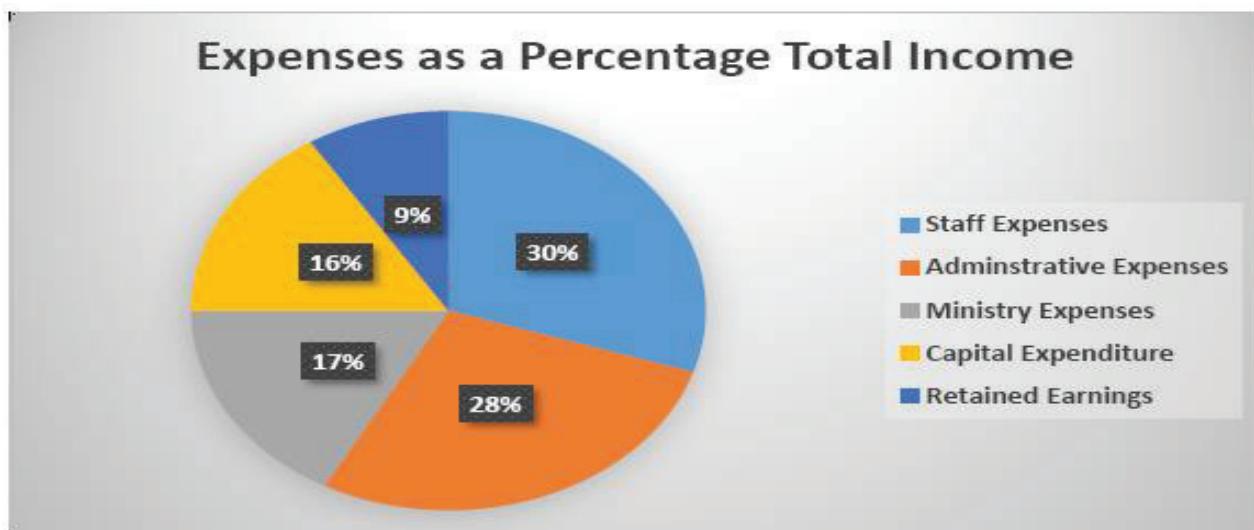
	2018	2017	2016	2015	2014
Number of staff	500	491	418	357	333
Number of Assemblies	21	19	18	15	12
Number of Schools	8	8	8	8	6
Number of other units	17	16	12	9	10
Number of Outreach ministries	9	9	4	4	3

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

Expenditure category	2018	2017	2016	2015	2014
Staff Expenses	30%	28%	31%	29%	41%
Administrative expenses	28%	22%	23%	24%	25%
Ministry expenses	17%	16%	17%	14%	16%
Capital Expenditure	16%	29%	21%	15%	21%

CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

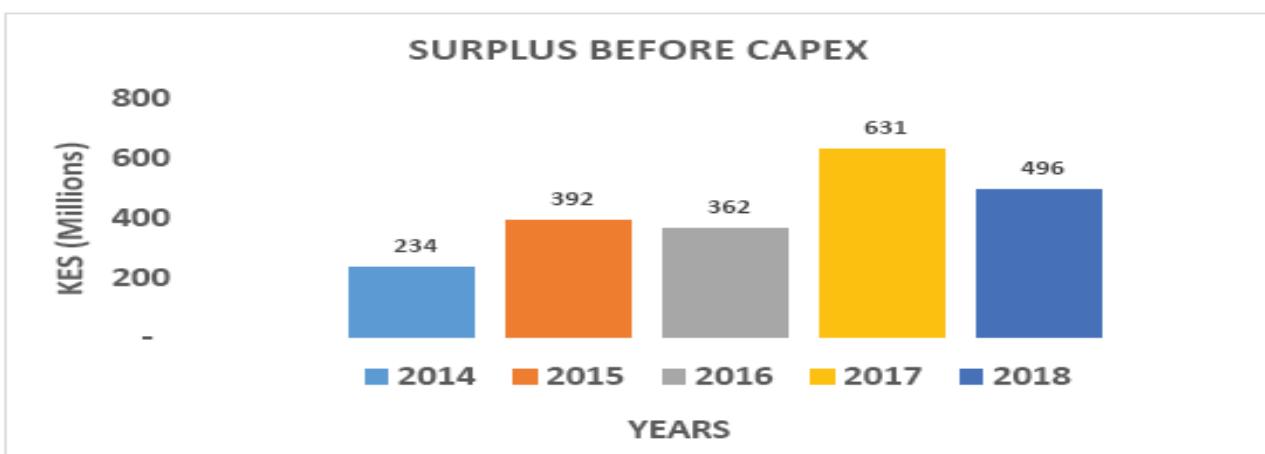


Total comprehensive income

Surplus before Capital Expenditure stood at Kshs 495.7million down from Kshs 631.3million in 2017 representing a decrease of 21%. This was due to the increase in operating expenses for the ministry.

Net surplus after capital expenditure was Kshs 183million up from Kshs 88.2million reported in 2017. This represents 108% increase in net surplus. This is attributable to the significant reduction in capital expenditure (42%) in the year 2018 compared to the expenditure in 2017.

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



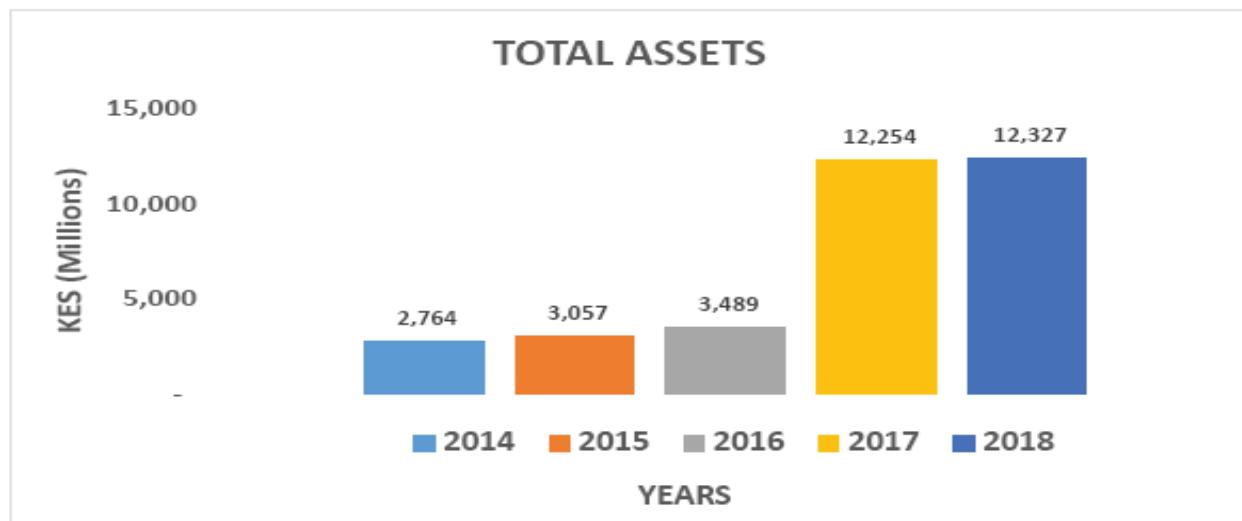
Capital expenditure

Capital expenditure decreased by 42% to Kshs 313million down from Kshs 543million. This was due to completion of CITAM Ngong sanctuary which was the major project in 2017. In 2018, except the completion works of CITAM Kisumu sanctuary, no major project was undertaken hence the drop in capital expenditure.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

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

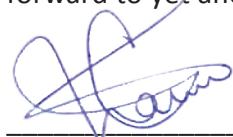


Conclusion

On behalf of the Deacon Board, we sincerely thank and glorify God for His faithfulness in propagating the work of the ministry in a year that was economically tough.

We also express our sincere gratitude to all CITAM congregants and partners for their faithful giving and embracing the vision and mission of the ministry. May the Lord richly reward you for your sacrifice in terms of resources, time and service in His vineyard.

May the Lord God Almighty bless and increase each one of you in a very special way and we look forward to yet another year of God's faithfulness even as we celebrate 60 years of our existence.



Church Treasurer

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Corporate Governance

Corporate Governance is the system of rules, practices and processes which direct and control an organisation. The aim of Good Corporate Governance is to customise and refine these processes to ensure commitment to the stakeholders in managing the institution in a transparent manner to maximize long-term value of the institution and all its other partners. It integrates all the participants involved in a process.

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.

Annual General Meeting (AGM)

CITAM holds an Annual General Meeting once every year. The purpose of an AGM is to give members a report on the church activities and finances for the previous year, to allow time for members to ask questions, and to elect members the church governing body for the coming year. The AGM also appoints the auditor for the following year.

Annual Delegates Conference (ADC)

This is a forum where every CITAM branch is represented and all matters relating to church and branches are discussed extensively for Board's action. The responsibility is to provide general guidance of the vision and mission of the church. Election of Deacon Board members takes place during the ADC as well as admission of the elected Elders.

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 safe guard the ministry's resources.

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.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

A total of eight (8) Deacon Board meetings were held during the year.

The table below shows the number of Deacon Board meetings held during the year and the attendance of individual members.

Members	No. of meetings attended	Remarks
Bishop Dr. David Oginde	8	Chairman
Bishop Kennedy Kimiywe	8	Vice-chairman
Dr. Faith Thuita	8	Church Secretary
Mrs. Caroline Wambugu	8	Church Treasurer
Mr. Apollo Apamo	2	Term ended on 29.04.2018
Mr. Maurice Ouma	1	Term ended on 29.04.2018
Eng. Reuben Maritim	0	Term ended on 29.04.2018
Prof. Paul Mbugua	8	Member
Ms. Elizabeth Oyombe	7	Member
Dr. Martin Kiogora	8	Member
Dr. Catherine Lengewa	8	Member
Mr. Selvaraj Chelliah	7	Member
Mr. Nelson Kuria	6	Member
Mr. George Asoyo	6	Joined on 29.04.2018
Mrs. Christine Ojera	6	Joined on 29.04.2018
Mrs. Catherine Wahome	6	Joined on 29.04.2018
Rev. Elias Githuka	8	Ex-officio

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 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 eight (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	Number of members	Chaired by:
1	Finance committee	6	Deacon Caroline Wambugu
2	Audit & Risk Management committee	6	Deacon Prof. Paul Mbugua
3	Human Resources Committee	8	Deacon Dr. Faith Thuita
4	ICT committee	5	Deacon Selvaraj Chelliah
5	Media Board/Caretaker Committee	6	Deacon Dr. Catherine Lengewa
6	Business Management Committee	11	Deacon Nelson Kuria
7	Building Committee	7	Deacon Dr. Martin Kiogora
8	Legal Committee	6	Deacon Martin Munyu
9	CITAM Children Centre Committee	8	Deacon Christine Ojera

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 Bishop may convene more meetings on need basis. A total of ten (10) meetings were held during the year.

The Table below shows the Elders' Council meetings held during the year and the attendance of individual Elders.

	Elder	No. of meetings attended	Comment
1	Bishop Dr. David Oginde	8	Chairman
2	Bishop Kennedy Kimiywe	9	Vice chairman
3	Elder Emma Omulokoli	2	Term ended on 29.04.2018
4	Elder Margaret Oloo	2	Term ended on 29.04.2018
5	Elder John Migiro	3	Elder
6	Elder Dennis Cheruiyot	10	Council Secretary
7	Elder Geoffrey Kihara	10	Elder
8	Elder Pius Cokumu	10	Elder
9	Elder Marcellina M'mwirichia	9	Elder
10	Elder Teresia Biu	7	Joined on 29.04.2018
11	Elder Don Odera	7	Joined on 29.04.2018
12	Rev. Elias Githuka	6	Ex-officio

CHRIST IS THE ANSWER MINISTRIES (CITAM)

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

Trustees

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

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 Registrar of 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 2018

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. They also accept 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 liability 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 them of their responsibilities.

Approved by the Deacon Board on March 23, 2019 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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Christ Is The Answer Ministries (CITAM)** set out on pages 16 to 36, which comprise the statement of financial position as at December 31, 2018, 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, 2018, 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

April 8, 2019

Date

Nimrod Kurgat

KKCO East Africa

Certified Public Accountants of Kenya

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Comprehensive Income

for the year ended 31st December 2018

ASSEMBLIES INCOME	Note	2018	2017
		Kshs	Kshs
Tithes and offerings		1,364,713,757	1,334,021,499
Ministries and departments		44,138,562	56,197,633
Fundraising and donations		93,850,012	58,665,788
Other income		3,919,948	1,376,906
Interest income		3,701,984	6,146,003
Sale of books		19,720,941	14,605,984
Rental income		<u>9,408,101</u>	<u>11,002,727</u>
Total assemblies income	4	<u>1,539,453,305</u>	<u>1,482,016,540</u>
ASSEMBLIES EXPENSES			
Staff costs		326,178,959	296,006,165
Administration costs		355,625,323	233,607,051
Ministries costs		<u>335,443,177</u>	<u>281,065,295</u>
Total assemblies expenditure	4	<u>1,017,247,459</u>	<u>810,678,511</u>
SURPLUS BEFORE PROJECTS AND CAPITAL EXPENDITURE		522,205,846	671,338,029
Projects net income	5	19,064,759	4,471,378
Special outreach activities net expenses	6	(54,215,973)	(59,001,047)
Together We Can do More-net income	7	<u>8,682,702</u>	<u>14,525,605</u>
		<u>(26,468,512)</u>	<u>(40,004,064)</u>
SURPLUS BEFORE CAPITAL EXPENDITURE		495,737,334	631,333,965
Capital expenditure	8	<u>(312,696,951)</u>	<u>(543,162,327)</u>
SURPLUS FOR THE YEAR	Kshs	<u>183,040,383</u>	<u>88,171,638</u>

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Financial Position

as at 31st December 2018

ASSETS	Note	2018	2017
		Kshs	Kshs
Non-current Assets			
Property and equipment	9	5,630,285,190	4,962,619,615
Biological assets	10	432,000	-
Work in progress	11	44,975,825	499,770,083
Prepaid operating lease rentals	12	5,636,073,727	5,748,238,343
Intangible assets	13	11,989,067	14,034,158
Long term investments	14	100,000	2,100,000
Due from related parties	15	807,610,246	742,670,210
		12,131,466,055	11,969,432,409
Current Assets			
Inventories	16	20,410,161	15,142,395
Trade and other receivables	17	71,377,163	154,915,813
Fixed deposits	18 (a)	25,183,499	23,635,928
Cash and bank balances	18 (b)	78,947,456	91,374,616
		195,918,279	285,068,752
TOTAL ASSETS	Kshs	12,327,384,334	12,254,501,161
FUNDS AND LIABILITIES			
Funds			
Capital fund		11,323,958,809	11,224,662,199
General fund		403,309,279	257,751,143
Reserve fund		62,195,589	37,408,722
Designated fund	19	103,226,274	106,743,354
		11,892,689,951	11,626,565,418
LONG TERM LIABILITIES			
Borrowings	20	255,070,875	328,150,454
CURRENT LIABILITIES			
Trade and other payables	21	96,464,346	220,996,099
Borrowings	20	83,159,162	78,789,190
		179,623,508	299,785,289
TOTAL FUNDS AND LIABILITIES	Kshs	12,327,384,334	12,254,501,161

The financial statements on pages 16 to 36 were approved by the Deacon Board on
March 23, 2019 and signed on its behalf by:-



Chairman



Treasurer

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Changes in Funds

as at 31st December 2018

		Capital <u>Fund</u> Kshs	General <u>Fund</u> Kshs	Reserve <u>Fund</u> Kshs	Designated <u>Fund Note 19</u> Kshs	Total Kshs
At 1 January 2017		2,624,559,506	345,114,933	43,370,003	(6,180,777)	3,006,863,665
Fixed assets additions (Note 9)		712,987,562	-	-	-	712,987,562
Revaluation surplus - freehold land & buildings (Note 9)		2,672,480,385	-	-	-	2,672,480,385
Revaluation surplus - leasehold property (Note 12)		5,392,962,781	-	-	-	5,392,962,781
Depreciation (Note 9)		(101,698,794)	-	-	-	(101,698,794)
Amortization - Leasehold property (Note 12)		(114,318,903)	-	-	-	(114,318,903)
Amortization - Intangible assets (Note 13)		(5,734,864)	-	-	-	(5,734,864)
Amortization adjustment on revaluation (Note 12)		43,424,526	-	-	-	43,424,526
Receipts during the year		-	-	-	59,638,452	59,638,452
Payments during the year		-	-	-	(126,613,180)	(126,613,180)
Reserve fund utilisation during the year		-	37,527,979	(37,527,979)	-	-
Capital expenditure funded by term loan		-	(135,000,000)	-	-	(135,000,000)
10% tithe allocation		-	-	-	133,402,150	133,402,150
Transfers to reserve fund		-	(31,566,698)	31,566,698	-	-
Transfers to designated fund		-	(46,496,709)	-	46,496,709	-
Surplus for the year		-	88,171,638	-	-	88,171,638
AT 31 DECEMBER 2017	Kshs	11,224,662,199	257,751,143	37,408,722	106,743,354	11,626,565,418
At 1 January 2018		11,224,662,199	257,751,143	37,408,722	106,743,354	11,626,565,418
Fixed assets additions (Note 9)		364,446,530	-	-	-	364,446,530
Depreciation (Note 9)		(142,798,894)	-	-	-	(142,798,894)
Amortization - Leasehold property (Note 12)		(117,940,327)	-	-	-	(117,940,327)
Amortization - Intangible assets (Note 13)		(4,842,699)	-	-	-	(4,842,699)
Biological assets (Note 10)		432,000	-	-	-	432,000
Receipts during the year		-	-	-	39,491,960	39,491,960
Payments during the year		-	-	-	(179,480,416)	(179,480,416)
10% tithe allocation		-	-	-	136,471,376	136,471,376
Capital expenditure funded by term loan		-	(12,695,380)	-	-	(12,695,380)
Transfers to reserve fund		-	(24,786,867)	24,786,867	-	-
Surplus for the year		-	183,040,383	-	-	183,040,383
AT 31 DECEMBER 2018	Kshs	11,323,958,809	403,309,279	62,195,589	103,226,274	11,892,689,951

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Statement of Cash Flows

for the year ended 31st December 2018

	2018 Kshs	2017 Kshs
CASH FLOWS FROM OPERATIONS		
Surplus for the year	183,040,383	88,171,638
Adjustments for:		
Capital expenditure	312,696,951	543,162,327
Changes in operating assets and liabilities		
Increase in inventories	(5,267,766)	(8,277,324)
Increase in trade and other receivables	83,538,650	(27,303,490)
(Decrease)/Increase in trade and other payables	<u>(124,531,753)</u>	<u>70,154,711</u>
Cash flows from operating activities	<u>449,476,465</u>	<u>665,907,862</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(220,297,373)	(291,217,496)
Additions to work in progress	(95,886,639)	(369,241,345)
Additions to operating lease	(5,775,711)	(7,557,246)
Purchase of intangible assets	(2,797,608)	(10,146,240)
Biological assets	(432,000)	-
Redemption of treasury bonds	2,000,000	-
Increase due to related parties	<u>(64,940,036)</u>	<u>(102,759,978)</u>
Cash flows used in investing activities	<u>(388,129,367)</u>	<u>(780,922,305)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Movement in borrowings	(68,709,607)	61,270,409
Movement in designated funds	<u>(3,517,080)</u>	<u>66,427,422</u>
Cash flows (used in)/from financing activities	<u>(72,226,687)</u>	<u>127,697,831</u>
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS		
	(10,879,589)	12,683,388
Cash and cash equivalents at the beginning of the year	<u>115,010,544</u>	<u>102,327,156</u>
CASH AND CASH EQUIVALENTS AT END OF THE YEAR (Note 18)	<u>Kshs</u>	<u>104,130,955</u>
		<u>115,010,544</u>

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018

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 that have been issued and are now effective

The following new and revised standards have become effective for the first time in the financial year beginning 1st January 2018:

- IFRS 15 Revenue from Contracts with Customers (issued in May 2014) - The new standard, effective for annual periods beginning on or after 1 January 2018, replaces IAS 11, IAS 18 and their interpretations (SIC-31 and IFRIC 13, 15 and 18). It establishes a single and comprehensive framework for revenue recognition to apply consistently across transactions, industries and capital markets, with a core principle (based on a five - step model to be applied to all contracts with customers), enhanced disclosures, and new or improved guidance.
- IFRS 9 Financial Instruments (issued in July 2014) – This standard will replace IAS 39 (and all the previous versions of IFRS 9) effective for annual periods beginning on or after 1 January 2018. It contains requirements for the classification and measurement of financial assets and financial liabilities, impairment, hedge accounting and derecognition:
 - IFRS 9 requires all recognised financial assets to be subsequently measured at amortised cost or fair value (through profit or loss or through other comprehensive income), depending on their classification by reference to the business model within which they are held and their contractual cash flow characteristics.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018

- For financial liabilities, the most significant effect of IFRS 9 relates to cases where the fair value option is taken: the amount of change in fair value of a financial liability designated as at fair value through profit or loss that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income (rather than in profit or loss), unless this creates an accounting mismatch.
- For the impairment of financial assets, IFRS 9 introduces an “expected credit loss” model based on the concept of providing for expected losses at inception of a contract; it will no longer be necessary for there to be objective evidence of impairment before a credit loss is recognised.
- For hedge accounting, IFRS 9 introduces a substantial overhaul allowing financial statements to better reflect how risk management activities are undertaken when hedging financial and non-financial risk exposures.
- The derecognition provisions are carried over almost unchanged from IAS 39.
- IFRS 16 Leases (issued in January 2016) - The new standard, effective for annual periods beginning on or after 1 January 2019, introduces a new lessee accounting model, and will require a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee will be required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments.
- Amendments to IAS 7 titled Disclosure Initiative (issued in January 2016) – The amendments, applicable to annual periods beginning on or after 1 January 2018, require enhanced disclosure concerning changes in liabilities arising from financing activities.

The Deacons have considered the amendments that have now become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the ministry's financial statements.

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.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018

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.

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.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

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.

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.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

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.

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.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

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

5% 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 Taxation

No tax provisions are made in these financial statements. The Ministry is in the process of renewing its income tax exemption certificate as per Kenya Revenue Authority (KRA) regulations.

1.26 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.

1.27 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 2018.... / (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 14.

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 2018.... / (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 2018 is made up as follows:-

	<u>2018</u> Kshs	<u>2017</u> Kshs
Cash and bank balances	104,130,955	115,010,544
Trade and other receivables	71,377,163	154,915,813
	<u>Kshs</u>	<u>Kshs</u>
	<u>175,508,118</u>	<u>269,926,357</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>2018</u> Kshs	<u>2017</u> Kshs
Finance liabilities		
Borrowings	338,230,037	406,939,644
Trade and other payables	96,464,346	220,996,099
Total financial liabilities	<u>Kshs</u>	<u>Kshs</u>
	<u>434,694,383</u>	<u>627,935,743</u>

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (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 2018.../(Contd)

4.0 ASSEMBLIES INCOME AND EXPENDITURE	2018			2017		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
Head Office	88,427,162	283,515,215	(195,088,053)	73,431,177	228,271,303	(154,840,126)
CITAM Valley Road	418,480,227	116,073,420	302,406,807	426,751,496	107,991,661	318,759,835
CITAM Woodley	194,392,814	60,108,212	134,284,602	177,068,876	53,584,605	123,484,271
CITAM Karen	161,819,023	62,575,267	99,243,756	166,824,680	59,700,874	107,123,806
CITAM Parklands	67,269,900	43,958,091	23,311,809	73,356,266	38,285,061	35,071,205
CITAM Kisumu	35,671,568	33,140,739	2,530,829	36,395,094	28,361,664	8,033,430
CITAM Ngong	81,562,217	52,726,680	28,835,537	80,739,451	42,654,169	38,085,282
CITAM Buruburu	108,691,032	55,855,564	52,835,468	115,878,440	49,523,920	66,354,520
CITAM Thika Road	109,891,607	50,837,958	59,053,649	119,215,397	45,720,617	73,494,780
CITAM Nakuru	35,109,356	25,842,752	9,266,604	33,487,644	24,676,393	8,811,251
CITAM Eldoret	23,210,627	26,769,203	(3,558,576)	19,104,035	26,148,470	(7,044,435)
CITAM Athi River	64,222,447	35,651,447	28,571,000	64,360,060	26,862,328	37,497,732
CITAM Kapsabet	4,164,697	11,672,534	(7,507,837)	3,469,157	8,215,075	(4,745,918)
CITAM Thika Town	47,074,850	36,878,107	10,196,743	24,649,615	21,405,969	3,243,646
CITAM Embakasi	45,019,298	40,499,513	4,519,785	38,908,213	27,901,660	11,006,553
CITAM Rongai	27,976,883	27,120,445	856,438	19,677,339	19,616,266	61,073
CITAM Clay City	18,159,381	23,236,678	(5,077,297)	8,699,600	1,758,476	6,941,124
CITAM Nyeri	5,010,057	18,475,912	(13,465,855)	-	-	-
CITAM Meru	3,300,159	12,309,722	(9,009,563)	-	-	-
	Kshs	1,539,453,305	1,017,247,459	522,205,846	1,482,016,540	810,678,511
						671,338,029
5.0 PROJECTS INCOME AND EXPENDITURE	Surplus/ (Deficit)			Surplus/ (Deficit)		
	Income Kshs	Expenditure Kshs	Kshs	Income Kshs	Expenditure Kshs	Kshs
CITAM Schools Woodley	80,805,827	68,385,090	12,420,737	72,193,011	63,208,303	8,984,708
CITAM Schools Buruburu Primary	31,932,166	38,112,236	(6,180,070)	27,871,893	35,221,563	(7,349,670)
CITAM Schools Kisumu	20,603,905	27,201,709	(6,597,804)	21,710,431	24,676,350	(2,965,919)
CITAM Schools Ngong	23,030,128	16,850,592	6,179,536	13,311,923	8,975,523	4,336,400
CITAM Schools Nakuru	6,879,091	8,130,011	(1,250,920)	4,729,750	4,941,449	(211,699)
CITAM Schools Athi River	5,063,274	6,120,698	(1,057,424)	2,456,030	3,244,793	(788,763)
CITAM Schools Eldoret	5,033,878	7,033,331	(1,999,453)	4,242,380	5,129,401	(887,021)
CITAM Schools Woodley Transport	10,008,686	7,074,002	2,934,684	7,510,906	5,846,053	1,664,853
CITAM Schools Buruburu Transport	8,936,880	6,128,908	2,807,972	7,089,825	6,002,134	1,087,691
CITAM Schools Kisumu Transport	3,256,402	3,989,338	(732,936)	2,770,580	3,247,745	(477,165)
CITAM Schools Ngong Transport	5,920,700	5,055,856	864,844	2,311,350	1,799,782	511,568
Woodley Catering	16,446,455	8,786,713	7,659,742	13,818,468	7,510,326	6,308,142
Buruburu Catering	10,398,214	7,728,240	2,669,974	10,005,103	7,574,353	2,430,750
Valley Road Catering	13,264,076	5,804,543	7,459,533	8,371,745	5,074,745	3,297,000
Kisumu Catering	5,114,090	4,411,841	702,249	4,422,731	3,361,445	1,061,286
Ngong Catering	7,313,623	2,468,581	4,845,042	3,552,101	1,254,483	2,297,618
Parklands Catering	9,148,953	4,916,293	4,232,660	4,248,057	3,542,444	705,613
Nakuru Catering	3,244,980	1,490,544	1,754,436	1,238,131	715,362	522,769
Creative department	14,530,820	10,258,863	4,271,957	8,448,267	8,289,226	159,041
Carpentry and Tailoring	179,495	15,599	163,896	1,725,970	110,324	1,615,646
CITAM Kadolta Resort	18,833,451	16,484,842	2,348,609	10,991,883	10,812,895	178,988
	Kshs	299,945,094	256,447,830	43,497,264	233,020,535	210,538,699
CITAM Schools Buruburu High (i)		4,195,130	28,627,635	(24,432,505)	20,034,840	38,045,298
						(18,010,458)
	Kshs	304,140,224	285,075,465	19,064,759	253,055,375	248,583,997
						4,471,378

(i) Operations at Buruburu High School were discontinued in FY2018.

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.../(Contd)

	2018			2017		
	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs	Income Kshs	Expenditure Kshs	Surplus/ (Deficit) Kshs
6.0 SPECIAL OUTREACH INCOME AND EXPENDITURE						
Hope FM	61,320,131	78,263,914	(16,943,783)	48,347,668	68,815,415	(20,467,747)
Hope TV	12,926,774	21,699,937	(8,773,163)	3,893,240	14,745,182	(10,851,942)
CITAM Children Centre Kiserian	2,618,614	25,403,091	(22,784,477)	2,457,460	27,223,305	(24,765,845)
Children Centre Kiserian School	919,684	8,017,749	(7,098,065)	1,066,785	5,505,902	(4,439,117)
CITAM Outfitters	2,541,408	1,559,514	981,894	318,981	115,917	203,064
Heavens Gate & Hells Flames	21,939,145	21,939,145	-	30,249,660	28,847,373	1,402,287
ERDO Project	8,344,421	8,344,421	-	6,727,257	6,727,257	-
Hope Recording Studio	1,447,159	1,045,539	401,620	1,050,000	1,131,747	(81,747)
	Kshs	112,057,336	166,273,309	(54,215,973)	94,111,051	153,112,098
6.1 Breakdown of the outreach expenses						
Staff costs		80,743,192			64,381,927	
Administrative costs		84,983,887			75,798,326	
Ministry expenses		546,230			12,931,845	
	Kshs	166,273,309			Kshs	153,112,098
7.0 TOGETHER WE CAN DO MORE (TWM)						
Income					2018	2017
Expenditure					Kshs	Kshs
					8,764,370	14,857,660
					(81,668)	(332,055)
NET INCOME					Kshs	14,525,605
8.0 CAPITAL EXPENDITURE					2018	2017
Land and buildings					Kshs	Kshs
Prepaid operating lease rentals					40,856,114	158,225,690
Motor vehicles					5,775,711	7,557,246
Construction work in progress					54,457,620	24,354,296
Furniture and equipment					96,089,639	369,241,345
Tents					115,710,071	131,789,887
Computers					38,060,850	3,111,559
Computer software/LAN					10,698,917	8,561,299
Biological assets					2,797,608	10,146,240
					432,000	-
					364,878,530	712,987,562
Less capital expenditure funded by term loan					(12,695,380)	(135,000,000)
Less capital expenditure funded by CITAM missions fund					(31,986,199)	(22,148,838)
Less donated capital expenditure					(7,500,000)	(12,676,397)
	Kshs	312,696,951			Kshs	543,162,327

9.0 PROPERTY AND EQUIPMENT

	Freehold	Motor	Furniture &	Equipment	Computers	Tents	Total
	Land Kshs	Buildings Kshs	Boreholes Kshs	Vehicles Kshs	Fittings Kshs	Kshs	Kshs
COST OR VALUATION							
At 1 January 2017	167,794,799	1,502,489,816	12,067,290	129,400,770	135,914,558	445,682,683	36,597,100
Additions	156,924,750	1,300,940	-	24,354,296	38,549,200	93,240,687	8,561,299
Transfers from WIP	-	85,547,160	-	-	-	-	3,111,559
Revaluation	<u>1,762,205,201</u>	<u>910,275,184</u>	-	-	-	-	-
DEPRECIATION	<u>2,086,924,750</u>	<u>2,499,613,100</u>	<u>12,067,290</u>	<u>153,755,066</u>	<u>174,463,758</u>	<u>538,923,370</u>	<u>45,158,399</u>
At 1 January 2017	-	-	-	87,898,581	84,795,859	297,171,473	21,349,896
Charge for the year	-	-	-	<u>17,245,840</u>	<u>19,528,501</u>	<u>46,319,288</u>	<u>8,945,310</u>
NET BOOK VALUE				<u>105,144,421</u>	<u>104,324,360</u>	<u>343,490,761</u>	<u>30,295,206</u>
At 31 DECEMBER 2017	Kshs	2,086,924,750	2,499,613,100	12,067,290	48,610,645	70,139,398	195,432,609
COST OR VALUATION							
At 1 January 2018	2,086,924,750	2,499,613,100	12,067,290	153,755,066	174,463,758	538,923,370	45,158,399
Additions	-	40,856,114	-	54,457,620	18,286,399	97,423,672	10,698,917
Transfers from work in progress	-	550,680,897	-	-	-	-	-
Disposals	-	-	-	<u>(8,826,932)</u>	-	-	-
DEPRECIATION	<u>2,086,924,750</u>	<u>3,091,150,111</u>	<u>12,067,290</u>	<u>199,385,754</u>	<u>192,750,157</u>	<u>636,347,042</u>	<u>55,857,316</u>
At 1 January 2018	-	-	-	105,144,421	104,324,360	343,490,761	30,295,206
Charge for the year	-	-	-	<u>36,165,329</u>	<u>20,203,164</u>	<u>60,072,783</u>	<u>10,988,638</u>
Disposals	-	-	-	<u>(8,826,932)</u>	-	-	-
NET BOOK VALUE				<u>132,482,818</u>	<u>124,527,524</u>	<u>403,563,544</u>	<u>41,283,844</u>
At 31 DECEMBER 2018	Kshs	2,086,924,750	3,091,150,111	12,067,290	66,902,936	68,222,633	232,783,498

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

10.0 BIOLOGICAL ASSETS

Cattle, goats, sheep and rabbits have been classified as biological assets

	Cattle Kshs	Sheep, Goats & Rabbits Kshs	2018 Kshs
Carrying amount at 31st December	Kshs 405,000	27,000	432,000

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

11.0 WORK IN PROGRESS	Balance at	Additions	Expenses	Transfers	Balance at
	01.01.2018				31.12.2018
	Kshs	Kshs	Kshs	Kshs	Kshs
CITAM Ngong	404,105,978	1,389,912	-	(405,495,890)	-
CITAM Nakuru	-	1,385,843	-	(1,385,843)	-
CITAM Parklands	-	750,625	-	(750,625)	-
CITAM Thika road	-	2,807,669	-	(2,807,669)	-
CITAM Kadolta Resort	89,575,155	29,792,863	-	(119,368,018)	-
CITAM Valley Road	203,000	1,360,122	(203,000)	(1,360,122)	-
CITAM Kisumu	-	39,271,312	-	(181,437)	39,089,875
CITAM Buruburu	5,885,950	-	-	-	5,885,950
CITAM Karen	-	140,000	-	(140,000)	-
CITAM Athi River	-	177,059	-	(177,059)	-
CITAM Thika town	-	2,970,715	-	(2,970,715)	-
CITAM Clay City	-	5,184,094	-	(5,184,094)	-
CITAM Rongai	-	4,000,649	-	(4,000,649)	-
CITAM Missions	-	6,858,776	-	(6,858,776)	-
	Kshs	499,770,083	96,089,639	(203,000)	(550,680,897)
					44,975,825

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

12.0 PREPAID OPERATING LEASE RENTALS

COST OR VALUATION

	2018 Kshs	2017 Kshs
At 1 January	5,862,557,246	462,037,219
Additions	5,775,711	7,557,246
Revaluation (i)	-	5,392,962,781
	5,868,332,957	5,862,557,246

AMORTIZATION

	2018 Kshs	2017 Kshs
At 1 January	114,318,903	43,424,526
Eliminated on revaluation	-	(43,424,526)
Charge for the year	117,940,327	114,318,903
	232,259,230	114,318,903

NET BOOK VALUE

At 31 DECEMBER	Kshs	2018 Kshs	2017 Kshs
		5,636,073,727	5,748,238,343

(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 2018.... / (Contd)

		2018 Kshs	2017 Kshs		
13.0 INTANGIBLE ASSETS					
COST					
At 1 January		72,146,478	62,000,238		
Additions		2,797,608	10,146,240		
		<u>74,944,086</u>	<u>72,146,478</u>		
AMORTIZATION					
At 1 January		58,112,320	52,377,456		
Charge for the year		4,842,699	5,734,864		
		<u>62,955,019</u>	<u>58,112,320</u>		
NET BOOK VALUE					
At 31 DECEMBER	Kshs	11,989,067	14,034,158		
The intangible assets relate to computer software and wide area network.					
14.0 LONG-TERM INVESTMENTS					
Investment in shares - Ark Properties & Investments Limited		100,000	100,000		
Alex Tee Treasury Bonds		-	2,000,000		
	Kshs	100,000	2,100,000		
The Treasury bonds matured during the year.					
15.0 DUE FROM RELATED PARTIES					
Pan African Christian University (15a)		171,361,141	156,853,556		
Ark Properties and Investments Limited (15b)		485,395,010	472,365,720		
CITAM International Assemblies (15c)		150,854,095	113,450,934		
	Kshs	807,610,246	742,670,210		
15 (a) Pan Africa Christian University					
At 1 January		156,853,556	137,631,049		
Additions during the year		14,507,585	19,222,507		
	Kshs	171,361,141	156,853,556		
CITAM has 60% interest in Pan Africa Christian University (PACU) and the above amounts are the funds contributed by CITAM as at 31st December 2018.					
15 (b) Ark Properties and Investments Ltd					
At 1 January		472,365,720	467,587,233		
Additions during the year		13,029,290	4,778,487		
		485,395,010	472,365,720		
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.					
15 (c) CITAM International Assemblies					
	1.1.2018 Kshs	Income Kshs	Expenditure Kshs	31.12.2018 Kshs	2017 Kshs
CITAM Romania Church	66,929,603	(7,372,371)	30,306,951	89,864,183	66,929,603
CITAM USA Church	38,691,635	(14,493,669)	21,503,371	45,701,337	38,691,635
CITAM Namibia Church	7,829,696	(1,771,786)	9,230,665	15,288,575	7,829,696
	Kshs	113,450,934	(23,637,826)	61,040,987	150,854,095
					113,450,934

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

		<u>2018</u> Kshs	<u>2017</u> Kshs
16.0 INVENTORIES			
Safari books		10,875,274	11,477,156
Consumables		9,534,887	3,665,239
	Kshs	<u>20,410,161</u>	<u>15,142,395</u>
17.0 TRADE AND OTHER RECEIVABLES			
School fees debtors		76,937,106	75,415,093
CITAM Hope Media debtors		44,865,398	40,194,266
Prepayments and deposits		45,797,405	38,264,256
Staff debtors		7,354,331	8,599,117
VAT receivable		4,034,383	-
Other receivables		5,542,070	3,367,611
		<u>184,530,693</u>	<u>165,840,343</u>
Provision for bad debts		(113,153,530)	(10,924,530)
	Kshs	<u>71,377,163</u>	<u>154,915,813</u>
18.0 CASH AND CASH EQUIVALENTS			
(a) Fixed deposit		Kshs	Kshs
Co-operative Bank of Kenya Ltd.		23,900,248	22,435,965
Stanbic Bank Ltd		1,283,251	1,199,963
	Kshs	<u>25,183,499</u>	<u>23,635,928</u>
(b) Cash and bank balances		Kshs	Kshs
Cash at bank		39,051,757	54,542,923
Safaricom paybill account		38,956,534	35,716,034
Cash in hand		939,165	1,115,659
		<u>78,947,456</u>	<u>91,374,616</u>
Total cash and cash equivalents	Kshs	104,130,955	115,010,544
		Balance at 01.01.2018	Balance at 31.12.2018
19.0 DESIGNATED FUNDS		Kshs	Kshs
Alexander Tee fund		5,657,127	-
Text book fund		26,730,805	(8,888,562)
Mission support fund - allocation		27,117,521	(143,973,408)
Mission support fund - donations		-	-
Other development funds		40,255,605	(26,484,120)
Women's Ministry		1,079,148	-
Caution fees		5,903,148	(134,326)
	Kshs	<u>106,743,354</u>	<u>175,963,336</u>
		<u>(179,480,416)</u>	<u>103,226,274</u>

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

	2018 Kshs	2017 Kshs
20.0 BORROWINGS		
Co-operative Bank of Kenya Ltd (i)	216,109,062	261,976,377
Co-operative Bank Ltd - Ark Properties and Investments Ltd (i)	111,031,210	144,390,603
NIC Bank - Bus financing (ii)	<u>11,089,765</u>	<u>572,664</u>
	Kshs	Kshs
	<u>338,230,037</u>	<u>406,939,644</u>
Repayment analysis		
Repayable after the next 12 months	Kshs	Kshs
	<u>255,070,875</u>	<u>328,150,454</u>
Repayable in the next 12 months	Kshs	Kshs
	<u>83,159,162</u>	<u>78,789,190</u>

(i) The facilities at Co-operative Bank of Kenya Limited are repayable at an interest rate of 14% 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 NIC 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.

	2018 Kshs	2017 Kshs
21.0 TRADE AND OTHER PAYABLES		
Trade payables	117,252,559	146,249,470
Accounts payable and accruals	9,461,970	34,723,202
Direct deposits	25,126,845	27,136,716
Withholding tax	2,946,517	7,026,681
VAT payable	-	513,152
Other payables	<u>5,566,160</u>	<u>5,346,878</u>
	Kshs	Kshs
	<u>160,354,051</u>	<u>220,996,099</u>
Provision for creditors write back	(63,889,705)	-
	Kshs	Kshs
	<u>96,464,346</u>	<u>220,996,099</u>
22.0 CAPITAL COMMITMENTS		
Authorised and contracted	Kshs	Kshs
	<u>71,238,121</u>	<u>59,763,533</u>

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

	2018 Kshs	2017 Kshs
23.0 SURPLUS FOR THE YEAR		
The surplus for the year is arrived at after charging:-		
Provision for bad and doubtful debts	102,229,000	10,924,530
Auditors' renumeration	2,140,550	1,600,000
Finance costs	<u>25,042,885</u>	<u>24,490,847</u>

CHRIST IS THE ANSWER MINISTRIES (CITAM)

Notes to the Financial Statements

for the year ended 31st December 2018.... / (Contd)

24.0 CONTINGENT LIABILITIES

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

25.0 EVENTS AFTER REPORTING PERIOD

The Deacon Board is not aware of any matters arising after 31st December 2018 that would significantly affect operations of the Ministry.

26.0 CURRENCY

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



CHRIST IS THE
ANSWER MINISTRIES
[CITAM]



CHRIST IS THE ANSWER MINSTRIES

2nd Parklands Avenue P. O. Box 42254 - 00100 Nairobi, Kenya

Cell: +254 733 520 596 | +254 725 375 180

Email: admin@citam.org

www.citam.org



www.citam.org